DOMINION OF CANADA

Parliament. House.

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

SECOND SESSION—SEVENTEENTH PARLIAMENT

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1931

HOUSE OF COMMONS

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House of Commons Debates

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Tuesday, July 7, 1931.

The house met at three o'clock.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 114 for the relief of Robert Ruff Martin.—Mr. Gray.

Bill No. 115 for the relief of Norah Kathleen Nevins Scott.—Mr. White (Mount Royal).

Bill No. 116 for the relief of Albert Thompson Johnston.—Mr. Bell (St. Antoine).

Bill No. 117 for the relief of Isabel Catherine Rohrer White.—Mr. White (Mount Royal).

PRIVILEGE—MR. MULLINS

On the orders of the day:

Mr. H. A. MULLINS (Marquette): As a matter of privilege, I wish to ask the Minister of Agriculture a question. I have received a letter from Manitoba from a former member of the house. The letter reads:

> There is a report circulating here, and in your constituency, that you contracted for all the available ocean space for cattle, and that the government had to bargain with you.
>
> Will you kindly let me know the facts, and oblige.

I wish to ask the Minister of Agriculture if that is so, and whether I ever had anything to do with any contract for ocean space in any shape or form.

Hon. ROBERT WEIR (Minister of Agriculture): So far as I am aware, the hon. member for Marquette has had nothing to do with the allotment of space.

EMBARGO ON RUSSIAN GOODS

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with, I promised the hon. member for North Winnipeg (Mr. Heaps) to lay on the table such documents as were in the possession of the department relating to the labour legislation of the Soviet Socialist Republic and other matters in connection with the embargo. There is a circular letter, one copy only of which is included among the papers, there being several hundred received by the department in printed form, protesting against the embargo. There were also similar letters in favour of it. That, I am advised, is all that is available.

ILLEGAL ENTRY OF JAPANESE

On the orders of the day:

Mr. THOMAS REID (New Westminster): I wish to ask the Minister of Justice a question in regard to an investigation taking place in British Columbia. I have here an article which states:

> Illegal entry of hundreds of Japanese to British Columbia, forging and altering of passports, and questionable deals in fishing licences may be exposed by an investigation being conducted by the Royal Canadian Mounted Police.

Has the Minister of Justice directed that inquiry to be held?

Hon. HUGH GUTHRIE (Minister of Justice): No investigation is going on at the instance of the Royal Canadian Mounted Police. Some investigation is taking place, I understand, at the instance of the Department of Immigration, and the police force, which is in the locality has offered its services to assist. That is all.

INCOME TAX

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I asked my right hon. friend yesterday whether he would consider giving to the house a statement which would make more intelligible the exact effect of the proposed increases and decreases in the income tax.

Right Hon. R. B. BENNETT (Prime Minister): I have not had an opportunity to get it in the meantime.

Mr. MACKENZIE KING: Will my right hon. friend endeavour to let us have it as soon as possible?

Mr. BENNETT: I will.

DUTY ON MAGAZINES

On the orders of the day:

Mr. E. J. YOUNG (Weyburn): May I ask the Prime Minister when we can expect to have laid on the table the briefs and representations made by the publishers to the government on tariff matters.

Right Hon. R. B. BENNETT (Prime Minister): There were two briefs, one last fall and one this year. Part of the submission was confidential—the question of cost—as I advised the hon. gentleman. The rest of it, I fancy, can be brought down at any time. I had forgotten entirely about it.

INCOME WAR TAX ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 109, to amend the Income War Tax Act.

Motion agreed to and bill read the third time and passed.

TARIFF BOARD

PROVISION FOR APPOINTMENT, POWERS, DUTIES AND SALARIES

The house resumed from Monday, July 6, consideration in committee of Bill No. 47, to provide for the appointment of a tariff board.—Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

On section 3.—Constitution of board.

Mr. RINFRET: Mr. Chairman, when this section was being discussed last night, along with the amendment moved by the hon. member for Vancouver-Burrard (Mr. Hanbury), I was endeavouring to demonstrate a few points in connection with the attitudes taken in this matter by the government and by the opposition. I wish to refer again to the very remarkable and convincing presentation of the case made last night by the hon. member for Hants-Kings (Mr. Ilsley). The hon. member showed very conclusively that in a matter of this kind it cannot be merely the question of recording facts in a mathematical fashion and he gave a number of examples taken from the work of the tariff commission in the United States. That body is composed of six members, three Republicans and three Democrats and the hon. member showed conclusively that on many occasions these commissioners differed as to the appreciation of the facts submitted to them. Following that remarkable speech by my colleague, and the examples he gave to the committee, I urge that it cannot be argued with any degree of conviction that the tariff board, now suggested to be set up by the Prime Minister will be merely a fact recording body. They will give more importance to some facts than to others; they will group those facts in accordance with their own conception of what the tariff policy should be, and in that grouping they will arrive at a conclusion which will naturally follow the working of their minds in the matter of tariff evidence. I do not think that there can be the least doubt about that. The Prime Minister says that you can have mathematical precision in the finding of facts, but I think he is contradicted by the very board to which he has drawn attention, that is, the tariff board of the United States. The hon. member for Hants-Kings has shown that every individual commissioner will bring his own conception of the fiscal policy to bear upon his appreciation of the evidence brought before him, and there can be no mathematical precision unless my right hon. friend is to argue that division is an integral part of mathematics.

I would refer to another matter which although not directly related to this bill, refers to the general matters which are now before the committee. The Prime Minister has urged that it is essential to have a tariff board to present conclusions or facts about the tariff before any changes are made. That statement is a direct condemnation of the attitude taken by himself and his government when they submitted last fall some four hundred changes in the tariff, all in the same direction, while two hundred additional changes are to be made during the present session. If we were to take the Prime Minister at his word, and agree to the passage of this bill, it would mean that we could ask him, with a great degree of logic, that he withdraw the resolutions concerning changes in the tariff until his own commission has considered those changes, Then, after this commission had passed upon the very items he is submitting at this session, they could be considered next year by the house.

The point upon which we differ is in connection with the character of this tariff board. The Prime Minister says that it must be judicial in character, and that therefore it is necessary to have an extended tenure of office. The Prime Minister states that a tariff board of this kind may well serve under one government or another because its work will be to find facts and submit them for the consideration of the government. We take a different attitude; we believe that this board will

advise the government. It is true that it will gather facts, but there is a possibility that a conflict of opinion would be created which would be most regrettable. We take the stand that the framing of a tariff is not a judicial matter; that it is a matter of policy, a matter of responsibility. The government may use such a board to gather information and submit facts, but no government would desire to be hampered in its work of framing a tariff by a judicial board hearing evidence and coming to conclusions upon fiscal matters which might be in direct opposition to the views held by the government itself.

The Prime Minister has made many eloquent speeches, all exceedingly moderate in tone, in an effort to impress this house with the fact that he had no motives at all in this matter and that his only desire—a very sincere one, I believe—is to constitute a board which will be above any suspicion. May I say that his bill has not created a similar impression upon the public mind and upon the press generally. When we reached eleven o'clock last night I was just alluding to an editorial which appeared in the Montreal Star of June 29, which editorial dealt with the two tariff boards. The Star says that the issue is clear as crystal. I do not intend to read the entire editorial as probably hon. members have read it already, but I intend to allude to a part of it which impressed me very much and which no doubt will impress the committee. The Star takes the attitude that the tariff board which my hon. friend wants to constitute and the one which was constituted under the former government are very different in character. The Star states that the functions of the new board will be to obtain information from the chiefs of industry, from the experts on production, and from all those men who are connected with production. It charges the late board with intentions altogether different. Let me read what this Conservative paper says about the late tariff board. The editorial reads:

> The job of the late tariff board was to study the industrial situation, listen to the evidence of experts, hear the opinions of miscellaneous people such as theorists, students and consumers.

This editorial tries to create the impression that the late board paid too much attention to theorists and faddists such as consumers, who are infected with the dangerous disease of not desiring to pay more for any article than it is worth.

Mr. MANION: They were probably thinking of the Consumers League.

Mr. RINFRET: It does not say that; even if it did, I do not think that would change the aspect very much. The issue is as clear as crystal and as pure as water in the mind of this Conservative organ. The board to be constituted by my right hon. friend will listen to the producers, the manufacturers, the chiefs of industry and those who know all about it, while the late board had the weakness to listen to that class of faddists known as consumers, who came here with the little means at their disposal to try to demonstrate that there are two sides to the tariff question, and that perhaps their side might be worthy of consideration. Perhaps my right hon. friend has not paid much attention to that side of the question. Perhaps if this board works in the way it is understood by some of the Conservative organs in this country, he will be quite satisfied. But it is not without a certain degree of pride that I read this commentary which is supposed to be very offensive to us but which, on the contrary, is to my mind highly commendatory, that if not before the new board, at least before the old board, the common people could appear and present their case.

The Prime Minister has mentioned the Board of Railway Commissioners, and has tried to establish a parallel between this tariff board and the railway board. There is this difference, which I consider essential, between the two: we are not making railway rates. That power has been taken away from parliament. It is, on the contrary, highly desirable —and I think both parties are in agreement in that regard—that the rates of the railways be determined, not by a vote of the house, but by the decisions of the railway board, and so far as we are agreed on that, it is satisfactory that we have a railway board such as is constituted. But as regards the tariff we take the position—and I am not sure whether the Prime Minister does not take another position—that the tariff must remain within the responsibility of the government and that we should not by any means establish a board that will render final decisions, even if they may be only as to the grouping of facts, which will have such an impression on public opinion or on parliament that it might prevent the house from making a proper decision on fiscal matters. It is for that reason that I shall support the amendment.

I think the leader of the opposition yesterday made a most dispassionate and moderate appeal to the Prime Minister to amend at least this section of the bill and to consider carefully the amendment that we have moved. I am quite sure that the point made by the leader of the opposition is practically with-

out any possible reply. As long as the government is in power, it remains within its ability to continue or to change the commissioners of the board; but surely when a new government is elected as a result of public opinion—and it may be returned to power on the very questions connected with the fiscal policy—it is highly desirable that the new government should not be hampered in its work by a commission established by the preceding administration and it should be at liberty to create a tariff board in sympathy with its views. For that reason I shall vote for the amendment.

Mr. NEILL: When the substance of the amendment at present under discussion was before the house on the second reading of the bill, I voted against it and with the government because I thought that was not the proper stage to introduce it and, being very much of the opinion that we needed a tariff board, I considered that the amendment was not of such vital importance as to precipitate the defeat of the bill. But now that it is introduced in committee, in what I deem to be its proper place, I am more than willing to vote for it. I admit there is a good deal of logic behind the contention of the government that they have a mandate from the people to-day in the direction of high tariffs, but it is quite conceivable the day may come when that mandate will be withdrawn and I shall not willingly be a party to the initiation of a tariff board with its tenure of office so arranged as to perpetuate a system of high tariffs possibly long after the country has withdrawn its mandate in that direction and perhaps even, for stranger things have happened, after the party opposite has changed its policy in that regard.

I have just one other word to say regarding the personnel of the commission. I have heard a great deal about some features of it, such as what salaries they are to receive, and a hint has been given as to their geographical selection; but I have heard but little as to what the qualifications of these men will be. I should like to take this opportunity of placing before the committee a short resolution sent to me by one of the locals of British Columbia farmers. Although this is only a small local, it voices, I believe, the general wishes of the farmers in the district I represent and, I have good reason to think, in other parts of Canada as well. This is the resolution, endorsed by local No. 35, Wellington United Farmers of Canada, British Columbia section:

Whereas, the various branches of farming combined constitute one of the largest industries in the province of British Columbia—

And I should say of Canada also.

—and whereas, the different branches of agriculture have suffered to some considerable extent through inadequate tariffs and trade treaties, which place the producers of farm products in Canada and particularly in British Columbia in a market flooded with imported produce,

And whereas, the agricultural industry was not taken into consideration when negotiations were being carried on with regard to the lowering of tariffs and trade agreements with New Zealand—

I might also add Australia.

—therefore be it resolved, that this organization petition that there may be proper representation of the agricultural interests on any future boards created for the purpose of imposing tariffs, taxes, or formation of trade treaties.

That, of course, is not worded exactly to meet the present situation, but the suggestion is one which I would commend to the Prime Minister, namely, that at least one of the men on this board should have a thorough, practical knowledge of farming, not of one particular branch only but of as many of the different branches as possible. A good, all-around, practical farmer can be obtained and his services should be enlisted as one member of the board, especially when agriculture is such a large interest in Canada and is so vitally interested in the tariff.

Mr. LAPOINTE: I have already, on the motion for the second reading, expressed my views on this bill and especially on the subject matter of this amendment, and I do not intend to repeat them. I have not been surprised to hear the Prime Minister every time he has spoken since the bill has been before the house and the committee, exemplify the tariff board of the United States as an illustration of the good work which such a body can achieve. My right hon. friend had to go to Washington for a model for his policy. He could not go to Britain because the policy he is trying to create, the machinery for organizing and carrying out, is truly one in which our neighbours to the south have excelled in recent years. The United States has been the Mecca of high protection; Washington is the capital city of protectionism, and it is no wonder that my right hon. friend has to go there for a model for the machinery to carry out his policy in this country. But the right hon. gentleman is going further than

the men he is trying to imitate; the pupil goes further than the teacher and model, because in the United States they have made at least a semblance of impartiality in the constitution of their board. They have apparently tried, on the surface anyway, to establish a certain equilibrium as to the views shared by the members of that board. As has already been mentioned, three of the six members of the United States board shall be members of one political party and the others shall be members of a different party. But even apart from that, they have endeavoured to have another safeguard of impartiality or at least to have everybody consulted as to the personnel of the commission and the character of the men who may be appointed to that board. They are appointed by the President of the United States, but on and with the advice and consent of the Senate, which in the United States is the leading chamber. A man to be appointed to the tariff commission of the United States has to be accepted by the Senate of the United States. In their Senate all parties are represented, and a man who would be strongly objectionable to one of the groups in the United States Senate would have no chance of appointment to their tariff commission. I believe there might be less objection to the term of office which this bill provides for the members of the board if they were appointed with some impartiality by a body on which different views were represented; for instance, by parliament, as parliament appoints the chief electoral officer; or they might be appointed by a committee of parliament on which members having different and opposing views would be represented. But under this bill, which as the Prime Minister indicated will become law, they will be appointed by the government presently in office, by gentlemen having a trend of view on fiscal matters which they themselves admit and which is well known to the people of Canada.

My right hon. friend the Prime Minister still insists that this tariff board is a mere fact-finding body. He stated yesterday that facts are found with a mathematical precision. There cannot be two opinions, he said, in answer to a question from this side of the house. The findings of fact cannot be disputed; they are not in the United States, he said.

Mr. BENNETT: May I correct the hon. gentleman? Perhaps it will conduce to the expedition of the debate. The question was put to me, whether the findings of fact could be disputed, and I gave as an illustration that if the cost per unit in one country was 24 cents, and the cost per unit in some other country 20 cents, it was purely a question of mathematics that a 20 per cent duty on the 20 cents per unit would make that 24 cents, and thereby secure equality. As to the sufficiency of the evidence in finding out costs, there might be a difference of opinion, but the rate of duty to be applied to the facts as found can be ascertained with mathematical precision.

Mr. LAPOINTE: Perhaps I cannot do better than quote my right hon. friend. At page 3443 of Hansard he said:

> When it is said that these findings of facts are matters of opinion, I can only say that the findings of the tariff board in the United States, to which I referred, are not findings of opinions, but findings of facts as such.
>
> Mr. Young: Can they be disputed?
>
> Mr. Bennett: They cannot—not by minds that accept figures as having any effect when employed mathematically.

Mr. BENNETT: Hear, hear.

Mr. LAPOINTE: Yet my hon. friend from Hants-Kings at last night's sitting showed in several instances that the members of the United States tariff commission were not of the same opinion as to their findings, and that they divided equally upon them.

Mr. BENNETT: That is not what I was dealing with at all. With my hon. friend's permission only—

Mr. LAPOINTE: Of course.

Mr. BENNETT: It is a question as to the use of words. I was dealing with mathematical precision, meaning that the rate of duty to be applied to the facts as found could be ascertained with mathematical precision. That is, the cost of production in one country is so much, the cost of production in another country is so much, the cost of production in another country is so much. If the cost of production is 20 cents in the one case, and 24 cents in the other, that is a matter of finding. Then it is a matter of absolute mathematical precision that a 20 per cent duty applied to the cost of 20 cents per unit will make that cost 24 cents, bringing about equality. That is what I endeavoured to make clear I was thoroughly acquainted with the differences of opinion in 1929.

Mr. LAPOINTE: If they have differences of opinion, will not my right honorable friend admit that it is important, advisable, nay, even essential, if we want to have impartial findings, that gentlemen having different views should be appointed to the board? I think that that is a necessary conclusion

Apart from that, as I said before when I spoke on the second reading of this bill, the finding of fact is not purely machine work. Someone has to exercise judgment, and the attitude of mind and the personal views of the men who sit in such a court or tribunal certainly have something to do with the way in which they marshal their facts and decide which one must be placed foremost and stressed. The manner in which the investigation is carried on also depends to a large extent on the views and character of the men who sit on that board. Everybody knows what happened in this country not very many months ago when there was an investigation, or a so-called investigation, into tariff matters. The gentlemen other than those who made the application were not, according to press reports, given a very hearty welcome when they appeared before that supposed court.

The right hon. the Prime Minister is dressing his baby in the dignified garments of a court in order to make it more interesting. But that will not deceive anybody, and I do not think my right hon. friend has improved his case by so doing. My right hon. leader protested yesterday against the violation of the principle that tariff and taxation should be absolutely under the exclusive jurisdiction of parliament; but there are other principles that are being violated if we have to accept the theory of my right hon. friend that this board is a court. When you have a court dealing with matters of policy, a court which will act, according to the words of this bill, under the direction of a minister, what becomes of this fundamental principle of the British constitution, that the judicial power and the executive power must be independent one from the other as well as from the legislative power? You cannot mix them altogether as my right hon. friend is trying to do in this bill.

There is another thing which my right hon. friend the Prime Minister claims is essential, and that is the permanency of the board, for at least a period of ten years. Even there he is going further than the example of the United States, where, after an experience of twenty years with tariff commissions, the United States has adopted means of having new men appointed to the commission each year. The members are appointed for six years only, and one member gives way at the end of the first year, to be succeeded by a new man, another at the end of the second year, to be in turn succeeded by a new man, and so on, so that automatically every year a new man is appointed to the board. As I said before, he is appointed by the president, but upon the advice and with the consent of the Senate. I think there is a great deal to be said for that method. It gives more elasticity to the board, a greater opportunity to appoint men to the board who will be more in sympathy with the prevailing trend of views on fiscal matters at the time of their appointment.

I do not think I have anything further to say, but before resuming my seat I should like to repeat and support the warning given by the leader of the opposition which the Prime Minister has called a threat but which, in fact, is only a fair warning. The men who would go on the proposed board would do so at their own risk and take their own chances. When the people of Canada inflict upon my hon. friends opposite the ignominous defeat which they may expect on the first occasion which presents itself, we will find means of doing away with the machinery they are now trying to organize so that their policies may be kept in effect.

Mr. IRVINE: The extended discussion on the measure now before the committee certainly indicates the importance which both sides of the house attach to the legislation before us. I did not happen to be in the house when the vote on the proposed amendment was taken, but I understand that on that occasion the group to which I belong voted against the amendment. I believe they so voted because although they may have disagreed with some of the particular sections of the bill they believed in its principle, and did not wish to be a party to its defeat.

I wish to say that if the fears as expressed by hon. members in the official opposition were possible I certainly would be opposed to the bill myself. I think we must recognize however that facts will not change with governments, and if certain facts which have been discovered by the proposed judicial body are established they will not alter one iota whether a Conservative government goes out and a Liberal government comes in or vice versa. If the board were to be a Conservative board, appointed by the Conservative party to make Conservative findings, then of course I would be opposed to it and I have no doubt everybody would be. If the government were guilty of appointing a body of that character I hope the Conservative party would be opposed to it. That is the kind of board which I think my hon. friends to the left of the Speaker are contending for. What else could they mean when they say that they want a board which would be in sympathy with the policy of the government that appointed it? That is the kind of board

I understand my hon. friends on the left of the Speaker are contending for. Personally I cannot see the value of a board of that character.

Mr. ILSLEY: The words were "enjoy the confidence of the government."—not "be in sympathy" with it.

Mr. IRVINE: I would say in reply to that statement that if the proposed board measures up approximately to the status of a judicial body any other government will give its confidence to it. If on the other hand any other government might discover that this proposed body is not judicial, does not the act provide for the discharge of the individuals composing such a body?

Some hon. MEMBERS: No.

Mr. CASGRAIN: No, it does not.

Mr. IRVINE: Well, then, why not make that provision?

Mr. STEWART (Edmonton): That is all we want to do.

Mr. IRVINE: Why not? If I am not mistaken I think I heard the Prime Minister say, when discussing this bill, that men would not be retained on the board if, as a judicial body, they were not rendering proper service. If the body created was acting not judicially, but was outstandingly partisan and was endeavouring to embarrass the existing administration, I would expect the government in power to do away with it. On the other hand I canont see any use in the world of appointing a board to serve any particular government. To my mind such action would only involve unnecessary expense. If a government is doing what it likes anyway, no matter what a tariff board may find, why have such a body? That is the other side of the question.

On the other hand I do not wish to see any interference with the authority of parliament in respect to fiscal policies. We were assured last night by the Prime Minister that there was no such intention and that the proposed board would not operate in that way. If it does, surely it is time enough to object when the difficulty arises. I think we have the right to assume that in this connection the government is sincere in its efforts to secure a real fact finding body. I am assuming that, anyway; I must have confidence in whatever government may be in power. I would have as much confidence in statements made by the leader of the opposition, and I do not see why we should assume that every statement by a government is absolutely sinister, inclined to be purely political and more or less false. From my experience in parliament and having listened to responsible men holding responsible positions I feel inclined to accept at face value the statement of the government's good intentions. In the bill now before us provision is made for the appointment of a board supposedly of a judicial nature. In this corner of the house we have always contended that since we are to have tariffs, no matter which government is in power, those tariffs, as nearly as possible, should be regulated in a scientific manner. Following that belief we have contended that some such body as the one now proposed should be appointed to find facts and enable each government in power to regulate its fiscal policy with due regard to the facts found. I do not say that the proposed body will find all the facts accurately on every occasion; I do not suppose any hon. member thinks that the board would be omniscient in judgment or knowledge, but I would think that a board which devoted its entire time to the study of all the facts entering into the framing of tariffs would be expected to know a little more about that subject and to have gathered a few more facts than an ordinary governmental body which deals with the many affairs of state. To my mind if such a body could get some of the facts accurately they would perhaps justify their existence. I think, as in every other body, very much would depend on the nature of the appointments, the personalities and capacities of the men appointed. Next in importance would be the extent to which the government would give serious thought to the facts found. As to the appointments, I believe there is no other way of ensuring a non-partisan body than to remove such a body entirely from the possibility of being discharged by the next government which might hold office. For that reason, if for no other, I would be in favour of the bill, believing as I do that there should be a judicial body and believing that facts should be found.

I do not know what my hon. friend to my right is giggling about, but if my reasoning is faulty I should like to know wherein the fault lies. If he giggles because of political suspicions, he may keep them to himself. I have tried to reason this matter out in the best way I know, just as my hon. friend has done. He takes exception to the bill because of certain suspicions he holds which I do not wish to share. The day may come when it may be proved that he was right; in fact I am not saying he is wrong. I merely state however

that at the moment I do not hold the suspicions held by him. When the board is in operation suspicions will not be necessary. I believe the proposed body as far as possible should be removed from political conflict, and I ask if there is any other way by which such a body can be removed except by the way provided in the bill?

Mr. EULER: Mr. Chairman, I have given careful thought to the provisions of this bill, and I have come to the conclusion that the Prime Minister would be well-advised in the general interest to accept the amendment. As is well-known, I, like almost every member in this house, have always been in favour of a tariff board. I need not go into that. I agree almost entirely with what the Prime Minister has said in the course of the debate as to the desirability of a board which will have fact finding powers, which will exercise those powers, and which will then place its information at the disposal of the government in the framing of the tariff. I believe in that absolutely, and it is but fair criticism to say at this time, that if the Prime Minister realized—as he has always realized—the necessity for such a fact finding body in order that the tariff might be intelligently framed, it does seem an anomaly that he should have made changes in all the important items in the tariff schedules, and then proceeded to create a tariff board. I say that is an inconsistency that has not been entirely explained. When the other day the Prime Minister spoke of the advisability of such a board and of the powers it was to have, I asked him how, then, could its services be applied to the changes made last September and to those to be made this session, but I received no reply. And yet if it is so desirable to have such a board in order that the tariff may be intelligently framed, how can we reconcile the absence of such a board with what has been done, how can we have any assurance that the tariff changes we are making by the present budget, as well as the changes we made last September, were intelligently made? But that is merely by the way.

The Prime Minister has advanced the argument in connection with the appointment of other officials, notably the High Commissioner in London, that such a commissioner should be one who is in sympathy with the purposes of the government. I have not any great fault to find with that argument, and I submit that if you want a partisan board—which I do not—that that principle might as well apply to the appointing of the members of the tariff board which is to be created. I will also say in passing—and I am absolutely sincere in this—that if the Prime Minister would give the house an assurance that he intends to appoint a board that is non-partisan in its character, I would not have a great deal of fault to find. But human nature is human nature, politics is politics, and I for one do not think in the absence of such an assurance on his part that the board will be other than a partisan board. By that I mean they will be men of the party to which he himself belongs.

Now we have heard this argument, twofold in its nature, that such a board will merely be a fact finding board, that mathematics are mathematics, and if they say a certain thing is so mathematically, it is so and cannot be anything else. I understand that when the Minister of National Revenue (Mr. Ryckman) spoke yesterday—I am sorry I did not hear him—he made some remarks with respect to the work of the investigators in foreign countries who are attached to the Department of National Revenue. I have had some experience of their work, and while I will say that costs in foreign countries may be ascertained approximately, such ascertainment is not an exact science by any means. I know that to be a fact. And this tariff board, no matter how competent its members may be, will find a great deal of difficulty in ascertaining absolutely correctly what production costs are in foreign countries, and perhaps even in our own country. That being the case, it will become almost of necessity a matter of opinion on the part of the members of the tariff board as to what such costs are and as to what the rate should be in order to establish the equality that is spoken of. That condition arising, I leave it to the common sense of every member to say if the board will not naturally be inclined to travel in the direction in which they feel the government would like them to travel. I think it is not possible for such a board to do otherwise. The Prime Minister has stated that the members of this board will be in the nature of a board of judges. Well, even judges disagree. In our own appeal courts composed of five or six members we very often find a decision given by a majority of one. We have seen the decision of a trial judge reversed on appeal, and that decision in turn reversed by a higher appellate court. I say that with the object of making plain that you cannot have any mathematical certainty with regard to the work of this board.

The other argument that has been advanced, and to my mind it has some force, is that you

cannot obtain competent men to devote themselves to this work when they do not know that they will be retained in office for a definite or extended period of time. Perhaps there is something in that argument, but on reflection I do not think it conclusive. Members of this house, and members of this government, who do not receive greater remuneration than is to be paid to members of this proposed board, willingly undertake their duties when they know they are not certain at all of retaining office for a period of probably more than four years. I am quite sure members of the house, to say nothing of members of this government or of former governments, will not allow their modesty to prevent them saying that they are at least men of as great ability as we may expect the members of this newly created tariff board to be. I believe it would be possible to obtain men who are thoroughly competent and who are imbued with sufficient public spirit to serve on the board and do good work even though they have no certainty of ten years of office.

There is no absolute certainty in regard to the fact-finding of this proposed board, and there being no certainty their prejudice would very naturally lead them to do the thing which the government desired them to do. If that be true, in what situation is a new government? I am not now talking of high tariff or low tariff, but if we have then a board in office which perhaps at times will exercise a bit of prejudice—because we may as well say what we think—in favour of the policies of the government which appointed them, then when a new government comes in why should it be obliged to retain in office men in whom it has no confidence and who would act contrary to its wishes? It is impossible for that newly elected government to disestablish the board, and its members cannot be discharged. True, the new government might bring in a bill to repeal this legislation and disestablish the board in that way. But then it would have to contend with an antagonistic Senate. If I may without disrespect say so of that august body, it is perhaps the greatest anomaly of parliamentary government in Canada that when a new government comes in it almost invariably from the necessity of the case finds the upper house of a different political stripe from the House of Commons which has just been elected by the people, and which is supposed to represent the wishes of the people.

I can see no harm in establishing a board whose members would hold office during pleasure. Those men would hold office at least during the tenure of the present government—unless they were shown to be incompetent, and then I hardly know how the present government would get rid of them. I would say that it should not be the wish of the government, if unfortunately for themselves they failed to elect a majority to this house and were turned out of office, that their successors should be saddled with a board entirely out of sympathy with the wishes of the new government. I believe in the final analysis that if the Prime Minister and the government would give careful consideration to the question even now they might decide, except that it might be doing violence to their pride, that all their purposes would be gained by adopting the amendment as their own, assured that the board would do good work, assured that they could obtain good men, and assured also that they would be freed probably from the unjustifiable suspicion that they are playing politics in making appointments to this board.

Mr. BROWN: I have already spoken on this bill and my remarks will now be brief. I protest against what seems to me to be the worst fallacy I have ever heard of—that is, that this is a question of absolute mathematics. The Prime Minister seems to have admitted that there may be differences of opinion as to the relative costs of manufacturing in one country and another; but he does contend that once that difference has been admitted, or once a certain figure has been found to be a fact or a so-called fact, then the imposition of a certain duty is all that is necessary to establish equality. I protest most emphatically against that idea. The Prime Minister ought to know that when any tariffs are levied, when any restrictions are put on trade, there are a thousand and one unforeseen results that cannot be accurately estimated. In nothing is it more true than in the making of tariffs that:

The best-laid schemes o' mice an' men gang aft agley.

You may say that a certain percentage of duty will equalize costs, but there are many unforeseen factors entering into the problem which cannot be calculated mathematically. It seems to me a most absurd position to take, that this is a case of pure mathematics.

Mr. MOTHERWELL: I have not taken up any time discussing any stage of this bill, either on the resolution, on the second reading or on any other occasion, and therefore I feel justified in prolonging the discussion somewhat, to put before the committee a

matter that has come to my personal attention. I refer to the way in which facts are ascertained in Canada by other countries. Before proceeding with that phase of the subject, however, I would observe that the emphatic manner in which the Prime Minister presented the case at its different stages almost convinced me that it was a mathematical problem: facts are facts he says and no change of government can alter them. The same dictum was repeated by the hon. member for Wetaskiwin (Mr. Irvine). But it depends upon the angle from which you look at facts, and upon your preconceived ideas with regard to those facts. As indicated by hon. members, including the hon. gentleman to my left (Mr. Euler), different persons looking into the same facts will disagree in their conclusions. Judges disagree, courts disagree; even the railway commission sometimes disagree among themselves in the judgments based upon the same facts and evidence.

It has come to my attention on more than one occasion how difficult it is to ascertain cost of production even in one's own country. How much more difficult is it then to ascertain the cost of production of any article in another country where you have no status? All you can do is snoop around and get the so called facts as best you may. That is all. This board will not go to the United States and other countries, nor does the United States tariff board come to this country; it is the representatives of the board that visit other places. On one occasion, as I remember, a certain tariff board representative came to Canada to find out the facts regarding the cost of production of wheat, and I noticed at the time that they went into the most favourable places where they could get a low cost of production. It might have been that I was unduly suspicious, but the fact is that they went to such places as would show a low cost of production in Canada that would strengthen their case for reporting a higher duty against us. However that may be, my suspicions have been more than confirmed since then. Imagine getting the cost of producing wheat during these past three years in certain parts of Saskatchewan and comparing that cost with the production of the same article during the three previous years, then coming to a mathematical conclusion as to costs of production on the strength of such varying and unstable facts. Why, one might be a hundred times greater than the other, depending upon the year you took in which to secure the so called "facts" or cost of production. The cost of producing wheat in southern Saskatchewan this year is perhaps

$100 per bushel—I have never worked it out but I venture that guess. And compare that with the cost in 1928. What a vast difference there would be. Yet it is variable calculations of that kind by which the Prime Minister argued the cost of production can be arrived at.

There was an unsatisfactory tariff inquiry regarding the cost of producing potatoes in the maritime provinces. I am not familiar with the details of that United States inquiry, but I am familiar with the attempt on the part of the representatives of the American tariff board to obtain the cost of producing milk and cream in Canada. As the committee will recall, it was evident at the outset, in view of the legislation adopted in that country under the Lenroot-Taber bill that the intention was to exclude cream and milk from Canada. That legislation was modified on the representations of the Canadian dairymen, but they persevered in their determination to exclude these articles, and they finally succeeded in practically shutting out our dairy producers. During that discussion I took the matter up with the secretary or the president of the American tariff board—I forget which—protesting against their method of securing costs in Canada. Wherever they went they were looking for certain costs—low costs—which would justify an increase in the tariff in the United States. Is that a mere suspicion, or has it been borne out by the facts? What I am saying in this regard, although I speak from memory, is substantially correct, as the files in the Department of Agriculture will show. I wrote to the secretary of the tariff board at Washington, pointing out that if they wished to obtain correct data and figures with regard to the cost of producing milk and cream, I would put at their disposal the experimental farm with all its records, or any other branch farm in Canada. They never took advantage of that offer. Two or three of their representatives did come to Ottawa some time afterwards but they did not go near our farm officers, nor did they attempt to obtain any figures from us. I was not in Ottawa the day they came, so I cannot speak personally with regard to their visit. I do know, however, that I invited them to come direct to us and get any data at our disposal where the figures would probably be more reliable than any such figures and data as could be secured elsewhere in Canada. But they never came near the experimental farm officers for it.

Now, so far as the United States are concerned, I have never known them to send their emissaries to Canada but for the purpose

of getting evidence which would justify them in raising their own tariff. I cannot think of a single instance, except maple products in which, when they returned to their own country, they did not increase the tariff on the particular article with respect to which they had come over to make inquiries.

No one suspects this government, surely, of any intention of appointing such a board. Oh, no. But they might. How will they obtain the facts in another country? Over and over again, the difficulties involved have been pointed out. What kind of board will be chosen? We can only surmise by what has been done recently. We know some of the representatives the government put on the Stamp commission. We know that Sanford Evans was put there, and he delivered the goods very well on behalf of the cause he represented. If that is to be taken as an indication of the kind of board we are to get, we shall have to look elsewhere for that judicial body which the Prime Minister has so glowingly described. This trio which is to constitute the tariff board is to be a sort of glorified board of judges, only of a very much higher type: they would not have any political ideas or bias in their minds; they are to be totally impartial; they are to give their decisions quite regardless of the views or the wishes of the government. Can you imagine such a condition of things? Are we ready for glory, Mr. Chairman? Have we arrived at the millennium? We do not expect that of this government, at least, and we know that we shall not get such a tariff board from them—a body which is supposed to come to conclusions on data and figures that are so problematical in character and which are next to impossible to acquire in a foreign conutry.

I have no hesitation, in the circumstances, in voting emphatically for the amendment. This is one of those things regarding which you might very well say that the more you think of it the less you think of it; and if we keep on discussing it much longer the government, I fancy, is almost prepared to throw up its hands and discard this phase of the bill, the ten year board appointment.

Mr. GARLAND (Bow River): Holding the fiscal views I do, I should prefer a board appointed at pleasure and not for a period of ten years as the Prime Minister is determined to appoint them. The Prime Minister might accept the suggestion of the ex-Minister of Justice. The board should be appointed either by a non-partisan committee of the house, or else it should be approved by the house before the actual appointment is made. Only in that way can we ensure that the personnel will be all and will do all that the Prime Minister intends. I agree with the last speaker, that it is stretching credulity too far to ask anyone in this house to believe that hon. members opposite, elected as they have been on a high tariff policy, will appoint anything else than a board whose sympathies will be all in the direction of high tariffs. The little red herring of fact finding which has been drawn across the trail is just so much fog to obscure the real purpose of the board.

Let us consider for a moment the finding of facts in connection with an industry in Canada, not to mention one outside. What factors will be taken into consideration in the ascertaining of facts? Will watered stock be considered, will that be one of the factors to be investigated? Will the earnings of the company be considered, the efficiency or otherwise of its management? Who will determine what is or is not efficiency in management? What about the factories in eastern Canada whose equipment is out of date? Many of those factories will attempt to operate for purposes of internal economy, no doubt mistaken, under a high protective policy which permits them either to peg prices or actually to increase prices. What about the location of factories? Is that not a factor to be considered in investigating costs? What about available markets or the possibility of the expansion of markets? I find it impossible to imagine that any board could determine what the facts are without a formula previously being prescribed. Even if a formula is prescribed, the facts themselves may in turn become mere doubts.

The work of a tariff board of this kind may be most important, but following the suggestion made by the hon. member for North Waterloo, it seems to me to be the height of absurdity for the Prime Minister to come forward with a proposal to establish a judicial tariff board to ascertain facts and to find out whether or not the tariff should be raised after he has mutilated the tariff schedules of this country. If the administration were sincere before raising one single item in the tariff, they would first reduce them to the former level and then submit them to this proposed fact-finding tariff board. However, I do not think there is the slightest intention on the part of the administration to do that sort of thing.

Another phase of this bill to which I take serious exception is the secrecy clause. I agree with the hon. member for Winnipeg North Centre in his contention that any industry, any manufacturer or any interest of any kind, whether it be agricultural or otherwise, applying to the government for special privileges of

this or any other character should be willing to submit to public view every fact in connection with the administration, the earnings and the profits derived therefrom. Without the utmost publicity all governments will be subject to proper condemnation for interfering with taxation in the interests of privileged classes. Unless that publicity is given the people will not be satisfied that the privileges granted are justified.

Ever since the history of tariffs began there has been a clear division and cleavage of public opinion. There are men who because of a certain array of facts think that a high tariff is advantageous; there is another group who are agreed that a certain measure of tariff for revenue purposes may be acceptable; then there is a third group which is against tariffs in any form whatever, they regard the principle as uneconomical and unsound. How does the Prime Minister propose to bring together, even in a judicial board of this character, the opposing views of those who follow Henry George and of those who follow the right hon. gentleman himself? How is he going to coordinate and bring down to a point of compromise the viewpoints held by private industry and those held by sound economists every one of whom is opposed to a high tariff and who contend that the principle of protection is uneconomic in character?

I find it impossible to support this bill in its present form. I submit to the Prime Minister that if he is sincere, if he wants to convince this house or this country that he has in mind solely a board to ascertain facts in the national interest, then that board should not be selected by himself and his cabinet but either by this house or by a non-partisan committee of the house. I have no confidence either in the board or in the bill.

Mr. STEWART (Edmonton): Mr. Chairman, my remarks will be very brief because I voiced my opinion on a previous occasion in connection with the appointment of this tariff board for a period of ten years. I want to reiterate that I have no complaint to make in connection with a board to advise. I am convinced that if the present government had appointed such a board they would be in a much better position before parliament and before this country than they are at the present moment. They have made increases in the tariff purely and simply for the benefit of special interests, and, so far as I am able to ascertain, without obtaining the viewpoint of the people who must pay for those increases. I am in favour of a tariff board but I am not in favour of a board which will be of a character to perpetuate itself upon a group of individuals who may secure the majority vote of this country at some forthcoming elections. The present government has, in my opinion, a perfect right to increase the tariff. They informed the electorate they were going to do that, but I have very grave doubts that the electorate ever anticipated that such drastic increases would be made. This government have received a mandate to carry out a certain policy, and they are doing it.

Supposing the government should submit to this new tariff board the five or six hundred items of the tariff which they have increased so drastically, and the board recommend in certain cases that drastic decreases should be made. I am confident that a proper board would discover that increases had been made to an unprecedented degree and that the consumers of this country were being bled white by such increases. Think what an awful position the government would be in? They would be in a much more embarrassing position than they are to-day in respect to the Stamp report on grain. The board must of necessity be in sympathy with the policy of the government which appoints it. I do not share the enthusiasm of the hon. member for Wetaskiwin in regard to this matter; this board will be composed of a group of men whose convictions are favourable to the government. Supposing at the next general elections the appeal is made, as it undoubtedly will be made—I shall make it if I am spared to be a candidate—

An hon. MEMBER: We suspected that.

Mr. STEWART (Edmonton): I have not changed my opinion simply because this government happens to be in office. That has happened quite frequently in Canadian history; we have had reverses and I am confident there will be reverses. Then imagine the position we shall be in as a Liberal party taking their advice.

Mr. SPENCE: The hon. member will not be one of it.

Mr. STEWART (Edmonton): I have just as good a chance as has my hon. friend of being elected. I know how zealously some of my hon. friends pleaded in connection with the potato question, hence the change in the order in council. They got too much tariff on that occasion and they will get too much tariff on many other occasions as they will discover when they go to the electorate to get their votes the next election.

An hon. MEMBER: That is a long time away.

Mr. STEWART (Edmonton): No, it is not.

Mr. MANION: The people gave their verdict at the last election.

Mr. STEWART (Edmonton): I give my hon. friends credit for having put it over. There is no objection to that at all. But now that my hon. friends have put it over and the people are taking their medicine, it will come my hon. friends' turn to sit in opposition and we shall be back where we belong. All I am complaining about is this: that inasmuch as a tariff board will have to deal more with policies than with facts, no government should be handicapped by the advice of a group of men who do not believe in the policies on which that administration was elected. That is my chief complaint and that is why I am going to vote for the amendment.

Amendment (Mr. Hanbury) negatived: Yeas, 44; nays, 68.

Mr. GRAY: Subsection 7 of section 3 of the bill reads:

No member shall be eligible to be a candidate for election to the House of Commons of Canada until after the expiration of two years from the date when he ceased to be a member of the board.

I propose, at the conclusion of my remarks, to move an amendment to this subsection. I have never been able to see the reason for inserting this subsection in the bill, and after listening to the Prime Minister and other speakers on the opposite side of the house who have pictured to the chamber the high calibre of the men they propose to appoint to this board, it is all the more difficult for one to see any reason whatever for introducing into our legislation a subsection of this nature. The Prime Minister has promised to appoint men of high calibre to this board and speakers on the opposite side of the house have stated that one of their reasons for making the term of office ten years is that men of that type will not accept such positions unless they are assured a term of office commensurate with their sphere in life. It is practically, according to the Prime Minister, men of the calibre of judges who are to be appointed to this board. These men will be asked to serve their country and then, should they see fit to resign or when their term of ten years is ended, they are to be placed on the Indian list. That is exactly what this means.

I wonder if there is any precedent for a clause of this kind. I have searched rather carefully; I have studied the constitution of other boards, and I do not find such a provision in connection with the Board of Railway Commissioners, the Pension Appeal Board, the Farm Loan Board, or, in fact, anywhere except in two particulars which I am going to cite. In the Dominion Elections Act, being chapter 53 of the Revised Statutes of Canada, 1927, I find under section 39 those who are disqualified as candidates for election. That is, I presume, exactly where we are going to class the members of the tariff board. I wish to call attention to paragraph (f) of section 39, dealing with men of exactly this type that we are appointing to the tariff commission. Paragraph (f) reads:

Every person accepting or holding any office, commission or employment, permanent or temporary, in the service of the government of Canada at the nomination of the crown or at the nomination of any of the officers of the government of Canada, to which any salary, fee, wages, allowance, emolument or profit of any kind is attached—during the time he is so holding any such office, commission or employment.

What I wish to emphasize is the fact that he is disqualified only during the time he is so holding such office. Again under paragraph (e) we have certain other public officers, as follows:

Every person holding the office of sheriff, registrar of deeds, clerk of the peace or county crown attorney—during the time he is holding such office.

Then paragraph (d) refers to members of legislatures as follows:

Every person who is a member of the legislature of any province—during the time he is such member.

And so on. I could read a number of similar paragraphs, each one limiting the disqualification to the time the person is holding such office. But there are two paragraphs which prescribe disqualification for election for a period of years and it is in this class of disqualified persons that the Prime Minister puts the members of the tariff board whom he has placed upon such a high pinnacle of distinction. These are paragraphs (a) and (b). Paragraph (a) starts with those who are guilty of corrupt practices. I am not going to read the whole paragraph, because hon. members are all familiar with it, but at the conclusion it specifies that a person who is found guilty of corrupt practices is disqualified:

During the period of seven years next after the date of his being so found, convicted, ordered or found guilty.

Paragraph (b) provides that those guilty of illegal practices shall be disqualified for a period of five years next after the date of being so found, convicted, ordered or found guilty.

Now I come to the bill constituting the tariff board in which the Prime Minister inserts a clause making every member of it non-eligible as a candidate for election to this house for a period of two years after he has ceased to be a member of the board. Is that provisions inserted, as was pointed out so ably by the hon. member for Hants-Kings (Mr. Ilsley) when he moved his amendment to the second reading, because the Prime Minister is afraid that these men will be guilty of corrupt or illegal practices. Is that the reason? He places the members of the board in exactly the same class with those who are found guilty of corrupt or illegal practices. I think that all members of the house will see at once the absurdity of such a provision. Surely, Mr. Chairman, after a man has served his country faithfully and well, on the tariff board, especially if he is of the calibre that has been suggested to this house, and if the people of any constituency desire him to represent them in this house, he is entitled to be a candidate. I would think he would be all the more fitted to be a member of this house because of the training he would have had as a member of the board. I do not propose to speak longer on the subject. I hope that the Prime Minister will see the force of my argument. When one searches, and I have searched diligently, to find some reason why this provision should have been inserted in the tariff bill, one can only come to the conclusion that it was done through some personal antipathy on the part of the right hon. the Prime Minister. I sincerely hope he will not allow personalities to enter in, and that he will permit this section to be withdrawn. I move, Mr. Chairman, that section 3 be amended by striking out subsection 7 thereof.

Mr. EULER: I may have missed the explanation of this subsection. I would ask the Prime Minister for what reason this clause is inserted.

Mr. BENNETT: For the reasons stated in the subsection.

The CHAIRMAN: All those in favour of the amendment will say "Aye".

Mr. RINFRET: I do not think, Mr. Chairman, that we should rest satisfied with the Prime Minister's reply. We asked what was the reason for a particular subsection being in the bill, and the Prime Minister replied, "for the reasons stated in the subsection."

The CHAIRMAN: Order. The question has been put, and the hon. member can only speak with the consent of the house. The hon. member was a little late in rising.

Mr. MACKENZIE KING: Will the Prime Minister not give his consent?

Mr. BENNETT: It is not a question of the Prime Minister. The rules of order are not in the hands of the Prime Minister.

Mr. RINFRET: Then I will speak afterwards unless the house consents.

The CHAIRMAN: If the committee consents, the hon. member may speak now.

Mr. RINFRET: When an hon. member asks the Prime Minister the reason for a certain subsection being in the bill and the Prime Minister replies, it is because the subsection is there, well, I do not want to use strong terms, but I do feel that the Prime Minister's disregard for the house has got to a point where it certainly should be reprimanded. The objection that has been made by the hon. member for West Lambton is very strong. He has shown conclusively that there are three classes of men who are going to be disqualified from being candidates in an election; those who have been guilty of corrupt practices are disqualified for seven years; those who have committed illegal practices are disqualified for five years; and those who have been members of this tariff board are going to be disqualified for two years. Surely a reason should be given for doing that. I insist that before we take the vote on the amendment the Prime Minister refrain for a few moments from writing the letter he is now writing and stand up and give us an explanation. With all respect I do say that I realize that the Prime Minister is working very hard. His capacity for work is stupendous, but he has imposed upon himself this quantity of work. We are not responsible for that. We have urged him repeatedly to appoint a Minister of Finance and to let his ministers be other things than small messengers around him. We have urged him to give them a chance to take their stand in this house. Surely when a question is put to the Prime Minister in the manner in which my hon. friend from North Waterloo put his question, and when an amendment is

before the house on such an important matter as this, which puts together in the statutes of the country men who commit corrupt or illegal practices and men who are tariff board commissioners, there should be an explanation before the vote is taken.

Mr. McINTOSH: I would like to have an answer, Mr. Chairman, from the right hon. the Prime Minister to the question that was asked.

Mr. McMILLAN (Huron): I had no intention whatever of speaking further on the provisions of this tariff bill. I thought I had put my objections sufficiently strongly during the discussion on the first reading, but when the right hon. the Prime Minister of this country takes the stand that he has taken in reply to the question from the hon. member for North Waterloo I am surprised. I think it is only fair to the members of this house and to the country that he should give a reasonable answer to the question.

Mr. CASGRAIN: I think it is my duty to the electors I represent in this house to protest against the attitude of the Prime Minister. I do not raise my voice very often in this house, but I must say that I feel that the Prime Minister is in honour bound to give an answer to the question that has been properly asked by my hon. friend from North Waterloo. Otherwise, the impression will go abroad that the Prime Minister has something to hide, and that he does not wish to give the answer or meet the wishes of the house.

Amendment (Mr. Gray) negatived.

Section agreed to.

Mr. MACKENZIE KING: If we are through with the discussion on section 3, might I suggest, Mr. Chairman, that we take up the succeeding sections, subsection by subsection, and that the subsections be read?

Mr. MOTHERWELL: Might I suggest before we proceed that as the Prime Minister is suddenly stricken dumb, the Minister of Justice should substitute for him.

On section 4, subsection 1—Duties of board.

Mr. GUTHRIE: I move to amend section 4, subsection 1, by striking out in line 2 the words, "under the direction" and substituting therefor the words, "at the request."

Amendment agreed to.

On section 4, subsection 1 (a)—Raw materials.

Mr. HEENAN: Mr. Chairman, the fact that at this time the government has introduced an amendment encourages me to ask whether they will accept another one. Section 4 deals with the duties of the board, and may I say that while those duties are many they do not as yet go far enough. In his discussion of the bill the Prime Minister pointed out that the cost of labour would be quite a factor in determining the rate of duty required. I think the Prime Minister will agree with me however that there are factors greater than the cost of labour. For instance the costs of the reorganization of companies with increased capitalization is one of the great factors. Inasmuch as these are the days of combines, reorganizations and mergers the capitalizations of companies have been greatly enhanced, and inasmuch as the capitalization of a company in a measure affects its earnings and dividends I think the Prime Minister may well agree that these factors may have a much greater bearing on the costs of production than would the labour costs. The Prime Minister, during his discussion of the question, pointed out that such factors as low wages and long hours of labour in certain countries must of necessity be taken into account by the board and subsequently by the government in arriving at a proper tariff against those countries. I was wondering if the tariff might operate in the opposite direction. If the tariff board should learn of some country wherein higher wages were paid, and a higher standard of living prevailed would the duties in Canada be reduced proportionately? That is a matter which at the present time is concerning me because I do not know what the government may have in mind in this connection.

With respect to the labour question however, I have in mind the discussions which took place in the regular session of 1930 and again in the special session of the same year at which time the present Prime Minister pointed out that any protection which was given to any concern in Canada should also carry with it a protection for the labouring men engaged in the industries concerned. I have in my hand one or two articles which, if he has not already read them, may surprise the Prime Minister. I refer first to an article appearing in a newspaper called Labor and particularly to a press despatch from Montreal, Quebec, dated June 25, 1931:

> The British American Oil Company's new $2,000,000 refinery plant, now under construction at Montreal East, is starting out to be a monument to cheap labour.
>
> A "hard-boiled" labour policy has been established—one that has probably never been equalled on a similar undertaking in Canada.
>
> Not only are wages lower than on any other construction job of the same type, but the

ten-hour day, seven-day week prevails. The workers have no voice in determining their conditions and are bullied and discharged at the whim of the foreman.

The despatch was sent by a Canadian correspondent to this Washington publication. The same gentleman investigated conditions in the city of Toronto, and as a result I find in the issue of July 7 of the same publication the following:

The same hard-boiled policy which exists on the British American Oil Refinery project in Montreal seems to permeate the whole organization of the Toronto Iron Works, a close ally of the British American Oil.

A representative of labour visited this city this week and interviewed a number of men—some formerly employed by the company and others still on the job.

I shall not read the whole of the article, because it is too disgusting, and sets out in detail how this particular company is bringing into Canada American methods of bludgeoning, bullying and discriminating against men who would dare to organize along the lines of the protection afforded them by the treaty of Versailles, namely, freedom of association. I have an amendment to offer—

Mr. MACDOUGALL: How long have the conditions as described in the labour paper prevailed in the two industries to which my hon. friend has referred?

Mr. HEENAN: This is just a new industry which has commenced operations since it was given protection.

Mr. MACDOUGALL: When:

Mr. HEENAN: About a month ago.

Mr. MACDOUGALL: On the contrary I think the operations were commenced when my hon. friend was Minister of Labour.

Mr. HEENAN: Is that so? My hon. friend seems to be one of those gentlemen who know it all. If hon. members would listen to him long enough they would know that he does not know half as much as he thinks he does.

In moving an amendment I do so with the utmost confidence that the present government will be willing to accept it. To indicate the views of my hon. friends opposite in connection with matters of labour I wish at this time to quote the words of the present Prime Minister when he was leader of the opposition. Turing to page 2506 of Hansard, 1930, I find the following:

Here we have a chance to say that these increases shall apply only to such mills as maintain the principles of the treaty of

Versailles. Is it unfair to say that that should be done? I commend the matter to the government. I think it should be done. It may mean great differences, but an amendment such as this, I think, would meet the situation.

And further on he stated:

That is an amendment that I commend now to the government, and that I think at the proper time should be moved; because after all, Mr. Chairman, if we really represent Canadian democracy, if we are sincere in the expressions of our faith in our party conventions, if we really mean what we have declared unanimously in this house with respect to the provisions of the treaty of Versailles and at the League of Nations at Geneva regarding labour, there should not be a dissenting voice in this chamber. We have the opportunity and the jurisdiction; let us leave out all this talk about the province and assert that power affirmatively, and let it be understood in this country that when we agree to principles in treaties, in compacts and conventions, we mean what we say, and that our expressions are not mere sounding brass and tinkling cymbal.

The amendment I have to offer is practically the same as that moved in the year 1912 by Mr., now Sir Thomas, White. That amendment was as follows:

Whenever application is made on behalf of a manufacturing company for higher duties the commission shall investigate the capitalization of the company and all salaries paid to the president, directors and managers and the wages paid to their employees.

Because of the fact that we have since that time entered into treaties, the Treaty of Versailles in particular, declaring the number of hours per day that employees are required to work and whether or not freedom of association is permitted to them, my amendment will be this:

Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate the capitalization of the company and all salaries paid to the president, directors and managers, and the wages paid to their employees, the number of hours per day employees are required to work and whether or not freedom of association is permitted the employees.

Mr. BENNETT: What clause is the amendment to apply to?

The CHAIRMAN: We are discussing section 4, subsection 2.

Mr. HEENAN: To section 4. I commend this amendment to the Prime Minister with every confidence that he will accept it.

The CHAIRMAN: Is this an addition to subsection (a)?

Mr. HEENAN: I have not had time to look that up, Mr. Chairman, but I think it might apply as subsection 7.

The CHAIRMAN: Then the hon. member will have to withhold his amendment until we reach subsection 6, because the right hon. leader of the opposition has asked that we discuss this clause subsection by subsection. We are on paragraph (a).

Mr. HEENAN: As I have to leave the chamber at six o'clock, I should like my amendment to be taken into consideration when subsection 6 is under discussion.

The CHAIRMAN: The committee may allow subsection 6 to be discussed now.

Mr. BENNETT: There is no point in departing from the rules.

The CHAIRMAN: In that case the amendment is out of order at the present time. We are on paragraph (a).

Mr. HEAPS: I would suggest to the mover of the amendment that it might apply to paragraph (f).

The CHAIRMAN: Yes, when you reach that subsection, but at the request of the right hon. leader of the opposition it was understood that we should take the clause subsection by subsection. The committee is discussing paragraph (a).

Mr. GUTHRIE: We finished paragraph (a).

Paragraph (a) agreed to.

On section 4, subsection 1, paragraph (b) —production.

Mr. GUTHRIE: I beg to move:

That subsection (b) be amended by inserting the word "efficient" before the word "production" where it occurs in the first and last lines of the clause.

Mr. MACKENZIE KING: What is the purpose of the amendment?

Mr. GUTHRIE: The object is to show that the production must be of a high and efficient standard.

Mr. MACKENZIE KING: Window dressing.

Mr. RINFRET: I submit that the amendment will only make more difficult the fact finding duty of the commission; for surely efficiency is not a question of fact, it is a question of opinion.

Mr. GUTHRIE: I think it is just as well to emphasize efficiency.

Mr. MACKENZIE KING: Oh, yes. Carried.

Mr. BUTCHER: I think there are two objections to be raised to this particular subsection, which reads:

In respect of goods produced in or imported into Canada the board shall, under the direction of the minister, make inquiry as to (b) the cost of efficient production in Canada and elsewhere, and what increases or decreases in rates of duty are required to equalize differences in the cost of efficient production.

My first objection to this subsection is that it is really impossible of performance; my second is that it confers powers that I believe even the Minister of Finance himself does not intend to confer upon the board. He has told us that it will not be within the province of this board to make recommendations or suggestions or deductions or to draw inferences, but that it shall find facts only. In my opinion the real effect of this particular subsection is to do even more than that. It gives the board power to make decisions of far-reaching importance. I believe it will not be very hard to prove what I say, for no matter how exhaustive the search, or how diligent the inquiry, it will be impossible to establish any one figure as the cost of production either in Canada or elsewhere, because the costs will vary in different countries, in different parts of the same country, in different plants in each country, and at different times in all of the plants in each country. I believe that has been proven by the tariff commission of the United States, a body which has been referred to so often during this debate, and I desire to quote from one of their reports made in 1919. I admit that is a long time ago, and I remember the Prime Minister told us they have a new board now, but I believe the board at that time had the same instructions as the board of to-day has—to find facts. Well, they set out to find facts in many cases, and I believe they came to the conclusion that it was next to impossible to establish any one figure as the cost of production even in the United States, let alone in other countries. I am bearing in mind what the Prime Minister told us the other night about the establishment of the cost of producing edible gelatin in Holland. I believe I am correct in saying he told us there was only one plant in Holland making edible gelatin—

Mr. BENNETT: One important plant.

Mr. BUTCHER: —and that that plant had an agency in New York. I conclude it would be comparatively easy under those circumstances to discover the cost of producing edible gelatin. Then I think he referred to the inquiry into the cost of producing maple

sugar in Canada. I believe that that also would be comparatively easy to determine, because maple sugar is more or less of a raw product, slightly processed. I believe in most cases maple sugar is a kind of by-product, and I understand there are no plants devoted entirely to the production of this particular commodity. I notice the United States tariff commission in their report of 1919, series No. 9, gave the result of their inquiries as to the cost of wool. May I say here that I believe it would have been difficult for the Prime Minister to find many other articles, the costs of production of which would be as easy to ascertain as the production costs of the two particular commodities that he did mention; when we come to the more elaborate schedules I think it would be very much more difficult to ascertain the production costs. For instance, the tariff commission of that period were instructed to ascertain the cost of the production of wool in the United States and this is what they discovered: They discovered that in 1919 in Montana wool cost 76 cents per pound. They arrived at that cost by taking into consideration labour, interest on investment, cost of feed, fees and rentals, depreciation and miscellaneous charges. The same year, with the same method of computation, they discovered that wool in Wyoming cost 48 cents; in Washington, 35 cents; in Idaho, 32 cents. But even more singular, they discovered that whereas wool cost 76 cents in Montana in 1919, it cost 44 cents in 1918. It will be seen, therefore, how difficult it is to arrive at the cost of this one raw material which enters so largely into the production cost of woollen goods. In the same year they made the discovery that the cost of producing beet sugar was $66.40 per ton in one case and $139.80 in another, these being the extreme costs. This discrepancy is true of agriculture, but the tariff commission decided that it was even more marked in industry. Many of the facts to which I am referring I have gathered from a book written by one Thomas Walker Page, who was at this time chairman of the United States tariff commission. The book, he says, was written with the aid of the council and staff of the Institute of Economics of Washington, D.C. Referring to the cost of manufacture in connection with agriculture, he says:

> In many branches of manufacturing the problem of joint costs is even more confusing than in agriculture. In its study of the dye industry in 1919 the tariff commission found that the different producers used five different bases for distributing expenses, namely, the amount of labour directly used on a given product, the cost of the raw material going into it, the amount of superintendence chargeable to it, the sales value of the product, and the capital investment imputed to it. Naturally the costs show great diversity, and the commission on presenting its report found it necessary to strongly emphasize the uncertainty of conclusions drawn from the cost figures in this report, and the possibility of error in administrative action based upon such data.

And this brings me to my opinion that the tariff board is being given the power of making far-reaching decisions. It has before it the low cost, the high cost and many costs between. Shall the members of that board select the low cost or the high cost or the average? It is for them to decide; and as I have pointed out, this is a greater power even than would be conferred upon them if they were merely asked to make recommendations or suggestions.

I will not say much more because the matter has been so thoroughly threshed out by members on this side. In my opinion, however, the Prime Minister himself last night gave one potent reason why the concluding words of this particular section should be eliminated. These words are:

> What increases or decreases in rates of duty are required to equalize differences in the cost of production is simply a matter of mathematics.

If it were possible to establish definitely any one figure as the cost of production in this or any other country, I admit that it would be simply a matter of mathematical calculation to decide the rate of duty that should be imposed. But I believe that is one more reason why the words I have quoted should be deleted from the clause. Surely it is not necessary to impose on this highly paid tariff board—they will receive $32,000 per annum among them—the duty of making a simple mathematical calculation that might be made by a junior clerk in the office of the Minister of Finance. Moreover, it would derogate from the dignity of the board to instruct them to perform this simple mathematical calculation. For this reason I move that clause (b) of subsection 1 of section 4 be amended by striking out the words I have quoted.

Mr. HEAPS: The proposed tariff board will have an almost impossible task if they are to be asked to carry out the terms of this section. First of all they will be required to determine cost of production in Canada and elsewhere, which means that they will have to travel in all parts of the world to ascertain the costs of producing goods imported either directly or indirectly into the Dominion. This is one objection I have to

the section. Further, the section provides that they shall indicate what increases or decreases may be necessary in the rates of duty. That ought to be the function of the government and of parliament. It is not something for an outside body to determine. I think we are delegating to an outside body responsibilities which we should assume as members of parliament. This delegation of the duties of parliament to such a body is something which ought not to appear in a tariff measure. When it comes to determining cost of production, I would point out that it is almost an impossible task to ascertain the cost of production in Canada alone, to say nothing of the rest of the world. Objection has been made in Manitoba to the importation of cheap goods from the province of Quebec. How will you deal with such a question? Suppose a manufacturer from Manitoba says, "I want this tariff board to inquire into wages paid in the province of Quebec, with a view to reducing the duty on textile goods coming into the Dominion." What would be the effect? Right away we are up against the wall of provincial jurisdiction. The federal government may have certain powers, but the question of wages, hours of labour, and so on are questions entirely within the provincial jurisdiction. And I imagine that if an attempt were made by the government through the tariff board to lower the duties and this board went into the province and asked for the production of documents with respect to wages and so forth, the corporation would be within its rights in refusing to submit such documents to them. The immediate result would be a conflict in jurisdiction between the federal and provincial authorities. I have no objection to that, but I would far sooner have the Prime Minister take the stand he took last year as leader of the opposition. He then made certain statements which I believe he would still stand by. He said that there should be no protection accorded industries unless they carried out in principle the ideas embodied in the treaty of Versailles. Let me quote a few words of the Prime Minister, uttered on May 21, 1930, to be found on page 2373 of Hansard, as follows:

> Now in my conception of protection as applied to the fiscal policy of a country, it is always understood that we shall maintain decent standards of living and reasonable hours of labour which certainly must not violate the condition under which we signed the great world-wide treaty of peace. That being so, what has been suggested in this house to-night is that inasmuch as we are increasing the measure of protection to industries to enable Canadian development to proceed upon orderly lines and upon equal terms with its competitors in other parts of the world, we should also maintain at least those reasonable standards of living and hours of labour that obtain in communities that are our competitors. The Conservative party has always advocated a measure of protection and the advocates of protection have always put forward the arguments that I am now submitting to the house.

I could go on quoting at considerable length from the statements made last year by the Prime Minister. At that time he claimed that there would be no increase in the duties then given to the steel industry of Nova Scotia unless it was prepared to give to those employed reasonable conditions of labour and living. According to this clause it is intended to hand over to the board the making of certain inquiries, although it will be doubtful whether the board has the power to make them. The board will be making inquiries which will necessitate its going to all parts of the world in order to obtain the necessary information. While I believe the board should have certain powers and functions, it should be made possible for it to accomplish that which it is asked to do. I am afraid that so much is being put upon it by this clause that ultimately the law will become a dead letter.

Mr. YOUNG: Mr. Chairman, it seems to me that clause (b) of subsection 1 of section 4 marks a new departure in the framing of tariffs. It sets up a new principle that where an industry labours under a handicap, natural or otherwise, it is the duty of the government to offset that handicap by means of a tariff. By adopting such a principle I can see where we will encourage in this country the most exotic industries. There is no doubt that we could grow oranges in Canada. They could be grown under glass at a profit if the tariff were high enough. The vast majority of our people would never be able to have oranges, they would not even have the opportunity of seeing them in the shop windows—only the very wealthy people could purchase them—but we would be establishing an industry. Our modern industry and our modern standards of living are based upon the division of labour, the allotting to those who can best do a thing the doing of that thing; the producing of commodities in the particular districts or localities where they can be produced most economically. It is by the adoption of this principle that the present standard of living has been built up and that the world is able to sustain its present population. Under this bill we abandon that principle and we say that it does not matter whether the country is naturally adapted for the producing

of a certain article, it does not matter whether the people have any aptitude for producing that article, we will offset all handicaps by means of artificial restrictions on trade. It will lead us into the establishment of the most exotic industries and lower the standard of living in this country. The goods we need will be out of the reach of many of our people.

Mr. MANION: Who in the Conservative party ever took such an attitude as the hon. member is ascribing to the party?

Mr. YOUNG: I do not ascribe that attitude to the Conservative party; I say that will be the result of the adoption of this principle.

Mr. MANION: It is not the result.

Mr. YOUNG: The hon. minister has not seen the result as yet. I have here the thirteenth annual report of the United States tariff commission, and in connection with the difficulty of finding domestic costs of production, it has the following to say:

> An additional difficulty in obtaining cost data is the time required to get the basic information and to tabulate and summarize it in usable form for purposes of the law. As a rule it requires many months of field and office work by a large number of experts of the commission's staff to obtain the necessary data in important investigations. "Cost of production" is by definition an exact and mathematical term, and to obtain it requires a careful examination of cost records, prepared and interpreted under rules of economics and of cost accounting.
>
> All these obstacles to obtaining costs-of-production data apply to both domestic and foreign industries, but they are multiplied when costs are to be obtained in foreign countries and in a foreign language.

That is the opinion of the United States tariff commission, of the difficulties in determining costs and the time necessary to determine such costs. We know that there is nothing static in industry. What it may cost to-day to produce this pen, may have nothing to do with what it will cost to-morrow. The production cost is a certain figure to-day, but as months go on a new process is invented, methods change, production costs are reduced, and the figures become out of date. I do not think there is any country in the world so disliked by other countries as is the United States. To a large measure that is due to the practice of sending experts into different factories in different countries to investigate costs. They enter a foreign factory and say: We want to know your production costs, but we will promise faithfully not to reveal any of your trade secrets. They inquire into the production costs and then go back to their own country and use the information so obtained to persuade their government to shut out the goods manufactured by those factories. That policy has brought upon the United States the ill will of nearly every other country in the world, and it will have the same effect upon us.

An increased tariff means increased costs of living and increased costs of production. An investigation is made into the cost of producing a certain article, and at the same time another investigation is carried on into the cost of producing other articles which are the raw material of the first. It is decided that in the case of the first article a duty of 25 per cent is necessary to equalize production costs, and at the same time it is decided that a certain percentage is required in the case of the second article. It will be found that the cost of the raw material has been affected by the increase in the tariff in one case, which will affect the production costs in the other. The figures will confuse each other. The most amazing feature about this equalization principle is that the Prime Minister is apparently prepared to abandon it because he realizes that it will not always work. Yesterday when he was discussing the American tariff commission and how they had found that a certain duty was required in order to equalize the production costs between Canada and the United States of maple sugar and maple syrup, I asked him if those figures could be disputed. He said that they could not, and I then asked him what he would do about it if it was found that the American figures were correct, which figures show that it costs less to produce maple syrup and maple sugar in Canada than in the United States. I asked him if he would equalize. If he did so he would have to make a downward revision of the tariff. We have a 20 per cent tariff on maple products and I asked him if this tariff would be removed if the board found that it requires less to produce maple syrup and maple sugar in Canada than it does in the United States.

Mr. HANSON (York-Sunbury): Why not?

Mr. YOUNG: Perhaps he can tell the hon. member why not. He says:

> I have been endeavouring to point out that the government will not necessarily act at once upon the facts as found. The government may act to-day, it may act next session, or it may act the session after. The first thing to do is to ascertain the facts, then ascertain what the application of the facts may be.

I can take only one meaning out of that, and that is that when the facts are found, if they suit his purpose the Prime Minister will

act on them and probably raise the tariff. But if it be found that the facts say that the tariff should be reduced, then the Prime Minister will use his discretion as to whether he should act on those facts or not. What is the use of going on with such a farce as that? If he is determined to continue to raise tariffs, why not proceed as he has been doing heretofore, by the method of trial and error? Let the Prime Minister try a rate. If he finds that he has made a mistake, let him try another. I think he can proceed much quicker and at much less expense and come just as near to the actual facts as he can by this method.

Mr. MACKENZIE KING: I should like to ask the Prime Minister whether there is any necessity at all for all these paragraphs, and, indeed, for the greater part of the entire section. I can understand that there is a reason for inserting them, which is to convey the idea that this board is going to do many things that will be of interest to, and in the nature of protection of all classes in the community, but which in fact it will never do, and never could do even were it desired it should. Is not the meaning of the section, stripped of all its verbiage, that the board may inquire into anything in respect to which the minister wishes to get information? That is the whole purpose of the section. You neither add to nor take away from the powers of the board by putting in all these paragraphs. Section 4 commences:

> In respect of goods produced in or imported into Canada the board shall under the direction of the minister, make inquiry as to—

Then there appear paragraphs (a), (b), (c), (d), (e) and (f). It really does not matter what these paragraphs contain when one reads the next subsection, subsection 2, which states:

> The board shall make inquiry into any other matter, upon which the minister desires information.

In other words, read together, paragraphs which constitute subsections one and two mean the board shall inquire into any matter that the minister wishes inquired into, and into any other matter on which he wants information. All that it is really necessary to say is:

> The board shall make inquiry into any matter upon which the minister desires information.

That unquestionably is the form in which the section should appear. Certainly the minister ought to have a right to have a body to secure for him information on anything that relates to the tariff and on which he seeks information. I suggest to the Prime Minister it would be much better to have the section so drafted and to leave out all these misleading paragraphs as to what the board may inquire into. I say they are misleading because obviously the board never in the world will be able to do the kind of thing that is suggested in these paragraphs. Let me take the subsection which we are discussing at the moment:

> (b) The cost of production in Canada and elsewhere, and what increases or decreases in rates of duty are required to equalize differences in the cost of production.

While with regard to maple syrup or edible gelatin, or one or two other items such as have been mentioned, a board might prepare a report, after spending a year or so in investigating, is it not a fact that as respects the great mass of commodities affected by tariffs they will never be able to consider them at all? All that can possibly be affected is that from time to time the minister will make references of particular subjects to the board and the board will report to him upon them. He would have that freedom by using the words I have quoted, and only those words. I do not see how any purpose, except a misleading one, is to be served by retaining all these paragraphs in the section.

The one subsection of the several set forth says that the board shall inquire in certain circumstances into what increases or decreases in rates of duty are required. That means that the board will be concerned with rates of duty. I contend that only the ministry and the House of Commons should decide on rates of duty. Duty is a form of taxation, and taxation is a matter that comes within the exclusive purview of parliament. I know my right hon. friend will say that the ministry assumes full responsibility when it makes a recommendation to parliament; but if my right hon. friend will tell us what is in the back of his mind, he will tell us that at any time he proceeds to make a suggestion about a change in the rate of duty he is going to base it on the fact that he has had this particular board make a report and that his recommendation is along its lines. He will ask parliament to accept that rate of duty because the board which he has appointed for this purpose, upon which large sums of money are to be spent and which is to be given all the powers here enumerated in detail, has, after working for a year or more, come to the conclusion that the rate of duty should be changed in such and such a way. If he does that he will in reality be having tariffs made by some body other than the House of Commons. My right hon. friend let the cat out of the bag the other day in one of his explanations; he actually stated that the board

was to make the rates of duty. As reported on page 3083 of Hansard he used the following words in reference to this board:

It has to determine what duty is necessary—

That is plain English. The sentence goes on to say:

—to enable an adjustment being made of the differences between the cost of goods which compete with Canadian goods, and the Canadian goods themselves.

That addition is qualifying only to the extent of restricting the rate of duty to what duty is necessary to maintain the protective principle in the tariff, which, as I have already said, is the real purpose of the establishment of this board. This board is to be created to maintain the protective principle in the tariff and to do so by telling the Prime Minister what duty is necessary to that end. It has as he says to determine what duty is necessary; that in a word is the meaning of paragraph (b) which we are at present discussing. To delegate such a power to any board is to take away from parliament its first and essential duty, namely, to say how the revenues are to be raised and what taxes are to be imposed upon the people. Undoubtedly when the tariff is changed my right hon. friend will say it is done for purposes of protection rather than for purposes of revenue; but whether protection is incidental or not, revenue is one of the things that is going to be affected. Moreover, as a consequence of every tariff which is proposed there will be a certain additional restriction upon trade, with the result that where any board and not parliament determines such matters, the people will thereby be deprived of some of their freedom in the matter of saying how and to what extent they shall be taxed.

Let me come back to what I said before, namely, that the bill would be very much improved if my right hon. friend would drop all these paragraphs and the details he has about price and cost, raw materials, production, efficiency and conditions of labour, price to consumers and other inquiries by the minister, and simply say:

In respect of goods produced in or imported into Canada the board shall, at the request of the minister, make inquiry as to any matter upon which the minister desires information.

Does the Prime Minister by all these details seek in any particular to go further than that?

Mr. BENNETT: One would think, listening to the speeches that have been made by hon. gentlemen opposite, this was some Machiavellian device for the purpose of imposing upon the Canadian people legislation that had never been heard or thought of before. The truth is that this is a measure by which it is proposed that tariffs shall be based upon an appreciation of facts. Whether or not, as I have so often said, one's hopes are realized depends upon the personnel of the commission and the ability it discloses to deal with the problems submitted to it. The right hon. gentleman has suggested that we should strike out the paragraphs and subclauses in section 4, and say practically that the commission will ascertain such facts as the minister may wish to find. A few minutes ago his colleague the ex-Minister of Labour was asking us to add to the measure something more in the way of detail. Which one of these hon. gentlemen are we to take seriously—the ex-Minister of Labour and the hon. member for North Winnipeg, who supported his view, or the former Prime Minister who says: Let us be done with this, and let us put down in a few words what is required? There is a rule with respect to statutes and their preparation which I think finds force here. The draftsman of a statute endeavours very often to lay down a principle, proceeds to amplify it by details, and then seeks to make it clear that the details do not in any sense exhaust the principle. In this case it will be observed, as the right hon. gentleman has read, that:

In respect of goods produced in or imported into Canada the board shall, at the request of the minister, make inquiry as to—

—the factors mentioned in paragraphs (a), (b), (c), (d), (e), and (f), and report to the minister.

Mr. MACKENZIE KING: And shall make inquiry into any other matter.

Mr. BENNETT: I was dealing with subsection 1. I am coming to subsection 2 presently.

Mr. MACKENZIE KING: Subsection 2 is a part of section 4.

Mr. BENNETT: The first subsection is the one to which I have just directed attention. The board is to inquire into the price and cost of raw materials, the cost of working up the raw materials into the finished product. The very point which the hon. member for Kenora-Rainy River has stressed is also dealt with in paragraph, (c), the cost, efficiency and conditions of labour, includ-ind health of employees in Canada and elsewhere. The board further shall make inquiry as to:

(d) the prices received by producers, manufacturers, wholesale dealers, retailers and other distributors in Canada and elsewhere;

(e) All conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada;

And lastly:

(f) generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries.

The clause was amplified in that way in part to meet the point of the very admirable suggestion made by the hon. member for Kenora-Rainy River, about which I am bound to say that he knew less than his observations indicated. If he had taken the trouble to read the section in question he would have seen that it is prepared for the purpose of enabling that tribunal to ascertain to what extent there has been watered stock.

Mr. ILSLEY: It is not compulsory, though. That is the difference between the section and the suggestion of the hon. member for Kenora-Rainy River.

Mr. BENNETT: The hon. member for Hants-Kings says that it is not obligatory. If he can use any words stronger than "shall make inquiry as to" I shall be obliged to him. The word "may" is used in a statute sometimes in the permissive sense, and sometimes it is obligatory, but here the word used is "shall".

Mr. ILSLEY: But only at the request of the minister.

Mr. BENNETT: Certainly. The board "shall, at the request of the minister, make inquiry as to" the factors mentioned in paragraphs (a), (b), (c), (d), (e), (f). One of the factors that enter into cost is the question of overhead, and overhead, of course, in these days, is determined almost as a matter of science. Let me put to the hon. member who moved the amendment, and who made a most moderate and reasoned and fair statement to this committee, that we are no longer living in 1919, and if the facts were as he alleged, then the conclusions he has offered would not be extreme. But I wonder if this committee realize the extent to which in modern business there has been improvement in the ascertaining of costs over eleven years. Compare 1919 with 1931. I had occasion about a year and a half or two years ago to examine the cost sheets of a very large enterprise, and I was amazed to find that costs are no longer worked out in decimals of one-tenth of a cent, but down to four decimal places; that is, for example, to ·8716 of a cent. In these days of modern competition the question of costs has become the all-important factor, and the costs director of a company is the man who very often determines its solvency or insolvency. When it is said that you can compare 1919 with 1931, no regard is paid to modern accountancy and to the relation which modern competition has created between the cost side of a business and its resultant product.

This section endeavours to provide, first of all, that your raw material must be considered. Is it found in Canada, or is it imported into Canada? Is it material that lies close to the factory which uses it, or is it thousands of miles away? Can you say that of the whole of the raw material so used, or only part of it? Must you add to the raw material which is the principal ingredient of the product other raw material from abroad or raw material found at home? Those are vital questions at the threshold of the inquiry.

Then you go into the next question of processes, and the hon. member was quite right when he said that the complicated processes of modern manufacturing are matters that call for extreme care in the accountancy department of any modern business. That is why the business that disregards it is in the hands of a receiver, while the business that cares for it flourishes. That is why I think the observation made by the hon. member for Hants-Kings the other day was worthy of attention, when he used the word "efficient" production. I know of one case that came before the advisory tariff board, so called, in which the standard was the standard of the lowest form of production in Canada. So long as you take such a standard you can justify almost any duty you want, but if you use a standard of efficient production, then you can make comparisons of efficiency. I have had some little experience in business; at one time it was rather extensive. I was privileged to have some knowledge of almost every branch of business, whether it was the packing business, the paper business, the insurance business, the electrical business, or what it might be, and I realized that the question of cost was an all-important one, because even if your profit be only $\frac{3}{8}$ of a cent per unit, if your volume is large enough you make an enormous fortune. I know of one case in which the profit on the single unit of production of the company amounted to less than $\frac{3}{8}$ of a cent, and yet the volume was so large that the return was magnificent and it looked as though it were too large a return upon the investment. Yet the individual unit return was small.

It is proposed that here you have a body that shall inquire into the cost of your raw material, the cost of your production machinery. Have you modern machinery? Are your conveyors proper conveyors or are they old-fashioned? Have you electric power attached to the shafts or do you rely upon power of

another character? Are you using the latest and most efficient devices? Are you willing to risk the expenditure of large sums of capital for the purpose of making ultimate savings? Millions of dollars were spent by the Canadian Pacific Railway in building the viaduct at Lethbridge, and people asked, how is it going to be worth while to spend millions of dollars to cross this ravine by a viaduct? It was simply a cold-blooded matter of computation. The movement of so many trains per day by the old method meant an expenditure of so many dollars. The rapidity with which that movement could be made by means of a viaduct meant a saving, as compared with the old method, that enabled them to capitalize it and pay interest on the capital involved, together with the sinking fund required to meet that capital expenditure in a given time. In Canada to-day we have some enterprises which can compete with the world in manufacturing. They have not done it in a day. They have done it through the course of years, by the improvement of conditions, by adopting the most modern engineering practice, moderate cost production, and care in the management of their affairs.

The hon. member for Kenora-Rainy River referred to the question of labour and conditions of labour. It is intended that regard shall be had to the conditions of labour The hon. gentleman also touched upon watered stock, which I conceive to be one of the most dangerous things in this country to-day, and I direct his attention and that of his party to the fact that all the great mergers in this country which have affected the life of the people have taken place under Liberal rule in Canada—every one of them—and there never has been a time when there has been more reason to pause and think than during the last nine years. I am besieged—not literally, but I do receive communications asking why we cannot have investigations into this or that industry where there has been a great watering stock and where securities have been sold to the public under the guise of shares of companies in this country. In 1912, while in my place in the old parliament, I directed attention to a method I thought might be used to accomplish some reforms in that regard. It cannot be done by resolutions; it cannot be done by an endeavour to make political capital in a purely political speech such as that delivered by the hon. member for Kenora-Rainy River a few minutes ago. No; it goes deeper than that. Regard must be had for elementary principles in connection with enterprises of this character—the splitting up of shares, the expanding of capital, the creating of added responsibilities with respect to those who manage the enterprises and who very often are left holding the bag after paying off the securities. When such conditions arise, as has been found in many countries—others as well as our own—then action must be taken to remedy them.

What has been done in the last nine years to remedy such conditions? Name a single step which was taken—mention even one. When I hear hon. gentlemen opposite suddenly become so solicitous about matters of this kind, I ask, first of all, if they know what they are talking about. I know by their very speeches that they do not. Secondly I ask them: What did you do to remedy the condition? I have a right to ask that question. This government has been in power less than a year and because of that has had very few opportunities to deal with legislation such as that now before us. There is no worry in this country to-day about watered stock except as concerns those who bought it—that is the trouble. I refer to those who found themselves with pieces of paper upon which dividends should be payable, and for which they paid fifty, sixty or seventy cents on the dollar, now to find themselves the possessors of something worth only about five cents. Under what government did they buy? Whose assistance or protection did they have in their transactions? When hon. members talk about these matters let them face the truth and know what they are talking about. I know. I see the fatal results which have followed the course pursued under the aegis of the government which held sway in this house for nine years.

This tariff bill is no make-believe; yet hon. gentlemen opposite cannot understand it. The difficulty with my hon. friends opposite is that they cannot understand anyone making a really sincere attempt to lessen trade difficulties in this country; they cannot understand anything of that nature. Here is a deliberate effort to have reports presented on facts as they are found. Do you mean to tell me that a business which is built up with a capital of $200,000 or $300,000 through hard work and toil is to be sold to the public for two or three million dollars? Not under this board.

Mr. POULIOT: Is this to be a blue sky law?

Mr. BENNETT: This is the position in regard to the matter: I submit to the committee and to the house that the details given in the form in which they appear in the bill have been prepared by the draftsman in accordance with the principles govern-

ing such matters; because since we have had parliamentary institutions it has always been recognized that where there are details which must be considered a general statement in a statute is not sufficient. Anyone interested in that, as is my hon. friend from Hants-Kings, will find the statement dealt with in a book dealing with the drafting of parliamentary statutes. Although I am not certain I think the book was written by the late Lord Thring, the man who drafted the British North America Act.

In the present instance we have details following a declaration of general principle, and then we find the instructions to the board to consider:

All conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada.

What made the costs to you as consumers in Canada? Be it clothes, be it wool, be it boots and shoes, be it neckties or be it food—what were the factors and conditions which entered into the cost to you as consumers? That is the general condition provided for in the bill in addition to the specific ones. Then follows subsection (2), to which attention has been drawn. I shall read it:

The board shall make inquiry into any other matter, upon which the minister desires information. . . .

Certainly. As my right hon. friend has said, the minister has power to ask for information concerning "any other matters" in connection with which he desires information. However, the clause does not stop there. It continues:

. . . . in relation to any goods which, if brought into Canada or produced in Canada, are subject to or exempt from duties of customs or excise, ...

That is, we are dealing with a class of goods exempt from customs or excise—

. . . . and shall report to the minister, and the inquiry into any such matter may include inquiry as to the effect which an increase or decrease of the existing rate of duty upon a given commodity might have upon industry or trade, and the extent to which the consumer is protected from exploitation.

Those are the words to which I direct attention. Name any legislation the Liberal party ever offered the people of Canada which endeavoured to do what the present legislation provides. Name one thing that they ever did. When I hear the ex-Minister of Agriculture indulging in his coarse jokes I ask him: What did he ever do to protect the consumer of Canada? Name me one thing he ever did—anything—to protect Canadian consumers.

When I hear the hon. member from Weyburn (Mr. Young) from day to day indulging in his tirades I say to him: Are you serious? Are you sincere? Do you mean what you say? If you do, then, why do you not join with the government which is endeavouring to pass legislation to prevent the consumer from being exploited? That is the position I take in respect to this matter.

Mr. MOTHERWELL: Because it is a humbug—the whole thing.

Mr. BENNETT: That is exactly what I expected my hon. friend would say. He is incapable of sincerity in connection with any matter, and he cannot conceive of anything being done which would not be humbug, because that is his stock in trade. Through all these years that has been his stock in trade.

Mr. MOTHERWELL: What about the London conference?

Mr. BENNETT: That is what I thought my hon. friend would ask.

Mr. MOTHERWELL: They were not long getting on to the right hon. gentleman over there.

Mr. BENNETT: All I can say to hon. gentlemen opposite is this: When legislation is offered to this committee in terms unambiguous, unequivocal, in conformity with every rule of governing the construction and interpretation of a statute, which is open to one meaning and one only, then I say there is something wrong with the minds of those who read into such a measure a sinister purpose. I say in all positiveness that there never has been legislation to which more time and thought has been given for the purpose of helping the ordinary consumer in Canada than that which lies before this committee to-day.

Mr. MOTHERWELL: There is not much to it.

Mr. BENNETT: There must always be some body to ascertain facts.

When the hon. member for Weyburn took his seat this afternoon he answered, I trust for all time, the right hon. the leader of the opposition. He stated the truth. This is not fiscal legislation; this does not make tariffs; this body has no legislative power and no parliamentary functions, but it is a body which shall report to the government of the day in answer to inquiries made by that government. That government in turn may pass or fail to pass legislation as in its discretion is thought desirable. Under our constitution, with which at least some hon. members oppo-

site are familiar, we know that bodies such as the one proposed can in no sense make legislation respecting tariffs. That can be made only by this parliament sitting as a parliament with the Commons and the Senate and the third estate of the realm. Every hon. gentleman knows that. And that legislation must originate with the government of the day; no hon. member can submit legislation of that character unless he be a member of the government of the day. That is its function. There has been no derogation by this proposed legislation from the functions of government, there has been no lessening of the powers of parliament, there has been no restriction placed upon the plenary powers of the legislature. But the government has to assume responsibility. After reading the report that is given to it by this tribunal, in answer to the request of the Minister of Finance, that government decides whether or not it will go forward with its legislation and submit it to this parliament. Is that usurpation of the powers of parliament? Let us at least preserve a little of our intelligence in dealing with these things—

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: —just a little. I ask any hon. member to stand in his place and say that this legislation in any sense lessens the powers of this chamber or the powers of this parliament.

Mr. STEWART (Edmonton): Who said it did?

Mr. BENNETT: Who said it did?

Mr. STEWART (Edmonton): Yes.

Mr. BENNETT: Has the hon. gentleman suddenly lost his sense of hearing that he could not hear what was said by hon. gentlemen opposite a few moments ago? Does he not remember what his leader said yesterday, as he threshed the air and talked no longer of "feudalism," but of a "star chamber" functioning and usurping the powers of parliament? Does he forget what every other member recalls? There is not another member in this house who does not remember it. And this afternoon the others followed in his train. The lead had been given—parliament had been deprived of its functions, the high court of parliament was no longer sitting, matters had to be determined by a tribunal thus set up. What an absurdity! But it served the purpose—to endeavour to humbug the public—

Some hon. MEMBERS: Hear, hear.

[Mr. Bennett.]

Mr. BENNETT: —it followed the classic policy of the ex-Minister of Agriculture. Now, Mr. Chairman, I have dealt with this section at some length. One would have thought that after the second reading of the bill and after the long discussion that took place thereon, and after the more ample discussion that took place later, there might not be the least difficulty in arriving at conclusions with respect to this section. The opposition is bound to oppose the section. It has done so. It has placed itself on record—but it did not vote on the second reading!—and I assume on the third reading it will place itself on record. I hope so. Let the people of the country know what all this talk is about. Let them know what is the conception of hon. gentlemen opposite of a tariff board. When they were the government they got two or three men together by order in council and called them an advisory board on tariff and taxation. That was their conception of a tariff board!

Some hon. MEMBERS: Hear, hear.

Mr. BELL (Hamilton): "And e'en the ranks of Tuscany could scarce forbear to cheer."

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

COMPANIES ACT AMENDMENT

On the order:

House again in committee on Bill No. 33, to amend the Companies Act (auditors).—Mr. Hackett.

Mr. HACKETT: With the permission of the house, I ask to withdraw this bill. It was incorporated in a bill introduced by the hon. the Secretary of State.

Mr. SPEAKER: With the consent of the house the bill is withdrawn.

CRIMINAL CODE AMENDMENT

NATURE OF SPEECHES ON PUBLIC AFFAIRS TO DETERMINE UNLAWFUL ASSEMBLY

The house resumed from Tuesday, May 26, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 19, to amend the criminal code (unlawful assemblies).

Mr. J. R. MacNICOL (Toronto Northwest): I want to place myself in direct opposition to Bill No. 19. I have given the subject

considerable study and investigation, and the more I examine into it the more I am opposed to what I believe would result in this country if this bill were adopted. I listened to the speeches that were made in support of the bill and later read them, and to my way of thinking a very great deal of time was spent in attacking the city of Toronto, its peace enforcement department, and too little time spent in supporting the object of this bill—unlicensed free speech. There is altogether too much effort made to break down the traditions and principles which the people of Canada stand for almost unanimously, and a slackening of effort in defence of these principles.

In support of what I am going to say, I may observe that behind me is the almost unanimous opinion of the city of Toronto. In the municipal elections of 1928 Mr. Jack McDonald, an avowed communist, ran on a free speech platform for the board of control, and received, after having had the privilege of freedom, of all platforms in the city, 539 votes out of a population of approximately 700,000. Last winter again, Mr. Tim Buck, another leader of the communistic party, contested an election for the board of control and he too received an insignificant number of votes. This goes to show that the people of Toronto are not behind what they know to be the objective of those who are advocating so-called free speech.

In the debate that took place some time ago on the amendment moved by the hon. member for Winnipeg North Centre to amend the criminal code with respect to unlawful assemblies, several of the great cities of Canada were mentioned—Montreal, Winnipeg, Vancouver and Toronto, with the emphasis of attack principally upon Toronto. The people of Toronto are proud of their peace enforcement department; they are proud of the 1,200 men and women who comprise that department. We, in Toronto, are proud of their integrity, their attentiveness to duty, their civility, their loyalty, their earnestness and their courage whenever it is necessary for them to show it. And I believe I can say the same of the great cities of Montreal, Winnipeg and Vancouver in relation to their forces.

Commencing with Montreal, I wish to read what the official organ of the communistic party of Canada, The Worker, has to say in reference to these cities. I shall quote from the issue of May 16. Now, Mr. Speaker, every member of this house is in favour of free speech, but free speech within the law. We are opposed to free speech that tolerates sedition and revolutionary or blasphemous talk. And it is that kind of talk that has been prohibited, wherever it has been prohibited, or attacked after it has been made, wherever it might be. On the top left hand corner of the front page of this issue there appear these words:

> The defence of the Soviet union from the attacks of the imperialists rests with the revolutionary workers of the world!

The whole basis of this so-called free speech propaganda is revolution, and to that the almost unanimous public opinion of Canada is opposed. On two occasions already attacks have been made on the law and order of the country, attacks carefully organized. And there is one more coming shortly. The first was early in May. I am not sure whether it was the first of May or not, but this paper refers to it. The second date was June 26 last, when we had riots more or less in Windsor and Winnipeg and a disturbance in Toronto. There appears on the back of The Party Organizer, the publication of the central organization of the communist party in Canada, the following:

> Prepare For August First.

It would seem that the next day on which we may have riots of one kind and another connected with free speech will be August 1. The Worker, the official organ of the communist party in Canada, contains the following under date of Montreal, May 12:

> Indictments charging unlawful assembly and sedition were returned here Tuesday by the grand jury against—

Then several more or less unpronounceable names are given. The following, referring to the disturbance in Montreal, appears on page 4:

> Montreal, May 11.—The approaching trial of nine workers in Montreal charged with sedition and unlawful assembly is being prepared in an atmosphere of considerable prejudice which is being worked up to a high pitch by the Catholic church in its organizations. This institution is at present conducting an intensive campaign of anti-communistic propaganda amongst the broad masses of French Canadians.

The Catholic church is to be commended upon its attitude toward communism and its opposition to sedition, revolution and blasphemy. The article continues:

> This is the first time in twenty-five years that a case of sedition is being tried in the courts in the province of Quebec. The present framing of sedition and unlawful assembly in the case of the nine workers is part of an attack against the whole revolutionary movement.

More power to those in the city of Montreal who are opposed to the revolutionary

movement. Under the title "C.P.R. Throws Out Weston Shopmen, the following appears on page 1:

Now is the time for the railroad shopmen to act. The agreements between the division bureaucrats are scraps of paper. The strangle hold of the A. F. & L. machine can only be broken by committees of action organized around the Workers' Unity League.

This would show that these people—the communists—are against that great labour organization, the American Federation of Labour. The article continues:

Every militant in the A. F. & L. locals is duty bound to immediately organize around himself opposition groups of the Workers' Unity League that will pave the way for the struggle. The Canadian National railway men will be next. The move is already heralded. The miners of Alberta in voting for the W.U.L. on May 11 have shown the shopmen the way. Only militant struggle will avail.

The basis of the organization seems to be a struggle of some kind. The following article appears in connection with Vancouver:

Allan Campbell, militant leader of the Vancouver unemployed, and recently sentenced to one year for sedition has been released on $5,000 bail pending his appeal, which will be heard on June 20. The Court of Inquiry has ordered his deportation. A nation wide campaign is being staged by the national committee of the C.L.D.L. for his unconditional release, for quashing deportation proceedings.

On page 1, under the title of "Why Every Militant Worker Should Be a Communist," appears the following:

The communist party, however, is the central organizer of all the struggles, the general engineer for the wrecking of the ancient structure of decaying capitalism and for the construction of the new socialistic society.

To the readers of The Worker who have familiarized themselves to some extent with the activity of the party from coast to coast, the next step should be clear. Bearing well in mind Lenin's famous statement, "Without a revolutionary party there can be no revolutionary movement," they should during the present May recruiting campaign enter their application for membership in the communist party.

My observation has been that many movements which have caused trouble in Canada have been directed by some official in some foreign country. The following would go a long way to prove this contention:

The eleventh plenum of the executive committee of the C.I. met in Moscow. The plenum heard:

1. Comrade Manuilsky's report on the tasks of the sections of the communist international in connection with the aggravation of the economic crisis and the growth of the prerequisites of revolutionary crisis in a number of countries and the co-reports of comrades Thalmann, Lensky and Chemodanov on the situation and tasks of the C.P.'s of Germany, Poland and the young communist international respectively.

[Mr. MacNicol.]

We have in Canada a young communist party to which I will refer later on. The hon. member for Winnipeg North Centre has moved a resolution to amend the unlawful assembly section of the criminal code. This is section 87 of chapter 36 of the revised statutes of Canada. It reads:

An unlawful assembly is an assembly of three or more persons who, with intent to carry out any common purpose, assemble in such a manner or so conduct themselves when assembled as to cause persons in the neighbourhood of such assembly to fear, on reasonable grounds, that the persons so assembled will disturb the peace tumultuously, or will by such assembly needlessly and without any reasonable occasion provoke other persons to disturb the peace tumultuously.

It is to that section that the hon. member moves his amendment, as follows:

Section eighty-seven of the Criminal Code, chapter thirty-six of the revised statutes of Canada, 1927, is amended by adding the following subsection thereto:—

"(4) Nothing in this section shall restrict or interfere with the right of all persons peacefully to assemble for the purpose of discussing or hearing any discussion upon any matter of public interest, and such persons when so assembled shall not become an unlawful assembly merely by reason of speeches made to them or discussion carried on by them unless the general nature and character of such speeches or discussion would be likely, in the opinion of firm and reasonable persons, to cause an immediate breach of the peace."

If a breach of the peace has occurred, it is then too late for "firm and reasonable persons" to consider the matter. The only way in which this amendment, if it were adopted, could be effective would be that the speeches should be censored before they were delivered. Of course we in Canada will not tolerate the censoring of speeches. I read the amendment rather in this manner, leaving out words that I believe to be superfluous or of no effect:

Nothing in this section shall restrict or interfere with the right of all persons peacefully to assemble for the purpose of discussing or hearing any discussion upon any matter of public interest, and such persons when so assembled shall not become an unlawful assembly merely by reason of speeches made to them or discussion carried on by them to cause an immediate breach of the peace.

That leaves out the words that, so far as I can see, are irrelevant, and it reveals what would be the result of that amendment if it were adopted.

I should like to speak of Toronto for a little while, because that city was frequently mentioned when this matter was previously discussed. We have not had in Toronto just the same trouble that I have read about as taking place in Vancouver, Winnipeg and

Montreal, but the peace enforcement department of Toronto has issued an order to owners of public halls in that city directing them that they must comply with the law. The department has not, as has been said in the house, prohibited the holding of meetings in public halls, as I shall later show from evidence taken before an investigating commission; but it has sent this following notice to all owners of public halls in the city:

Chapter 36, section 98, subsection 5:

Any owner, lessee, agent or superintendent of any building, room, premises or place, who knowingly permits therein any meeting of an unlawful association or any subsidiary association or branch or committee thereof, or any assemblage of persons who teach, advocate, advise or defend the use, without authority of the law, of force, violence or physical injury to person or property, or threats of such injury, shall be guilty of an offence under this section and shall be liable to a fine of not more than $5,000 or to imprisonment for not more than five years, or to both fine and imprisonment.

The fact is that owners of halls, having in mind the situation they face and knowing that they themselves will be censured if they allow on their premises a meeting that causes trouble of that character, naturally inquire into the views of the organization asking for a lease of their halls, and after they inquire into some of them, it is not much wonder that they refuse to allow their halls to be used. It was said, I think in the earliest debates on this subject, that certain people had been refused permission to address the Fellowship of Reconciliation. Personally I have nothing to say about the Fellowship of Reconciliation. It may be first class, for all I know. I do not know any who belong to it or entertain their views, but I should like to read what the Globe had to say about it in an editorial under date of Friday, January 16 of this year. It says:

The Fellowship of Reconciliation presents itself as an international organization having forty-four branches, with headquarters in Vienna, born of the conviction "that all differences of race, colour and creed, and social problems in general, could be solved by conference and mutual understanding." It is not easy to see how there can be any quarrel with either the fellowship or its objective on this ground. The Toronto branch was formed last May. While it was functioning according to the principle laid down, it attracted little or no public attention; certainly no adverse criticism. But it was not content with this, apparently, and adopted a militant course, with a challenge to the police. Out of this has arisen the present controversy, and the introduction of an issue, which, by any stretch of the imagination, cannot be said to belong to the category of "reconciliation" with sincerity, for it presupposes and adopts an attitude of uncompromising partisanship.

The origin and purpose of the fellowship, as far as can be seen, had nothing to do with the present situation. The whole trouble arose when it was proposed to start an open forum by calling on the police to defend in debate their attitude toward the communists. It is true communists are not mentioned in the correspondence. Judge Coatsworth and Chief Draper were invited to uphold the affirmative on the question: "Resolved, that the Toronto Police Commission is justified in its present attitude in regard to free speech." Inasmuch as the so-called "free speech" issue arose between the police and the communists, and nowhere else, the fellowship might as well have used the word "communists" frankly and openly.

This matter of "free speech" which is agitating the fellowship and has brought forth the "protest" of sixty-eight college professors is but a 'red herring" across the trail. It is strange that members of the faculty of the university would attach their names to such a ridiculous document. Is "free speech" forbidden at Hart House? Was not the very subject of "free speech" debated there? Why, in any event, is the cause of a group of revolutionary agitators to be preferred to the welfare of a loyal, Christian nation? This is the only point involved in the so-called free speech issue. The police have taken action to protect the community against the invasion of foreign propaganda, openly promoted to supplant Christianity by atheism; the rule of democracy by the rule of a soviet which enslaves the population, and cannot be called representation of "the proletariat" in any sense, which intimidates the people by such farcical law administration as the world recently witnessed in the trial of eight engineers.

After the trouble in connection with that matter an investigation was held, and I should like to read what took place at it. This is dated January 23 and is published in the Toronto Globe under date of January 24 of this year:

Statement in connection with the appearance of deputation representing the Fellowship of Reconciliation before the Board of Police Commissioners.

Reverend Salem Bland, referring to the mayor's statement that at yesterday's meeting the board unanimously endorsed the policy of free speech, "but that free speech must be within the law and in accordance with British institutions" stated:

"Frankly that last statement leaves us in great perplexity. If that enunciation of policy stated by the mayor is and has been the policy of the board we are very much puzzled."

Mr. Bland was interrogated by Judge Coatsworth and Judge Morson as follows:

Judge Coatsworth: Do you know that is what I contended for at the board of control last year when you were lined up with other men opposing us, that there should be free speech, subject to British limitations; there must be no sedition, no slander and no blasphemy, and you were in the line-up of communists on the other side. You were with them; I don't say you were one of them.

Mr. Bland: Well, what Judge Coatsworth has just said is all we contend for, that speech should be permitted except it is seditious, blasphemous or indecent.

Again:

Mr. Bland: The hall owners have been debarred from renting halls to communists.

Judge Coatsworth: Not by us.

Mr. Bland: Why they have been threatened with the loss of their licences.

Judge Coatsworth: Only if they did not comply with the law.

Mr. Bland: There is no law against communism.

Judge Coatsworth: No, we are not proposing to make one.

Mr. Bland: Well, why should not communists be freely permitted to speak?

Judge Coatsworth: We have not interfered with them. All we do is say to the owners of the hall, you must keep within that law, and when the police have interfered it has been when they have been congregating on the streets, blocking traffic and raising disorder.

Again:

Judge Morson: You know, of course, the principles of the communists?

Mr. Bland: I know something about it.

Judge Morson: Would you say if they preach their doctrines as we know them or have heard what their doctrines are, would you say it was in violation of that section?

Mr. Bland: Some of the doctrines are, no doubt.

Judge Morson: I did not say some. I said if they preach their doctrines would not some of them be a violation of that code?

Mr. Bland: I have no hesitation in saying if certain communists were to advocate certain forms of communism they would violate the code, but that is not true of all communists.

Judge Morson: I am only asking you a question. You do not need to answer it. If a communist or anybody preaches the commonly accepted doctrine of communists, which is well known, if they do that publicly, isn't that a breach of that section of the act? Give us yes or no.

Mr. Bland: Any communist who preaches that kind of communism which is a violation of the act should be dealt with by the police.

The hon. member for Winnipeg North Centre said the same thing at page 1202 of Hansard of May 1, 1931. I quote his words:

Now, the police are there to arrest a man, if necessary, and then charge him. If he has said something seditious, let him by all means be condemned on that ground.

The newspaper to which I referred a moment ago—The Worker—refers to a long list of organizations into whose right to hire public halls for the holding of public meetings—the peace enforcement department might think it necessary to inquire. The list is as follows:

Industrial Union and Arbieter Ring.
Communist party of Canada.
Canadian Labour and Defence League.
Workers International Relief Association.
Workers' Alliance.
National Unemployment Workers' Association.
U.L.F.T.A.
F.S.U. (Friends of the Soviet Union).

[Mr. MacNicol.]

I should like to quote what The Worker says about this organization, called the Friends of the Soviet Union. It says in headlines:

Hundreds enlist in F.S.U. Branches set up through country.

It goes on;

The newly organized Canadian section of the Friends of the Soviet Union is well on its way towards becoming a real mass organization of all friends of the U.S.S.R. For the few weeks of its existence it has succeeded in forming branches in Toronto, Montreal, Winnipeg and Hamilton.

That goes to show that these organizations are very busy. I will now continue with other organizations:

L. & A.W.I.U.
International Labour Defence.
N.A.A.C.P.
N.U.W.A.
Union Label League.
E.C.C.I.
Young Communist League.
Canadian Defenders.
Free Bread League.
Women's Labour League.
Farmers' Unity League.
National Children's Bureau.
W.U.L. Council.
Parents' Councils.
National Fraction and District Bureaus.
International Workers' Order.

That last organization may not be communistic, but is very much supported by The Worker, which would lead one to suppose that it might have communistic principles. The list continues:

The Circle.
International Workers' Circle.
Workers' Secret Circle.

I see my time is almost up. There is much more evidence that I could place on Hansard, showing what various organizations stand for, which would convince any reasonable man or woman that it is up to the police authorities in all the principal cities of Canada to be on guard to maintain the traditions for which this country stands.

In conclusion I should like to say a word as to what the people of the city of Toronto have done, and I do this only because on the last occasion when this bill was up two hon. members felt it necessary to rise in defence of Toronto. The people and citizens of Toronto need no defence. Their works speak for them. I should like to give a few facts as to what the people of Toronto have done:

Number of Toronto enlistments, 1914-18, 60,000; of whom 45,000 were bona fide residents of this city.

Number of Toronto citizens killed 4,707 and to whose dependents the city paid $1,000, $4,707,000 in all.

Contributions by the city toward all charitable purposes including hospitals:

In 1926, $1,325,169; which amount has been increased every succeeding year until last year the sum reached, $2,693,554.

Contributions made by citizens on Tag Days last year:

Catholic Charities	$ 12,692
Humane Society	25,500
C.N.I. Blind	56,024
Salvation Army	10,377
I.O.D.E.	16,300
True Blue Orphanage	14,000
Red Cross	10,000
Navy League	12,000
Poppy Fund	21,000
Queen Alexandra Day	16,000
	$193,893

Contributions made by the city to sufferers in disasters:

New Ontario Fire, 1917	$25,000
Northern Ontario Fire, 1922	25,000
Empress of Ireland disaster, 1914	25,000

The citizens of Toronto last year contributed to the Neighborhood Workers as follows:

Christmas relief, $55,000.
Summer camps, $14,000.

The people of Toronto and York county raised $7,000,000 for the patriotic fund during the war, and $2,000,000 was raised by Toronto for the British Red Cross. The city of Toronto also made the following grants during the war:

Grants, etc., for patriotic relief, soldiers' welfare and military hospitals, $1,979,000.
Returned soldiers' receptions, grants, etc., $79,500.
Assistance in military and naval activities, recruiting, etc., $205,000.

The city of Toronto also paid out in life insurance for their troops, $4,791,000, and in wages to enlisted civic employees, $1,847,000.

Mr. Speaker, the people who do that kind of work for the relief of humanity need no defence in this house or anywhere else, and I say it ill becomes anyone to attack people who are so generous. I said a few moments ago that those two great labour organizations, the American Federation of Labour and the Trades and Labour Council, had been attacked in this official organ The Worker. Having had twenty-five years experience in industry both as a worker and as an executive officer I just wish to say that these two organizations, the one in the United States with affiliations in Canada, and the other exclusively in Canada, have done a very great deal to relieve the difficulties of the working men in Canada and the United States. I can support them in their just activities, and trust they will continue in their good works and withstand the attacks made on them.

In conclusion may I say that we are all in accord with the principle of free speech, but we insist upon free speech within the law. We are all opposed or should be opposed to the preaching of sedition, revolution and blasphemy.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I should like to say a word or two in connection with this amendment to the criminal code. The explanatory note is as follows:

This bill is intended simply to provide a safeguarding clause to ensure that the general nature and character of speeches upon public affairs must be the ground for regarding any meeting as unlawful.

The last six lines of the bill contain the words:

. . . . an unlawful assembly merely by reason of speeches made to them or discussion carried on by them unless the general nature and character of such speeches or discussion would be likely, in the opinion of firm and reasonable persons, to cause an immediate breach of the peace.

I should first like to draw the attention of the house to the words:

—in the opinion of firm and reasonable persons.

Who is going to designate who are "firm and reasonable persons"? Then we find the words:

—to cause an immediate breach of the peace.

If that means anything it must mean that unless a riot breaks out immediately, it matters not what kind of speech may be made or, how seditious a speech may be, no breach of the peace or violation of the criminal code would be committed.

As the hon. member for Toronto North-west (Mr. MacNicol) has indicated, if we are to be guided by what has been said this bill is primarily directed at the police force of the city of Toronto. I am not a citizen of that city, and I know nothing more about its police force than does any other person in Canada. My only source of information has been the daily newspapers. We do know however that the present chief of police in that city has been attacked, is being attacked and I presume will continue to be attacked. In my opinion the chief reason for these attacks is that he is too great a menace to violators of the law, and he is not being criticized because he is endavouring to restrict anyone who does not deserve to be restricted.

The organization which has aroused discussion with regard to the curtailment of free

speech is an organization with its base in a foreign country. The agents of that country are in Canada endeavouring to undermine Canadian institutions as well as those of every other country with governments similar in form to ours. I have in my hand the report of a commission which inquired into the activity of the communist organization of the United States, and at page 9, 10 and 11, I have found evidence given under oath before that commission by the leader of the communist party in the United States, Mr. Foster. I quote from the evidence as follows:

The Chairman: Does the communist party advocate the confiscation of all private property?

Mr. Foster: The communist party advocates the overthrow of the capitalist system and the confiscation of the social necessities of life; that is, the basic industries and other industries for producing the means of livelihood for the people. By the property of individuals, personal belongings, and so on, no; that is, in the sense of their personal property.

The Chairman: When you refer to the capitalist system just what do you mean?

Mr. Foster: I mean the system under which the industries of society are owned by private individuals.

Later on the chairman asks some further questions:

The Chairman: Does your party advocate the abolition and destruction of religious beliefs?

Mr. Foster: Our party considers religion to be the opium of the people, as Karl Marx has stated, and we carry on propaganda for the liquidation of these prejudices amongst the workers.

The Chairman: To be a member of the communist party, do you have to be an atheist?

Mr. Foster: In order to be there is no formal requirement to this effect. Many workers join the communist party who still have some religious scruples, or religious ideas; but a worker who will join the communist party, who understands the elementary principles of the communist party, must necessarily be in the process of liquidating his religious beliefs and, if he still has any lingerings when he joins the party, he will soon get rid of them. But religion, that is, atheism, is not laid down as a formal requirement for membership in the communist party.

The Chairman: Have you been in Russia?

Mr. Foster: Yes. Eight or nine times.

The Chairman: You are familiar, then, with the workings of the communist party in Russia?

Mr. Foster: Reasonably.

The Chairman: Well, can members of the communist party in Russia be married in a church. . . .

I would like hon. members to note this particular question. The question was:

The Chairman: Well, can members of the communist party in Russia be married in a church and maintain religious beliefs of that nature, and practise them?

[Mr. Nicholson.]

Mr. Foster: My opinion is that a member of the communist party of the Soviet union who would be married in a church would not be of any value to the communist party.

The Chairman: Could he maintain his membership in the party?

Mr. Foster: He would not.

At its last meeting, Joseph Stalin was elected head of the Third Internationale in Russia, and the following resolution was passed:

We the communists have no need to hide our aims and our purpose is the absolute ultimate control of the entire civilized world. Our purpose is not to be conceived in mere words but it is a bloodsoaked reality; It is to overthrow every existing institution which is not communistic; It is to capture all parliaments, not by evolution but by revolution; not by ballots but by bullets.

The activities and propaganda of that organization have led to agitations in this country against free speech. The activities of the communist party remind me of the man who demands personal freedom in order that he may deprive other people of their freedom. The whole tenor of the agitation, all the speeches delivered, tend to one end only, namely the complete destruction of every civil and religious institution in Canada. I submit that instead of loosening the criminal code to make that easier, if there is anything necessary it is to tighten up the criminal code.

In the course of this discussion on another occasion an effort was made to link up the labour organizations and working men of this country with the campaign carried on by the the communists. I have in my hand an article touching on the relationship of communism to the workers in this country. This is what it says:

At the present time we are passing through a period of severe industrial depression and unemployment.—

Mr. WOODSWORTH: May I ask what paper the hon. member is quoting?

Mr. NICHOLSON: The Canadian Labour Press.

Mr. WOODSWORTH: Where is that published?

Mr. NICHOLSON: In Ottawa.

Mr. WOODSWORTH: By whom?

Mr. NICHOLSON: By the publishers of the Canadian Labour Press.

Mr. WOODSWORTH: Who are they?

Mr. NICHOLSON: My hon. friend has the same sources of information at his disposal as I have.

Mr. WOODSWORTH: It is a Conservative organization.

Mr. NICHOLSON:

The energies of our dominion government, our provincial governments, our civic governments, our social welfare organizations, and our trade unions are being actively used to remedy this severe industrial crisis. It is recognized by everyone who has given thought to the subject that any efforts by individuals or groups to wilfully increase unemployment is a ghastly social crime. Yet, that is exactly what is being done by the notoriety-seeking group of men and women associated and affiliated with the communist party of Canada.

Mr. HEAPS: What date is that?

Mr. NICHOLSON: April 15, 1931. My hon. friend says that this is a Conservative paper. Well, it is the Canadian Labour Press. But I have something else under my hand which I will quote for the benefit of my hon. friend with regard to the viewpoint of the communist organization on the North American continent in relation to organized labour. It has been my privilege for the past forty-two years to be a member of one of the bodies of organized labour in this country. I have kept in touch with their activities, and I know something of their aims and their aspirations and what they are trying to do. The organizer of the communistic body, Mr. Fred G. Biedenkapp, of the city of Chicago, had this to say with regard to a strike that was waged by two or three bodies of organized labour in an effort to improve their condition:

The true communist and labour leader rejoices more over one unsuccessful strike than over ten strikes that succeed. What the O.B.U. and smaller organizations aim to create is not asking better working conditions for the average man, but worse conditions. The workingman, or oraganization of workingmen, who strikes for higher wages and gets them, or for better working conditions and fewer hours of labour, and gets them, is not the material from which revolutionists are made. He is likely to be contented and take a conservative so-called sane view of a world in which the conditions have been easier and better for him. On the other hand, the striker, or group of strikers, who fails, are likely to be more embittered against the employers, the whole employing class and society generally and after repeated failures of this kind they will come to the conclusion that striking and voting are alike useless to improve the workingmen's lot, and they will listen to the red who talks intelligently of direct action and the overthrow of society and forms of government as at present constituted. We have already two million workers, members of the O.B.U.—

That is what this gentleman says.

—and our numbers continue to grow as one unsuccessful strike follows another. Therefore, we, of the new vision encourage strikes not because we desire to better the workingmen's condition, but in order that they may fail.

Now, I ask hon. members to listen to what follows:

Our first aim must be to destroy organized labour as it has previously existed. It is one of the chief obstacles to a successful revolution in any country where it exists.

Having some knowledge of organized labour in this country, let me say there never was a more truthful statement made. The great bodies of organized labour are bulwarks against revolution in this or any other country where these bodies exist. Having quoted that for the benefit of my hon. friend, will he permit me to follow it up with a statement of fact, which I think anyone who is familiar with what is going on in this country will admit is a fact. I am quoting from the same paper:

A strike was called by this communist organization and some sixty men and women workers responded, being a small minority of the workers employed. It failed, as it was bound to do, and as a result these sixty men and women workers lost their jobs and left to the legitimate trade union of their industry a much harder task in order to secure an agreement with the employers concerned.

The labour movement fully recognizes from past evidences of communist history in Canada, that the policy of this group is to bore from within the workers' ranks in order to keep industry in a continuous ferment, the result of which is, and only can be, the adding of further workers to the ranks of the unemployed.

As a member of one of these bodies of organized labour, constantly in touch with what they are endeavouring to do, I know that to be the fact, as does every representative of organized labour in this country. They know the greatest enemy their organization has is the communist organization, masquerading for a period as it did under the name of the O.B.U. but now openly and definitely proclaiming itself as the representative of the Soviet organization in Canada, in the United States and in other countries.

Mr. WOODSWORTH: Mr. Speaker, may I ask, if the hon. gentleman understands anything about the labour movement, whether he does not know that the O.B.U. and the communists for a number of years have been at daggers drawn? All you have to do to realize this is to read any communist paper or any O.B.U. publication. It is absolutely ridiculous to say they are the same.

Mr. NICHOLSON: Mr. Speaker, when the hon. gentleman closes the debate he can answer what I have said. I have stated what I know to be a fact from my constant intercourse with representatives of the solid, sane, sound bodies of organized labour in this country. They know just exactly what the

O.B.U. was when it was organized in Chicago some twelve or fifteen years ago, they know what its aims are to-day. It is possible the O.B.U. may be trying to shift its position and take the ground that it is not now associated with the communists, because it may think by doing that it may strengthen communism. But the plain facts are these —and let me repeat in conclusion what I said at the beginning of my remarks—this whole agitation regarding free speech has sprung up from one cause and one cause only, that there are men and women paid in this country, with their headquarters in the city of Toronto, with another headquarters in the city of Winnipeg—

Mr. WOODSWORTH: Mr. Speaker. I rise to a point of order.

Some hon. MEMBERS: Sit down.

Mr. WOODSWORTH: As the sponsor of this bill I will not tolerate the accusation—

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I will not tolerate the accusation that seems to be directed against me. I am here—

Some hon. MEMBERS: Free speech.

Mr. WOODSWORTH: No, this is a question of privilege, Mr. Speaker. The hon. gentleman suggests that those who are advocating the safeguarding of free speech such as is proposed in this bill, are in the pay of certain forces. I say that suggestion must be withdrawn.

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKER: I did not understand the hon. member for East Algoma (Mr. Nicholson) to be directing his remarks in general or in particular to anyone in this house.

The hour for private and public bills having expired, the house will resume consideration of Bill No. 47.

Mr. WOODSWORTH: Mr. Speaker, as a matter of privilege, I have the right even after nine o'clock—

Mr. SPEAKER: The discussion will be resumed next Friday night.

Mr. WOODSWORTH: I rise to a question of privilege, and I may do so even after nine o'clock. I may do so at any time.

Mr. SPEAKER: Will the hon. member state his question of privilege? I ruled against the point of order.

Mr. WOODSWORTH: The hon. member who has just been speaking made a statement which might easily be taken to imply that those of us who are urging safeguards for the freedom of speech are in the pay of certain organizations situated outside this country.

Mr. SPEAKER: I did not hear a statement of that kind.

Mr. WOODSWORTH: That statement must be withdrawn. I ask that the hon. member withdraw the statement.

Mr. SPEAKER: I did not hear the hon. member make that statement.

Mr. WOODSWORTH: As a question of privilege, Mr. Speaker, I say I heard the statement and I ask that a statement along that line, which assails me, be withdrawn. I have a right to make that request as a member of this house.

Mr. NICHOLSON: As a question of privilege, Mr. Speaker, I made no reference whatsoever to the hon. member for Winnipeg North Centre (Mr. Woodsworth). I was referring to the agitation throughout the country by paid agents of the Soviet government in Russia. Anyone who wishes to put on that cap and wear it can do so.

Mr. WOODSWORTH: I do not regard that as a withdrawal.

Mr. SPEAKER: I have not asked the hon. member to withdraw any statement. I do not consider that his words were unparliamentary or were anything but fair comment.

Mr. WOODSWORTH: The member's speech distinctly implicates me.

An hon. MEMBER: The Speaker has ruled.

Mr. WOODSWORTH: In all fairness, Mr. Speaker, you will understand that, according to the rules of the house, he should withdraw his remarks. His very last statement was a reinforcement of what he said before.

Mr. SPEAKER: I do not consider that any statement was made which should be withdrawn. That is my ruling.

TARIFF BOARD

PROVISION FOR APPOINTMENT, POWERS, DUTIES AND SALARIES

The house resumed consideration in committee of Bill No. 47, to provide for the appointment of a tariff board—Mr. Bennett—Mr. LaVergne in the chair.

Mr. MACKENZIE KING: About twenty minutes to six I asked the Prime Minister a simple little question, and for the rest of the time until six o'clock he favoured the

house with what I am inclined to term an harangue—I hope he will not take exception to the word—or a tirade or something of the kind. He touched upon everything except the particular matter on which I was seeking information. If volubility and sound were the equivalent of argument, my right hon. friend might have impressed the committee. But after listening to all that he said, I confess that it seemed to me as applicable to any other section of the bill as the one under discussion or in fact to any other bill dealing with tariffs or prices or labour as it was to the particular section to which I referred.

May I again put the question to my right hon. friend, and I do so simply because I should like to have an understanding between us if that is at all possible. Would not the whole purpose served by the section, with all its subsections, be fully covered by a simple sentence to this effect:

In respect of goods produced in or imported into Canada, the board shall have, at the request of the minister, power to make inquiry into any matter upon which the minister desires information.

My right hon. friend said that the late Lord Thring would not have been satisfied with certain forms of drafting because they were not sufficiently particularized. May I point out that in the sentence I have just read there is a considerable amount of particularization. It particularizes with respect to goods as regards their being produced in or imported into Canada, and it particularizes further in indicating the right of the minister to get on inquiry any information which he wishes. I believe the late Lord Thring would have been thoroughly satisfied with a clause to that effect and would have been inclined to agree that it is better drafting even than the clause as my right hon. friend has had it drawn. Does not my right hon. friend think the clause I have suggested is sufficient?

Let me point out wherein I think the shorter and more direct statement is the preferable one. Note first that it does not withdraw from this court in the matter of inquiry anything in the way of latitude; indeed, it says that the minister may have an inquiry into any matter at all on which he wishes information with respect to these particular subjects. That is as broad as desire itself could possibly be. It has this advantage, that it does not deceive anyone with respect to what this court may be expected to do. No one will expect the court to inquire into everything. If my right hon. friend will read over what he said this afternoon regarding the number of matters that will need to be inquired into on behalf of labour, on behalf of capital, on behalf of manufacturers, on behalf of invested capital, on behalf of the consumers, he will see that if he had a hundred courts working a hundred years they could not possibly conduct full inquiries into one hundred of the items of the tariff which he is bringing before us at the present time in the detailed manner which he indicated might become necessary in regard to some of these things. When he particularizes here in the manner in which he does, he actually, though possibly not intentionally, does deceive the public as to just what the court can do. He points out, for example, that they may inquire into the cost of raw materials up to the time that they are used, and costs of transportation, no matter where such materials may come from. In regard to production they may go into the question of increases or decreases in the rates of duty necessary to equalize differences in cost of production. In respect of labour they may go into the question of cost of living and labour cost and into matters concerning the efficiency and the health of employees. And when he comes to prices, producers, manufacturers, wholesalers, retailers, and other distributors are all to be looked after. Then finally after all conditions and factors that affect costs and prices have been inquired into the consumer is to be safeguarded from exploitation in a multitude of ways. Each of these classes will be told that they are being well looked after by the court, once all these duties are assigned to it, and once these duties are to be found in a statute. I submit that it would be better, instead of raising the hopes of these classes only to have them dashed to bits, for the minister simply to have the court investigate anything in regard to which he wishes to have information. That would be straightforward, it would cover all these things, but it would not create that element of suspicion and leave that measure of disappointment which I am afraid will be the result of the legislation should it pass in its present form. May I ask my right hon. friend again: would not everything he has here, particularized as it is, be covered by one clause to the effect that in respect of goods produced in or imported into Canada the board shall have, at the request of the minister, power to make inquiry into any matter upon which the minister desires information?

Mr. BENNETT: The suggestion is not acceptable. The right hon. gentleman may say that it covers everything, but it is not

usual in statutes to make such a provision. This follows the usual form, and we prefer it to the form suggested by my right hon. friend.

Mr. MACKENZIE KING: Does my right hon. friend think that the late Lord Thring would have taken exception to the form I have suggested?

Mr. MOTHERWELL: Just a few minutes before Big Ben was announcing six o'clock the Prime Minister had ended a ranting, roaring, snorting, snoring speech fully characteristic of the right hon. gentleman, a speech that reminded me of two others of a similar nature for which he has been sorry just once since, and that is all the time. He told us men of the west how much money we had in the banks and how many cars we had bought and sported. Nothing could equal the sensation and disgust of that speech unless it be the speech which he made this afternoon. I do not know which of the two would take the cake. My right hon. friend need not think that his bluff and bluster will intimidate anybody. If every sheet of copper on this roof were a Bennett and every supporter of the right hon. gentleman were a bluffer, it would not make a particle of difference to us because the people of the country and we in this house now know my hon. friends. The calendar on the table, Mr. Chairman, indicates that it is now eleven months since they took office, and do you think that the people have not found the right hon. gentleman out in eleven months as the prince of humbugs? We do not need to go back to the economic conference for that evidence; it is being demonstrated right here in this house. There has never been a month or a day or an hour since they proclaimed their peculiar love for the British preference and intra-empire trade that they have not shown the kind of love they have in examples such as their anti-British tariff of last September. The duty was raised against British goods and there has never been an hour since that time when their whole record has not been one of continuous and well sustained humbug. There have been dozens of instances, and the right hon. gentleman knows it. It did not take Mr. Thomas long to find it out, and it does not take anyone who knows the right hon. gentleman and the crowd behind him long to find it out. I am receiving letters all the time complaining about this Bennett bunch. The writers thereof state that the government are loony and ask us to keep them groggy as long as we can. We do not want to overdo it; we have a little sympathy for them but we do not have to take the kind of speeches lying down we heard just before six o'clock, at least I do not. I have never in all my life had to submit to a bully, and I am not going to do it now.

The CHAIRMAN: Order.

Mr. MOTHERWELL: I have tried to show the absolute humbug of this bill. It would be impossible in a year like this to obtain the true costs of production of wheat in Saskatchewan. In many areas, some of them hundreds of miles in extent, it might be found that it cost $100 per bushel. What about the cost of mining? Does the right hon. gentleman think he could obtain a fair indication of the real cost now? What about the costs of production of pulp and paper with the mills running forty or fifty per cent of capacity? It would be absolute nonsense for a tariff board to attempt anything as foolish as that. My right hon. friend did not answer these questions, but kept inquiring as to what the former Minister of Agriculture had ever done for the consumer.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: The remarks of hon. members show their ignorance; they do not know anything about it. Even this very minute I am endeavouring to the best of my capacity to fight for the consumer. If I know anything—

An hon. MEMBER: The hon. member does not.

Mr. MOTHERWELL: The right hon. gentleman does not know anything about agriculture. This afternoon I attempted to indicate in the short remarks which called forth such fury from my righ hon. friend that the American tariff commission had attempted to find the costs of production in Canada of milk and cream. They went out of their way to find the lowest price in Canada, and then went back home, put the tariff up, and now these products are practically excluded from that country. I would have called for the file from the Department of Agriculture, but if there was the same delay as there has been in other cases I would not have received it until next session. The Minister of Agriculture can bring this file to the house tomorrow and disprove or prove my statement. If that action was taken by a board which was fifty-fifty Republicans and Democrats, what action can we expect from this board which we do not hope will be fifty-fifty Liberal and Tory? We can only judge our hon. friends by what they have been doing during the last eleven months. It has been

rumoured that Mr. Sanford Evans is to be the chairman of this board, and why should he not receive some reward for the manner in which he delivered the goods when on the Stamp commission? Does the committee think the leader of the government cares anything for public sentiment? Has he not done something just as outrageous in the case of the Washington appointment? Did he regard public sentiment then or even that of his political friends?

The CHAIRMAN: Order.

Mr. MOTHERWELL: What about—

Some hon. MEMBERS: Order.

Mr. MOTHERWELL: Order nothing. What about the appointment to London?

The CHAIRMAN: Order.

Mr. MOTHERWELL: He, the Prime Minister himself has said that the commissioner there was a joker. Of course he was about right. He should know. We have to judge this government by the kind of appointments they have made during the last eleven months. One of those appointments was the wine-bibbing joker who was sent to Canada House in London.

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: I rather think that the hon. member is transcending the rules of decency in debate.

Mr. MOTHERWELL: Which one am I to withdraw, the Washington one, the London one, or both?

An hon. MEMBER: Be a man and take it back.

Mr. MOTHERWELL: The trouble with this country is that complete confidence has been lost in this government and in its appointments. This country has no more use for this tariff board than a dog has for two tails. If the people had an opportunity of expressing themselves to-morrow two-thirds of the seats opposite would be vacant. Knowing the type of investigation which has been carried on by the American tariff board, we know what to expect as far as the investigations of this Canadian tariff board are concerned. It is a big sham from top to bottom, it is hypocrisy personified, with humbug on top, it is only something for the government to hide behind.

Mr. BENNETT: Mr. Chairman, the hon. member for Melville has stated that I referred to the High Commissioner for Canada as a joker. That is not correct and I would like to know what warrant he has for making any such statement.

Mr. MOTHERWELL: The right hon. gentleman took about ten minutes to justify Mr. Ferguson's speech on July 1 upon the ground that he was disposed to be jocular. I agree that at times he is exceedingly jocular, but that is not always the case. I think my right hon. friend used that term half a dozen times, and surely I am to be permitted to use it once.

Mr. BENNETT: The hon. gentleman referred to the high commissioner as a wine-bibbing joker.

Mr. MOTHERWELL: I did.

Mr. BENNETT: I submit that that is not a correct reference to be made to an official who is not in this house.

Mr. MOTHERWELL: It may not be parliamentary but it is absolutely true.

Some hon. MEMBERS: Withdraw.

Mr. MOTHERWELL: But I know it is true.

An hon. MEMBER: The hon. member does not know that.

Mr. MOTHERWELL: I do.

The CHAIRMAN: The hon. gentleman is an old member of this house and he has knowledge of standing order 41.

Mr. MOTHERWELL: I will withdraw my remarks, not because they are untrue but because, Mr. Chairman, you asked me to.

The CHAIRMAN: The hon. member knows the rules too well. Standing order 41 covers decorum in debate. I will quote from Bourinot at page 358, as follows:

> All references to judges and courts of justice and to personages of high official station, of the nature of personal attacks and censure have always been considered unparliamentary and the speakers of the British and Canadian houses have always treated them as breaches of order.

I think the hon. member should withdraw his remarks.

Mr. MOTHERWELL: I will withdraw, Mr. Chairman, but—

An hon. MEMBER: No buts.

Mr. MOTHERWELL: I just wanted to say that there is nothing coming to the right

hon. gentleman after the unwarranted attack he made on me this afternoon. Did he expect to get away with it? I do not intend to let him get away with it.

An hon. MEMBER: Don't abuse Ferguson because of that.

Amendment (Mr. Butcher) negatived: yeas 34; nays 50.

Paragraph agreed to on division.

On section 4, subsection 1, paragraph (c)—Labour.

Mr. WOODSWORTH: The hon. member for Kenora-Rainy River and my colleague the hon. member for North Winnipeg both somewhat anticipated this paragraph in some remarks which they made on paragraph (b). I am very glad that there is at least some reference in this to labour, but it seems to me that it is really too slight to mean anything very much to the labour people. In the preceding paragraph there is a definite arrangement by which there is to be a report on increases or decreases in rates of duty which are necessary to equalize differences in the cost of production. There is, however, nothing definite here with regard to labour or that will ensure to labour decent conditions. Some hon. members may remember that a year ago some of us urged that increases in the tariff should be made contingent upon the maintenance of decent labour conditions, that is, proper conditions with regard to hours, wages, and labour condition in general. I should have liked to see something of that kind included in this legislation. The Prime Minister has all along in this debate been emphasizing that he intends to protect the interests of Canadians, but I think he has really had in mind Canadian industrialists, manufacturers. He has had very little to say with regard to workmen employed in industry, and even the manner in which this section is introduced would seem to indicate that he is thinking particularly of the cost of labour and not of the welfare of the labourer. We in this corner of the house have pointed out on previous occasions that protection to industry does not necessarily involve protection to employees in industry. It would seem to me that there is an opportunity for the Prime Minister to make it clear in the very phrasing of this paragraph that the workers in industry will be protected. I do not think it right to give under the tariff special privileges of any kind to any of these people unless they are prepared to afford to their employees a decent living wage, decent hours such as are supposed to be given under the Versailles treaty, and other proper conditions which we believe to be necessary for the maintenance of a Canadian standard of living.

Mr. McGIBBON: Are there in Canada industries that do not do that?

Mr. WOODSWORTH: A large number of them.

Mr. McGIBBON: Would the hon. member be good enough to name one of them?

Mr. WOODSWORTH: Yes; the textiles are an outstanding example. According to the figures given the other day by the hon. member for Beauharnois, not only have those industries made enormous sums of money, but at the same time they have paid extremely low wages and they have laid off their men very frequently; there has been great unemployment. If the hon. member wants another industry, there is one that became known to us all last year, namely, the steel industry. At the very time when they were being given increased protection a thousand employees of the British Empire Steel Corporation were being worked eleven hours during the day, thirteen hours at night, and every other week, twenty-four hours on end. I understand that after the discussion which took place in the house last year and after pressure which was brought to bear upon those companies by the provincial authorities, the hours of the workers in the steel industry, at least in Nova Scotia, were reduced to eight hours and ten hours. A number of them are still being worked ten hours a day.

Mr. McGIBBON: What wages do they get for the ten hours?

Mr. WOODSWORTH: That does not make any difference.

Mr. McGIBBON: It makes a great difference.

Mr. WOODSWORTH: It does not make the slightest difference.

Mr. McGIBBON: It is everything.

Mr. WOODSWORTH: It does not make the slightest difference, and if the hon. member thinks the wage paid is the one consideration, that just shows his ignorance of the fundamentals of labour ideals.

Mr. McGIBBON: That is only my hon. friend's opinion.

Mr. WOODSWORTH: It is the opinion endorsed by every labour organization in Canada and, indeed, endorsed by the International Labour Office at Geneva. We believe workers

ought not to work more than a certain number of hours in the day; that irrespective of the wages paid, men ought not to be worked as they were eleven and thirteen hours a day and on occasion twenty-four hours on end.

Mr. ROBINSON: Are they compelled to work ten hours a day?

Mr. WOODSWORTH: They are compelled to work those hours, or else they forfeit the job altogether. The hon. member for Muskoka-Ontario asked for instances. I have given him some.

Mr. McGIBBON: The hon. member has not given me anything.

Mr. WOODSWORTH: I am not dealing just now with particular industries; I am dealing with the general principle underlying, and I think there is an opportunity, in the creation of this board and the outlining the scope of their work, to ensure that among other duties that might be performed by a board of this kind, is a careful inquiry into wages and an insistence that wages, hours and other conditions of labour shall come up to recognized standards. I should have liked to see that included in this paragraph. As it is now drafted the matter is left in very indefinite form. Possibly the Prime Minister might give us some assurance that, even under the present drafting, he has this in mind.

Mr. BENNETT: The clause as it reads was drafted to meet the situation to which the hon. gentleman refers, without endeavouring by particularity to destroy the generality of its expression:

> The cost, efficiency and conditions of labour, including health of employees, in Canada and elsewhere.

The capital question that was raised by the hon. member for Kenora-Rainy River this afternoon was also dealt with in succeeding subsections. The question of hours of labour becomes vital; the question of conditions is important always, and the question of the capital structure of corporations to which reference was also made by the hon. member for Kenora-Rainy River is, I think, covered entirely by what the section states. There was a mistake which the hon. member for Kenora-Rainy River made, to which the hon. member for Winnipeg North Centre did not refer, and it was this: under this bill the application is not made by a manufacturer for increases or decreases in the tariff. Under this section a reference is made by the Minister of Finance to ascertain the facts. The subsection is to enable the facts to be reported upon as to the very conditions to which reference has been made.

Mr. HEAPS: Will the method of procedure in investigating an industry be somewhat similar to that undertaken by the previous tariff board?

Mr. BENNETT: I could not answer that question.

Mr. WOODSWORTH: On this point I raised, has the Prime Minister in mind that increases in tariff or special favours of any kind will be made contingent upon the maintenance of decent standards of living? I think the Prime Minister has made it abundantly clear that the manufacturer is to be protected as against any external competition, but he has not made it so clear that the employee in the industry is to be protected in his living standards.

Mr. BENNETT: There is no provision in this measure, so far as I know, for special interests or special favours to anyone, and I do not know just why the hon. gentleman should make that reference. It was the intention of those responsible for the measure that there should be afforded before this tribunal an opportunity for ascertaining the facts to which I have referred, affecting capital and labour alike.

Mr. WOODSWORTH: I should like to be clear on this matter. By paragraph (b) increases or decreases in rates of duty may be recommended.

Mr. BENNETT: No.

Mr. WOODSWORTH: If they are required to equalize differences in the cost of production.

Mr. BENNETT: They cannot be recommended.

Mr. WOODSWORTH: Then the board may ascertain whether increases or decreases in rates of duty are required to equalize differences in the cost of production. I should like to ask whether it will also be required that certain recognized standards of living, wages, hours and general conditions of labour will be considered as essential before any tariff increases are granted. If the Prime Minister does not like my use of the word "favours", I withdraw that expression for the moment. I will put it this way: Is it understood that unless certain standards of living are maintained, increases should not be granted?

Mr. BENNETT: There is no emphasis attached to any subsection of this section. They all have equal emphasis, and they mean, so far as I know, exactly what they say. The government must accept responsibility for sub-

mitting to parliament any measure that involves an increase or decrease of duty, and the facts as ascertained by the board and reported, depending upon the testimony adduced and the information gained, will of course be one of the determining factors, but not necessarily the sole determining factor, in the action taken by the government. The very instructions to which the hon. gentleman refers are instructions with respect to which the government must assume responsibility, but the finding of the facts in question will be by this tribunal. I need hardly say, what the hon. gentleman must already know, that most of the recent tariff changes in this country have been made because the costs of production in competing countries were so much lower than they are in Canada on account of the standards of living that obtain in this country as compared with other countries of production.

Mr. VENIOT: Will this board have power, if the minister so requests, to look into the equalizing of freight rates? For instance, take a factory situated anywhere in Ontario. The freight rate from Ontario to the maritime provinces being so high, our people are compelled to import rather than buy the same article in Ontario—because of the difference in the freight rate as between Ontario and elsewhere to the maritimes, not because of the duty.

Mr. BENNETT: Undoubtedly, as the hon. gentleman has suggested, freight rates are a factor in determining costs, and as such the tribunal would have power to ascertain the facts and report.

Mr. VENIOT: I have a case in point, to which I might refer. In Ontario there is a tin plate factory at Ojibway. The freight on that article to the maritime provinces is 20 per cent higher than the freight by water from a place in the United States where tin plate is manufactured. The railway freight from Ojibway to Moncton is some 10 or 12 per cent higher than the freight by water from Wales, from which large importations of tin plate are made. The tariff has been raised to protect the Ojibway industry, and our people have to pay this extra tariff and are getting their tin plate from either Wales or Pittsburgh in the United States.

Mr. BENNETT: Perhaps the hon. gentleman is aware of the fact that the formula adopted by business men generally is that one land mile is equivalent to forty water miles so far as the tariff is concerned. It being 2,800 water miles from Wales to St. John, that is the equivalent of about 70 land miles. The distance from Ojibway to Moncton being a little over 1,000 miles, necessarily the rail rate would be much higher than the water rate from Wales to St. John. That factor would, of course, be inquired into.

Mr. VENIOT: Another question. Did I understand the Finance minister aright this afternoon to say that under this act would be found means of preventing mergers?

Mr. BENNETT: I did not say that.

Mr. VENIOT: I must have misunderstood my right hon. friend. Then I have no argument to make.

Mr. WOODSWORTH: In case there were no tariff matters under consideration by the board, could the minister direct that an investigation be made into the wages or other conditions of labour?

Mr. BENNETT: Yes. It will be observed by a subsequent section, when we come to it, shortly I hope, that the governor in council may direct the board to inquire into any matter affecting the trade and commerce of the country.

Paragraph (c) agreed to.

Paragraph (d) agreed to.

On section 4, subsection 1, paragraph (e).—Conditions affecting cost and price.

Mr. MacLEAN: In the very vigorous speech which the Prime Minister made before six o'clock, and in a great many other debates in this house, we have been given the assurance that the consumers of this country would be protected by this government. We have been led to believe that under the provisions of this bill authority would be given to the board to set up inquiries and to deal with the prices which the consumers of this country have to pay. That is dealt with in subsection 2 of section 4. What is not clear to my mind is how this government or any government can protect the consumer when it is setting up a high tariff and is thereby putting into the hands of the manufacturers of the country the one weapon through which alone they can best exploit the consumer. This government says: We are going to protect the consumer. Then immediately they raise the tariff right along the line and put into the hands of the manufacturers of this country the one weapon by which they can exploit to the full extent of the increase in the tariff the consuming public of this country. I would like the

Prime Minister to answer this question. How is it possible in view of the tariff increases which ths government has made all along the line for this board to control the prices to the consumer? If the manufacturers are asking for an increase in duty, what are they asking it for? It is for the sole purpose of charging the consumer more.

Some hon. MEMBERS: No, no.

Mr. MacLEAN: If it is not that, what benefit is the tariff? It is of absolutely no benefit in that case. That is why the manufacturers are asking for an increase in duty.

Let me give a concrete example. I have one before me on my desk now. Fertilizer was on the free list under the Liberal government, but when our good friends opposite came into power they put a duty of 10 per cent on fertilizer.

Mr. JONES: And it is $3 a ton cheaper this year.

Mr. MacLEAN: I am glad my hon. friend has said that. The spread betwen the price of the raw product and the price to the consumer is far greater this year than last, when the difference in the price of the raw product is taken into account mixed fertilizer should be $5 a ton cheaper this year. I have resolutions before me which have been passed by all the farmers organizations throughout the maritime provinces.

Some hon. MEMBERS: No, no.

Mr. MacLEAN: I have one from the Potato Growers' Association of Prince Edward Island, the largest organization of its kind in the Dominion of Canada, in which the statement is made—

Mr. SMITH (Victoria-Carleton): May I ask a question?

Mr. MacLEAN: My hon. friend may make his speech when I am through.

Mr. SMITH (Victoria-Carleton): Can my hon. friend tell me the ingredients which go into the composition of fertilizer upon which duty has been placed?

An hon. MEMBER: Radishes.

Mr. MacLEAN: Last year four tons of chemical cost $169. This year the same four tons can be bought for $139, or $30 less. A few moments ago some one shouted across the floor of the committee that he was buying fertilizer this year $2 a ton cheaper.

Mr. BENNETT: Three dollars.

Mr. MacLEAN: It should be $5 cheaper. It was stated in the press of this country that owing to the increase in duty, and to the fact that fertilizer mixing plants were beginning operations in Canada, the farmers of this country would be able to buy that fertilizer $2 a ton cheaper.

Some hon. MEMBERS: Three dollars.

Mr. MacLEAN: I am speaking about my own province, with which I am most familiar. That lowering of the price was attributed to the action of this government. What do we find? We find that the spread between the price of the raw product this year as compared with the price last year should warrant a reduction of at least $5 per ton for ready mixed fertilizer. That is one example where, owing to the imposition of the duty, the consumer is being made to pay $3 a ton more for fertilizer this year than he should have to pay.

Some hon. MEMBERS: Three dollars—we thought so.

Mr. MacLEAN: My hon. friends cannot get away with that. The public is too intelligent to listen to their remarks. They know perfectly well that raw material is much lower in price, and the same applies to gasoline and a great many other commodities which I could enumerate.

I would like to know before this item passes how our good friends in one breath are going to announce tariff changes and make the consumer pay increased prices, and in the next breath say to the people of Canada that they are protecting the consumer from exploitation. That is the question before this committee, and I should like to have it answered.

Mr. SMITH (Victoria-Carleton): I think it is only fair that the committee should be further informed concerning fertilizer in Canada. There is not a single ingredient which goes into the composition of the fertilizer to which my hon. friend has referred upon which any duty has been imposed by the present administration. A duty has been imposed upon the mixed product, with the result that industries have been located at St. John and in other sections of the maritime provinces so that this commodity may be mixed by Canadian workmen rather than by workmen on the other side of the line. The only duty which has been imposed is upon the mixed product. Our farmers do not want their fertilizers mixed on the other side of the line; they want them mixed in Canada. Quite properly I think, this government has placed a duty upon the products coming into Canada in the mixed form. The ingredients, however, bear no duty whatever.

Mr. VENIOT: Will my hon. friend tell the house how many manufacturers of ingredients there are in the maritime provinces? Are they not all mixing plants?

Mr. SMITH (Victoria-Carleton): True, they are all mixing plants,—why would they not be mixing plants? Canada is not in a position to produce all the ingredients which go into the composition of fertilizers. Those ingredients come very largely from the city of Baltimore, as my hon. friend should know, and many of them come from South America, Germany and France. They are brought in and mixed in the city of St. John rather than in the United States.

Mr. VENIOT: My hon. friend seems to know a great deal about the mixing of fertilizers, but unfortunately he has not told the committee all he knows. If he had done so he would have said that the action of mixing plants at St. John and St. Stephen has had the effect of preventing the farmers and dairymen's association of his own constituency from going into the mixing business. As a matter of fact by importing the ingredients in a cooperative way and mixing them themselves they were saving $3 a ton as compared with the price they are now paying, when they are forced to buy their fertilizers already mixed. Further than that, if my hon. friend is thoroughly familiar with fertilizers he must know that ingredients are not imported for mixing purposes. Some are imported for use separately, unmixed, and upon those a duty has to be paid.

An hon. MEMBER: No.

Mr. VENIOT: Yes, a duty of so much a ton has to be paid on ingredients imported, not for mixing purposes, but for separate use. That is a fact, and there is no use contradicting it. The Dairymen and Farmers' Association of Nova Scotia at their annual meeting in the month of February last passed a very strong resolution which was forwarded to this government setting forth the fact that certain acids or phosphates used for top dressing, unmixed, were charged with a duty. Those people ought to know what they are talking about, because they had to pay the duty. I have a copy of the resolution passed by that association at their convention, and also a copy of the memorial sent to the government. So that ingredients for separate use are not imported free of duty. To that extent at least the importer is exploited by the manufacturer or the mixing company at home.

[Mr. B F. Smith.]

Mr. SMITH (Victoria-Carleton): My hon. friend seems to know a great deal about fertilizers, but I am afraid he has only demonstrated the fact that after all he is not very familiar with his subject.

Mr. VENIOT: At least I know something about it, and I know my hon. friend is not telling all he knows.

Mr. SMITH (Victoria-Carleton): As I have previously stated, there is no imposition of duty upon ingredients which enter into the composition of fertilizers. If my hon. friend wishes to buy fertilizers for his own private use I am not prepared to say to the committee that there is or is not any duty upon it. I do say that the farmers of this country are interested only in what goes into the composition of their fertilizers, and on those ingredients there is no duty. When my hon. friend makes the statement that the mixing plants at St. Stephen and St. John and elsewhere in the maritime provinces were making it impossible for the cooperative associations of the maritime provinces to buy their fertilizers as cheaply as they otherwise would buy them, he makes a statement which cannot be substantiated by the facts, because all those mixing plants charge $1 a ton for mixing. The farmer has the privilege of mixing his own ingredients in his own barn.

Mr. VENIOT: One of these mixing plants was established in 1928, and the other at St. Stephen in 1929.

Mr. SMITH (Victoria-Carleton): Does my hon. friend know that they went out of business?

Some hon. MEMBERS: Yes.

Mr. VENIOT: The one at St. Stephen now employs four men during the summer time, and fifteen during the winter time, the mixing season. My hon. friend says that our people did not want their mixing done on the other side, they wanted it done on the Canadian side. The gentleman in charge of the plant at St. Stephen,—this is an American plant—is an American and lives across the river St. Croix on the state of Maine side. I do not care what arguments the hon. gentleman advances, those are the facts and they cannot be gainsaid.

Mr. SMITH (Victoria-Carleton): I have one further remark to add about this matter. My hon. friend knows, or does not know—

Mr. VENIOT: I do know.

Mr. SMITH (Victoria-Carleton): —because the member here from the county of Charlotte well knows—

Mr. VENIOT: He will not contradict me.

Mr. SMITH (Victoria-Carleton): He knows the mixing plant at St. Stephen went out of business while my hon. friend's party were in power, and were allowing mixed grades to come in free; but just as soon as this government put a duty on mixed grades the plant went into operation again. That is why I say the plant was out of commission the years there was no duty on mixed fertilizers coming into Canada.

Mr. VENIOT: It was only established in 1928.

Mr. MacLEAN: I hold in my hand a letter issued by the secretary of the Prince Edward Island Potatoe Growers' Association stating:

Charlottetown, P.E.I.,
February 4, 1931.

We submit herewith our prices on fertilizer for this season, and enclose blank forms for your orders of fertilizer, and for the corrosive sublimate.

You will be pleased to note the very great reduction in the price of chemicals. We cannot show as large a reduction on mixed fertilizers. This is because of the duty on mixed goods, which does not apply to chemicals.

There is a direct statement from the secretary of the potato growers association. At their annual meeting they passed this resolution:

Whereas there has been a duty of ten per cent imposed on mixed fertilizer imported to this province.

Whereas practically all fertilizers must be imported to Canada.

And whereas the work of a mixing plant is done largely by machinery, and requires only a few labourers in its operation.

I want the committee to take note of that, because my hon. friend's contention is that the farmers must pay this ten per cent duty in order that labour may be given to a few people in this country. Let me repeat that recital:

And whereas the work of a mixing plant is done largely by machinery, and requires only a few labourers in its operation.

The resolution continues:

And whereas fertilizer is a raw product, which must be used by the farmer in the growing of the finished product, and any increased cost is a handicap to the producer.

Therefore resolved that this meeting express its disapproval of the said duty, and respectfully ask for its removal—

The CHAIRMAN: This is out of order.

Mr. MacLEAN: A copy of this resolution was sent to the Minister of Finance, the Minister of Agriculture, the Minister of Customs and to each federal representative.

The CHAIRMAN: Paragraph 306 of Beauchesne's Parliamentary Rules and Forms makes this comment on standing order 41:

It is not in order to read articles in newspapers, letters, or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member of expressing any opinion reflecting on proceedings within the house.

Mr. RALSTON: There is nothing in the resolution read by the hon. member for Prince reflecting on the proceedings in this house, Mr. Chairman.

The CHAIRMAN: To read communications from persons outside the house expressing any opinion reflecting on proceedings within the house is out of order.

Mr. RALSTON: Do you mean to say, Mr. Chairman, that if a newspaper criticizes some action in the house that newspaper cannot be read by an hon. member?

The CHAIRMAN: It cannot be.

Mr. RALSTON: Then, with all due deference, a lot of newspapers ought to be at the bar of this house.

Mr. MacLEAN: The right hon. Prime Minister promises that by this tariff bill he will protect the consumer from exploitation. Now that he puts into the hands of our manufacturers a weapon which, I contend, enables them to make the consumer pay two prices instead of one, I think the committee is entitled to an explanation from the right hon. gentleman.

Mr. MACDONALD (Kings): I would ask the hon. member for Prince to be fair. He has given the committee the impression that the Prince Edward Island Potato Growers' Association protested against this duty. It is a well-known fact—and the hon. member knows it as well as I do—that the potato growers of Prince Edward Island are very much opposed either to importing or using mixed fertilizers. Their importations are entirely of the raw chemicals, which even this spring they advised the farmers they should buy and mix themselves as by so doing they would get a fresher mixture.

Mr. MacLEAN: Nobody denies that.

Mr. MACDONALD (Kings): The hon. member gave the impression that this duty on mixed fertilizers was a hardship on the potato growers of Prince Edward Island. It

is not so, because even this year they imported all raw chemicals and distributed them to their members, and those raw chemicals carry no duty whatever.

Mr. MacLEAN: My hon. friend knows perfectly well that the potato growers' association have every year advised the farmers to mix the chemicals themselves. This year they are forced to do that to a greater extent than before on account of the duty. But large quantities of mixed fertilizer were also used.

Some hon. MEMBERS: Not at all.

Mr. MacLEAN: On account of the duty on mixed fertilizers. I am not talking about chemicals.

Mr. MACDONALD (Kings): But the hon. member knows that the potato growers' association use straight chemicals entirely.

Mr. MacLEAN: Yes, and they recommend the use of chemicals; but they do not recommend the action of my hon. friend in supporting the imposition of the duty of ten per cent against the farmers of Prince Edward Island.

Mr. SMITH (Victoria-Carleton): If my hon. friend went to the city of St. John and consulted the workmen employed there in the factory during the last season when unemployment was rife, I am sure he would find that they in common with the farmers of the maritime provinces at least were very strongly in favour of this tariff. We are providing work for Canadian workmen. My hon. friend opposite advocates that we should give that work to American workmen rather than to our own.

Mr. VENIOT: Nothing of the kind.

Mr. SMITH (Victoria-Carleton): He read into my remarks something that I did not say. He said I had stated that this ten per cent duty on mixed fertilizer had increased the cost of fertilizer to the farmers of this country. I made no such statement. My statement was exactly the reverse, that it had not increased the cost one iota. As a matter of fact, fertilizers are from $3 to $4 a ton cheaper than at any time in the last thirty years.

Mr. VENIOT: I did not say that my hon. friend had made that statement.

Mr. RALSTON: I think the discussion has brought out that at least there is a difference in the price of fertilizers on account of the duty. I do not think that any of this special pleading about raw chemicals coming in free to be mixed has anything to do with the point being made by the member for Prince. His point is that the government imposed a duty on fertilizers, while those goods came in free under the previous government. I can assure my hon. friend opposite that there are no apologies from this side of the house because fertilizers did come in free.

Mr. SMITH (Victoria-Carleton): They come in free now.

Mr. RALSTON: I beg the hon. member's pardon; they are not free. Mixed goods are not coming in free. We regard fertilizer as raw material for the use of the primary producer, and as such it should come in free. And my hon. friend, when he speaks about starting a mixing plant which may give employment to four or six or eight men, is not doing much to assist in connection with the unemployment problem, while he is supporting a new tax on the very people he is supposed to represent in this parliament. I wish to direct the attention of the Prime Minister to this. Time and time again it has been said in this house that duties are not going to affect prices—that the manufacturers will operate under the shadow of the tariff wall but that prices are not going to go up. I have in my hand a statement with regard to this very matter. This statement comes from the Prince Edward Island Potato Growers' Association—and by the way, I have a similar statement from the Nova Scotia Farmers' Association as well—with regard to fertilizers, indicating that the price of fertilizer is higher to-day on account of the duty. That is the point we are making.

Mr. HANSON (York-Sunbury): Has the hon. member taken pains to ascertain the current market prices of mixed fertilizers last year and this year?

Mr. RALSTON: I have taken pains to obtain a statement made by the Prince Edward Island Potato Growers' Association, who are supplying fertilizer to their members. This is what they say:

> We submit herewith our prices on fertilizer for this season, and enclose blank forms for your orders of fertilizer, and for the corrosive sublimate.
>
> You will be pleased to note the very great reduction in the price of chemicals. We cannot show as large a reduction on mixed fertilizers. This is because of the duty on mixed goods, which does not apply to chemicals.

Mr. HANSON (York-Sunbury): It does not follow—

Mr. RALSTON: That is exactly what they say, just as I have read it. I do not set myself up as an authority on fertilizer as some hon. members do, but I am content

to take the statement of people who handle the commodity and who use it. And they state that the duty is what is keeping the price up. I commend that to the Prime Minister because this year, in his legislation, he is going further than he did last year. Last year we were told that the price was not going to go up as a result of the duty; this year he assures us that if prices are put up by reason of the duties he is going to resort to the old star chamber punishment of the peine forte et dure. In other words, he will see that protection is completely removed. But he cannot do this for the reason that it will hurt other industries. He will therefore have to fine them by imposing an excise tax equal to the duty. Here is an industry which ought to be fined, an industry which ought to come directly under the penalties of the section which he is going to introduce in connection with the budget resolutions. There is no use emphasizing the fact that chemicals are free when the duty on mixed goods remains, and when that duty is resulting in the price being higher than it was before.

The CHAIRMAN: May I ask the committee not to discuss the tariff in connection with this bill.

Mr. RALSTON: Mr. Chairman—

The CHAIRMAN: Just one moment. I must ask the committee not to get away from the section under consideration for the purpose of discussing the merits of policies.

Mr. RALSTON: I was discussing.

The CHAIRMAN: I am not referring to the hon. member particularly.

Mr. RALSTON: With due deference to the chair. I understood that I was being called to order. I was referring to paragraph (e) which relates to:

> All conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada.

The CHAIRMAN: That paragraph is wide, but it should not be made a pretext for discussing the budget.

Mr. RALSTON: It is not a question of using the paragraph as a pretext, Mr. Chairman, we must discuss everything involved in the question of cost of production. And that brings me to this other point. The Prime Minister has said time and again that an investigation into cost of production must be provided for in view of the fact that we are importing goods from so many countries where production costs are low. I have not had time to count them, but I could mention goods imported from the United States; and I submit to my right hon. friend that conditions of living—without running down Canada in the slightest—are in the United States practically equal to what they are here. So that if this is to be an investigation into costs of production in the United States, it is not going to get us very far. And a great many increases in duty will not be dealt with at all under this section, because my right hon. friend knows before he starts that cost of production in the United States will be found to be as high as it is here. Take gasoline, which has already been mentioned, and automobiles. The cost of production in connection with automobiles, from the standpoint of the standard of living, is the same as it is here. Then take steel, machinery, rope—articles which are in daily use and on which the duty is being raised by my right hon. friend on the pretext that living conditions in those countries from which we import are such that we should see to it that our manufacturers shall not be subjected to competition of that kind. The conditions in the United States in these industries, so far as I have heard, are the same as those in Canada. So that this provision is absolutely useless for the purpose for which it is put in, if it is to investigate conditions on the other side of the line.

The CHAIRMAN: The committee will recall that on a point of order raised by the hon. member for Gloucester I requested the Secretary of State not to discuss the tariff generally. I must ask hon. members to confine themselves to the section under consideration.

Mr. MYERS: I may be permitted to say a word with reference to fertilizer. With all due respect to my hon. friend from Prince, to the ex-Postmaster General, and to the hon. member for Shelburne-Yarmouth, I think I am in a position to know as much about the subject as any of them. I doubt whether they use any of this article, whereas I use tons of it every year. With reference to the cost of fertilizer, may I say that I have been a director for several years of the Prince Edward Island Potato Growers' Association, and every year our secretary and president have taken great pains to advise us against the use of ready-mixed fertilizers. They recommend the use of chemicals.

The CHAIRMAN: Order. The question before the committee is whether section 4 shall be agreed to. The subject under consideration concerns the functions of the board.

Mr. MYERS: That is what I am coming to. One of the functions of the board when it is established will be to visit Prince Edward

Island and inquire into conditions with regard to fertilizer. Now, we have been taught there to use chemicals, mixing them ourselves —that is, acid phosphate, ammonia, potash and soda. Since this government saw fit to impose a duty on ready-mixed fertilizers coming into Canada, it has not increased the cost of ready-mixed fertilizers in Prince Edward Island. It may have increased—

The CHAIRMAN: Order.

Mr. MYERS: —the cost of American fertilizers coming into Canada.

The CHAIRMAN: Order.

Mr. MYERS: But we are able to import chemicals as usual and mix them on the farm.

The CHAIRMAN: The hon. member may discuss the wisdom of giving certain powers to the board, but he may not discuss the question whether the government has or has not raised the duty on fertilizers. He is not in order in doing so.

Mr. BENNETT: He is merely replying to the observations of an ex-minister.

Mr. MYERS: When the board is established we should like to have them inquire into just what has been done with reference to this very thing in Prince Edward Island. Should they take a trip to Prince Edward Island they would find out that since this duyt was imposed on fertilizer coming into Canada there has been established in Prince Edward Island something which we never had before. A fertilizer plant has been established in Charlottetown, which plant imports its chemicals, mixes them and sells the product at a lower price than ever obtained before.

Mr. MACKENZIE KING: Mr. Chairman, you have stated that it is permissible at this time to discuss whether or not this clause should be in the bill. May I give to the committee the reasons why I think it is utterly absurd to insert any such clause, and with your permission may I deal at the same time with the clause which follows. In the light of the discussion which has just taken place, I ask hon. members to contemplate for a moment what this board will be charged with if called upon to make an inquiry in accordance with subsections (e) and (f). We have heard during the past quarter of an hour something of the difficulty with respect to ascertaining the effect of the cost of fertilizer upon costs and prices. That is one small ingredient that enters into costs of production and price. The board under subsections (e) and (f) is expected to inquire into all conditions and factors which affect or enter into the cost of production and the price to the consumer in Canada. Subsection (e) reads:

all conditions and factors which affect or enter into the cost of production and the price to consumers in Canada.

Subsection (f) reads:

generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries;

In other words, this board is to inquire into all the conditions and factors which affect cost of production and prices. Every hon. member will agree that at the present moment prices and costs of production are in part the result of world conditions. There is no hon. member who has not stated over and over again that we are suffering to-day from depressed prices the result of world conditions. World conditions then are the first thing the board will have to inquire into.

An hon. MEMBER: Oh yes, there is.

Mr. MACKENZIE KING: My hon. friend says, oh yes. The next thing this board will have to inquire into will be how far the policies of this and previous governments have affected conditions, prices and costs. The whole question of commercial crises, industrial depressions, panics and the like will have to be fully investigated. Every hon. member knows that these are factors entering into costs and prices, and the board will have to go fully into them. Up until the present time the world has been suffering from the direct and indirect effects of the great war. Costs and prices in all parts of the world are still being affected by what took place during the war, and the board will have to inquire fully into these factors because they constitute a part of the conditions and factors affecting costs and prices. Within a very short time the world hopes to have declared a moratorium with respect to international debts. Prices will be affected immediately and we assume that in some particulars cost will be affected as well. The board will have to inquire into these effects as being one of the conditions and one of the factors affecting prices and costs. There has been considerable discussion this session as to the extent to which currency affects prices, the effect of gold reserves, the quantity of silver produced and in circulation in comparison with gold. These matters also will have to be fully and accurately inquired into by the board if this section means anything at all. We know something of the effect of stock exchange panics and crises upon prices and costs; these things naturally will have to be gone into. The board will have to tell the

minister the extent to which crises on the stock exchange in New York have affected each particular commodity, whether it be fertilizer or something else. The laws and tariffs of other countries as well as our own have their effect upon prices and costs; so also has credit; everything which enters into the law of supply and demand must of necessity be a factor in connection with costs and prices; all this will have to be gone into very fully and carefully.

These are only a very few of the things which under these sections the board will be expected to inquire into. I ask hon. members if there is any sense in enacting this kind of a clause in a bill such as the present one. I come back to what I said to the Prime Minister a little while ago; I think it would be much more sensible under this clause to make a simple direct statement that the minister shall have the right to obtain information upon anything he wishes. The right hon. gentleman should not particularize in this absurd way which really makes this legislation wholly ridiculous.

One of the things which as I have just said affects prices and costs is the operation of the tariff. Here we see the injustice of the appointment by a government that entertains one view with respect to the tariff, of a board to make investigations into the effects of tariffs for possibly another government which may hold a directly opposite view. I do not think I need to enlarge upon what I have indicated. It should be sufficient to say that all this kind of thing is so much in the nature of, I was going to say, window dressing, but it is something very much worse than that, it is absolute deception so far as the public is concerned. No board in the world, no matter how competent it might be, could begin to make a report to a minister with respect to all the conditions and factors which enter into costs and into prices in connection with any commodity.

Paragraph agreed to on division.

Paragraph (f) agreed to on division.

On section 4, subsection 2—Inquiry by minister.

Mr. MACKENZIE KING: This subsection reads in part:

> and the inquiry into any such matter may include inquiry as to the effect which an increase or decrease of the existing rate of duty upon a given commodity might have upon industry or trade, and the extent to which the consumer is protected from exploitation.

This board is not as has already been said to be merely a fact finding board. Here again it is to draw inferences. By the subterfuge of this language it is in reality to be a price fixing board. It will indicate to the ministry of the day that a certain price is a fair price, that if it is maintained the consumer will be free from exploitation and as such it will be claimed that the price should be maintained. I repeat what I said the other day; that is going back to where we were when we had the Board of Commerce operating as a court to interpret the fair prices act. It was shown in actual practice that this board could not be of any service, and the legislation in addition was later on declared by the courts to be ultra vires.

Subsection agreed to.

On section 4, subsection 3—Inquiry into combinations which enhance prices.

Mr. MACKENZIE KING: This subsection reads:

> The board may be empowered by the Governor in Council to hold an inquiry under section fifteen of the customs tariff, in the same manner as the judge of the Exchequer court or any other judge therein referred to may be so empowered, and the said section shall include and apply to the board as if it were therein expressly named.

If an application is made to the government for an inquiry and if the applicant expresses a desire to have the investigation made by a judge under the Customs Tariff Act, will this subsection take away from the applicant the right which he now has of having his investigation made by a judge—the government having the power as an alternative to refer it to the customs board—or is it just an alternative power which will leave to the applicant the privilege of saying by which tribunal he wishes to have his investigation made?

Mr. BENNETT: Prior to the passing of the Combines Investigation Act, which was before the courts last year, there was in the customs tariff of the country the following provision:

> Whenever the governor in council deems it to be in the public interest to inquire into any conspiracy, combination, agreement or arrangement alleged to exist among manufacturers or dealers in any article of commerce to unduly promote the advantage of the manufacturers or dealers in such article at the expense of the consumers, the governor in council may commission or empower any judge of the supreme court, or of the Exchequer Court of Canada, or of any superior court or county court in Canada, to hold an inquiry in a summary way and report to the governor in council whether such conspiracy, combination, agreement or arrangement exists.

2. The judge may compel the attendance of witnesses and examine them under oath and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the governor in council for the purpose of such inquiry.

3. If the judge reports that such conspiracy, combination, agreement or arrangement exists in respect of such article, the governor in council may admit the article free of duty, or so reduce the duty thereon as to give to the public the benefit of reasonable competition in the article, if it appears to the governor in council that such disadvantage to the consumer is facilitated by the duties of customs imposed on a like article.

I think the origin of that was in 1907. This merely affords another judge to make the inquiry. It is not always convenient, as perhaps the right hon. gentleman knows, for judges of the exchequer court to hold such inquiries, and this would enable the governor in council to authorize this body to do so. I have no doubt, if the parties affected complained of this, a delay would follow that would enable a judge of the exchequer court to be named. That is the position so far as the statute is concerned, and in practice, as I have been told by the judges, their duties in the exchequer court are at the moment so onerous that some body should be created that would do this work. Judges of the supreme court are obviously not free for that purpose.

Mr. MACKENZIE KING: My right hon. friend has spoken only of the exchequer court. I believe the act mentions judges of the supreme court, the exchequer court, county courts and others. I can see wherein a body of consumers might have much more confidence in a supreme or county court judge who is wholly removed from any political considerations one way or the other, than in a board which my right hon. friend might appoint to deal exclusively with the tariff. What I want to make sure of is this: when the applicants ask for an investigation and directly advise the minister they would like to have that investigation before a county court judge or a judge of the exchequer court, will they be precluded in any way from having the investigation so conducted? Will the minister be free to swing the investigation into the other court he is here creating?

Mr. BENNETT: I am able to answer only with respect to the present administration. If a body of consumers asked that the inquiry be held before a judge of the exchequer court, superior court or county court, I would certainly advise His Excellency that an order be passed to give effect to their wishes in that regard.

Subsection 3 agreed to.

[Mr. Bennett.]

On section 4, subsection 4—Powers under Combines Investigation Act.

Mr. MACKENZIE KING: I desire to ask the Prime Minister the same question in regard to this subsection. If preference were expressed by those who believed they were adversely affected by a combine to have the investigation made under the provisions of the Combines Investigation Act, would the government be prepared to have the investigation made under that act, or would they take advantage of or claim the right under this particular subsection to insist on the investigation being made by the tariff board rather than by the officers named in the Combines Investigation Act?

Mr. BENNETT: As the right hon. gentleman remembers, no judicial powers are reposed in the investigators or the registrar, and if two or three matters are being conducted at the same time, it is quite an expensive process, as we have learned in this country, to name lawyers to conduct them. But if those concerned ask that a registrar or investigators other than the tariff board should hold the investigation, I can only repeat that so far as I could direct the order in council it would provide that the investigation should be held by either the registrar or an investigator.

Mr. MACKENZIE KING: To put the matter briefly, I understand from the replies of the Prime Minister that the intention of these two subsections 3 and 4 is not to take away from the applicants for inquiry any rights they may have at present under existing legislation?

Mr. BENNETT: No; it is merely to provide that in case of activity of judges and investigators, there is an alternative. If that alternative be objected to, it will not be used.

Subsection agreed to.

Subsection 5 agreed to.

On section 4, subsection 6—Inquiries to be summary, and reports made.

Mr. YOUNG: On this side of the house we hold that the person who is most concerned in what will likely happen before the tariff board and in the result of its findings is the common consumer, because whatever increases are made in the tariff will have to be paid by him. Not only will he have to pay the increased price of the goods, but where the object of the legislation is attained and goods are shut out of the country, the government will lose the revenue which they

are now deriving from duties and the common people will be asked to make that up under other forms of taxation. We therefore consider it important that the ordinary man on the street be allowed, not only to plead his case before this board, but at any time he likes to attend the sittings, listen to the proceedings and know what is going on. Therefore I have an amendment which is very moderate in its terms, and I hope the government will accept it. I move:

That subsection (6) of section 4 be amended by inserting after the words "manner" in the second line of such subsection the following words:
"and shall be open to the public."

Mr. BENNETT: This is a public court. As in all public courts the limitation imposed upon the publicity of the proceedings is the limitation imposed in the public interest. Courts sit in camera when dealing with certain matters; sometimes courts have to receive information that is mentioned in a measure such as this, and if the hon. gentleman will move that the subsection be amended to provide that inquiries under this section shall be conducted in a summary manner and shall be open to the public "except as hereinafter provided," I am quite content.

Mr. YOUNG: I can hardly accept that.

Mr. BENNETT: That is what I thought. The hon. gentleman did not want it.

Mr. YOUNG: We take the stand that those cases should not be heard in camera. When applicants come before this board asking for tariff concessions, they are seeking permission to put their hands into the pockets of the people of this country, and before that permission is granted they should be prepared to lay all their cards on the table and show adequate reason why their demand should be met.

Mr. BENNETT: Notwithstanding all the discussion that has taken place, the hon. member for Weyburn still talks of someone asking for something in this court. That is not the situation. The reference is made by the minister, not the manufacturer, who is not a suppliant in this court, who is not the petitioner before this tribunal. That is what differentiates it from what has been done heretofore.

Mr. YOUNG: Do I understand that an applicant for increases in tariff will not appear before the board?

Mr. BENNETT: He is not making an application before the board.

An hon. MEMBER: He petitions to the minister.

Mr. BENNETT: It seems passing strange, after this bill has been read and reread, it should not be understood that the minister requests that an inquiry be made. That is the answer to the question.

Mr. RALSTON: Who petitions the minister?

Mr. BENNETT: There is no provision in the bill for that. The bill is clear in that regard; the leader of the opposition put the matter plainly. This is to inform the government, not in the way of recommendations or advice, but in answer to inquiries, specific answers to questions asked. I am not averse that the declaration should be made. As a matter of law that would be the case anyway. But there is a provision that certain information is confidential, and the court might not be an open court while that is being given. That is all. I say once more to the hon. gentleman: If he desires he can add after the words "in a summary manner," the words "and shall be open to the public except as hereinafter provided."

Mr. YOUNG: Will the right hon. gentleman explain exactly what that means?

Mr. BENNETT: It means it is open to the public except as hereinafter provided, which is a provision with respect to confidential information.

Mr. FACTOR: Which section is that?

Mr. BENNETT: Subsection 10 of section 5.

Mr. STEWART (Edmonton): I think the minister is over anxious about the necessity for secrecy of the hearings. Undoubtedly it might be necessary to regard as confidential trade secrets and, questions relating to patents and secret processes, but when an individual makes an application to the board, or the minister of his own accord asks for an investigation, the board must of necessity summon the individuals concerned in order to get the necessary information upon which to decide whether they will grant the application.

Mr. CAHAN: They have no power to grant.

Mr. STEWART (Edmonton): Perhaps that was the wrong expression. I will use my right hon. friend's own phrase—power to find the facts, which personally I do not think they will. But we will suppose that they are going to come as near as possible to find-

ing the facts. I cannot see why the hearing should be secret in any respect except the two I have mentioned. There may be trade secrets, patents and secret processes that it would not be desirable for a firm to expose to others engaged in the same line of business. As my right hon. friend has pointed out, the whole population of Canada are interested in these hearings because if the applications before the board for increases are granted, the consuming public is of necessity precluded from buying in open competition. I do not think it will tend to any good purpose to preclude the public from attending the hearings. Take the case of my right hon. friend's budget. The increases he has brought down are based upon information that for the most part is known only to the officers of his department. They have listened to the representations made and have read the briefs filed, and increases are brought down on the basis of those representations. Possibly the minister may have introduced some changes of his own personal knowledge, but I venture to say that they are not very numerous. The usual course is for representations to be made to the officers of the department, who in turn make representations to the minister, and the tariff changes are brought down on the strength of those representations. Parliament is not in possession of the information on which the increases are made, but undoubtedly the minister will inform the house why in his judgment the increases should be made. We have no access to that information, and until the information is before us we are in a measure dealing blindly with the subject. I maintain that it is not fair to the public or to parliament itself to have the hearings before the board of a similar character. We should have that information in our possession, and with the two exceptions I have mentioned I cannot conceive why any hearings should be other than public.

Mr. CAHAN: I would refer the hon. member to subsection 6 of section 4 which provides:

> Each report shall be accompanied by a copy of the evidence, if any, taken, and by a copy of all information obtained in connection with the inquiry.

Nothing could be more public than the presentation of that evidence and that information to the government and to parliament. The only limitation is in subsection 10 of section 5, which says:

> The evidence or information shall not be made public in such a manner as to be available for the use of any business competitor or rival of the person, firm or corporation, respectively.

The only limitation upon making public the evidence taken before the board and the information elicited by the board is that such evidence or information shall not be available for the use of any business competitor or rival of the person, firm or corporation. The provision is simply to protect the person who gives evidence from having that evidence made available in such a way as to enable his competitor or rival to destroy or injure his business.

Mr. RINFRET: Since the Secretary of State has joined in this debate I shall direct to him a question that has been in my mind while considering this section. The Secretary of State will remember that in his amendments to the Copyright Act, section 10 provides that a certain company controlling a large number of performing rights in musical productions must file a list of its prices, and if in the opinion of his department those prices are excessive, he may conduct an inquiry into such prices. Reading over this section, I think it allows the Secretary of State to direct such inquiry to be made by the tariff board. I put the question to my hon. friend whether that is his opinion. If I read the section aright, I have given a further example of how far the powers and duties of this board may go. I see no reason on reading this section why the Secretary of State would not be authorized to direct an inquiry into copyright to be made by the tariff board, and yet I think everybody will admit that it is going very far indeed to give the tariff board such extensive powers. Will the Secretary of State favour us with his opinion?

Mr. CAHAN: I have not been able to find in this bill any provision which would enable the government to refer the question of copyright, under section 10 of the new Copyright Act, to this board. If my hon. friend can point it out—

Mr. RINFRET: Do I understand the minister to say that he may authorize an inquiry by the tariff board into copyright matters?

Mr. CAHAN: I say that I do not remember any provision of any section or subsection of this act which would authorize the governor in council to refer to this board such issues as that which my hon. friend has suggested might arise under the recent amendments to the Copyright Act.

Mr. RINFRET: Let me explain. The Secretary of State may, under the Copyright Act amendments, authorize an inquiry under the Inquiries Act. Now, subsection 4 of section 4 of this bill provides that the governor

in council may empower the board to make any investigation or hold any inquiry authorized by the provisions of the Combines Investigation Act, or of a relative nature. I maintain that this practically means any inquiry at all that is more or less in the nature of an inquiry under the Combines Investigation Act. My point in rising was to show this committee by a further example how far the powers of this board may go. I submit that the board may investigate matters of copyright, and I do not think the Secretary of State, except by giving his opinion, has said anything to the committee to refute my argument.

Mr. CAHAN: It is impossible to argue with gentlemen who trust to their imaginations entirely for their facts. I cannot pursue a discussion of that extent or of that quality or character. Under the Copyright Act there is a provision that under the Inquiries Act an investigation may be held, but I do not think that it is within the intent of this act that the tariff board should be authorized to make such inquiries as those which might arise under the Copyright Act.

Mr. RINFRET: I do not think that it will, but I maintain that according to the strict interpretation of the bill it would have that power.

Mr. CAHAN: Just restrain your imagination and everything will be all right.

Mr. RINFRET: Subsection 4 of section 4 says very clearly that the board may hold any inquiry authorized by the provisions of the Combines Investigation Act, or of a relative nature. The provision in the Copyright Act amendment is very clear. If the minister considers that the performing right society is exercising a monopoly, or is a combine, he may authorize an inquiry. How does my hon. friend maintain that that is not covered by this clause? My point is that the bill is altogether too sweeping and extensive in practically every one of its sections. I maintain that by a strict interpretation of this bill the Secretary of State may order the tariff board to institute an inquiry into a matter as germane to tariff as copyright matters would be.

Mr. NEILL: I do not feel like joining in the condemnation of the Secretary of State, because the ex-Secretary of State has an imagination. I never saw anybody go very far who did not have some imagination.

If I heard the Secretary of State correctly I think he said that there was no need to press that the hearings be held in public, because a subsection provided that the report would be accompanied by a copy of the evidence, and that would be all the publicity anybody would need. Would he kindly tell me, not as a matter of imagination but to enlighten my ignorance, where in the bill there is provision for the report to be made public? I presume that the report would go either to the cabinet or to the Minister of Finance. That is not making it public in the sense that the public would wish, and in the sense of the amendment moved by the hon. member for Weyburn. Would some hon. member opposite kindly advise me on this point?

Mr. BENNETT: I would refer my hon. friend to section 6 of the bill.

Mr. MACKENZIE KING: I understand that the amendment before the committee at the moment is to insert after the words, "summary manner" the words "and shall be open to the public." The Prime Minister has indicated that if there were a further restriction which would safeguard cases in connection with which there should be secrecy he would not object to the insertion of the words, "and shall be open to the public." So that we may proceed a stage further; in view of the fact that later we may discuss the provision that certain matters should be heard in secret, may I ask my right hon. friend if the amendment I now have in my hand would be acceptable to him? I would move to insert after the words, "summary manner" the words "and in public, except as herein expressly otherwise provided." I think that would cover any exceptions my hon. friend has in mind and which the committee may agree to. When at a later time we come to a discussion of the section we may consider whether the words there appearing go too far or, from the point of view of my right hon. friend, do not go far enough. If that is acceptable to my right hon. friend I would hope that the hon. member for Weyburn would accept his amendment modified to this extent.

Mr. BENNETT: I think the suggestion of the right hon. gentleman meets the situation. If he desires we may let subsection 6 stand for the moment and proceed to the next section.

Mr. MACKENZIE KING: If the hon. member for Weyburn is willing to withdraw his amendment, and the committee would give unanimous consent, I should be pleased to move the amendment I have outlined.

The CHAIRMAN: With the consent of the committee the hon. member for Weyburn withdraws his amendment.

Mr. YOUNG: Yes.

Mr. MACKENZIE KING: I move in amendment

that after the words "summary manner" in line 13 the following words be inserted, "and in public, except as herein expressly otherwise provided."

Mr. CAHAN: I should like to reply to the question of the hon. member for Comox-Alberni. Section 6 of the bill states that within so many days the report must be laid before parliament.

Mr. BENNETT: Perhaps my right hon. friend realizes that his suggestion does not go quite far enough. Probably the words, "except as hereinafter or by any statute of parliament provided" would suffice, because there are statutes which in connection with the production of documents provide that they can be produced only under the subpoena of a court, and there is no power to act otherwise. I should think the situation would be met if the words were added, "except as hereinafter or by any statute of Canada expressly provided."

Mr. MACKENZIE KING: That wording would be satisfactory to me.

Mr. BENNETT: The words I have given are about the same as those suggested by my right hon. friend with only a slight addition. I had not thought of the necessity for mentioning the statutes until my attention was called to certain matters by the Minister of National Revenue.

The CHAIRMAN: Shall subsection 6 of section 4 stand?

Mr. BENNETT: It may stand for the moment.

Mr. BERTRAND: Mr. Chairman, before we reach—

The CHAIRMAN: Order.

Mr. MACKENZIE KING: The hon. member wishes to speak to this section of the bill.

The CHAIRMAN: It stands.

Mr. MACKENZIE KING: Yes, subsection 6 stands, but not the whole section.

The CHAIRMAN: Very well.

Mr. BERTRAND: Before we reach section 5 I wish to make an amendment which will be added as subsection 7 to section 4. As was brought to the attention of the house this afternoon by the hon. member for Kenora-Rainy River (Mr. Heenan) and later by the hon. member for Winnipeg North Centre (Mr. Woodsworth)—

Mr. BENNETT: I think section 4 is passed, is it not?

The CHAIRMAN: No, section 4 is not passed; subsection 6 stands, and the hon. member is now proposing a new subsection 7.

Mr. BERTRAND: Following what has been said by the hon. members for Kenora-Rainy River and Winnipeg North Centre hon. members on this side of the house claim that the labourers are not getting full protection. The Prime Minister said a few minutes ago that the manufacturing interests would not apply to the board, but the minister would request the board to make certain inquiries. I should like to know, however, what would prompt the Minister of Finance to request the board to make inquiries into different matters which would result in the raising or lowering of duties. The Prime Minister may be prompted by personal curiosity, or there may be some other motives in his mind. The public would know however that those manufacturing interests would ask for an upward revision, and owing to the fact that the policy of the Conservative party is one of protection to the industries of Canada it is to be expected that the requests made would be for upward revisions. In the amendment I shall now propose we seek to learn the capitalizations of companies and the salaries paid to presidents, directors and managers. By so doing we may be able to learn what part of the overhead goes into the production of the article, and thereby learn what parties are deriving the most benefit. Also, I think it is only fair that a clause should be inserted dealing with the rate of wages and the working hours. Further. I think it is very important that our workingmen should be assured freedom of association. In many cases the workmen are not allowed to become members of a labour union. This gives the manufacturers a decided advantage, because it enables them to impose their own terms on their employees. Therefore I desire to move this amendment:

That section 4 be amended by adding thereto the following subsection:

(7) Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate the capitalization of the company, and all salaries paid to the president, directors and managers, and the wages paid to their employees, the number of hours per day employees are required to work, and whether or not freedom of association is permitted the employees.

Mr. BENNETT: This, it is obvious, would not be in order, for the simple reason that there is no provision in this bill for applications to be made by manufacturers to the board, neither is there any suggestion that this will ever be done. But assuming that the amendment were put in order, it endeavours by detail to cover what is already covered in the bill itself, the power of inquiry conferred on the board with respect to capital and labour, using the words in the broad sense. And the operation of labour in connection with the matter inquired into as well as capitalization are already covered by the statute. So that any endeavour to specify these particulars would be a failure as against the general terms that are employed. We cannot accept any such suggestion.

Mr. ILSLEY: I suggest to the Prime Minister that certainly there will be applications. The applications may not be made to the board; they will be made to the government, though. Time after time such applications will be made, and that will be the reason for directing that their subject matter be investigated by the board. I suggest that the idea of the mover of the amendment is this, that when persons apply to the government for increases of tariff on their products they should be put in a little different position from other persons whose businesses are investigated for the purpose of obtaining information or for some such reason. That is to say, when petitioners come to the government asking for increases of duties on their products it should be obligatory upon the board to investigate certain specified matters.

Mr. BENNETT: That is already covered by the bill.

Mr. ILSLEY: I submit, Mr. Chairman, it is not covered by section 4. The minister may request the board to make investigations into certain matters, but if this section becomes law it would be necessary for the board, irrespective of any requests by the minister, to insist on finding out all about rates of wages, and conditions in the industry of the persons who want an increase in the tariff. I think there is a good reason for making distinction between such applicants and those whose businesses are merely investigated.

Mr. RALSTON: I want to emphasize that point too, because the right hon. Prime Minister has certainly, I think, brought to the attention of the committee a new phase when he says there will not be any applications. I think everybody visualizes a sort of trial at least between those who are applying for an increase in duty and those who are opposing it.

Mr. BENNETT: It may be a decrease.

Mr. RALSTON: We have not heard of very many applying for decreases. But let us take it that way—a consumer is coming to the government and asking that a certain duty be decreased. The government then requests the board to make an investigation. Surely the person who is applying to the government becomes an applicant before the tariff board and one of the parties to the action. My right hon. friend shakes his head.

Mr. BENNETT: That is not the way.

Mr. RALSTON: There can be no other way in which the investigation can be conducted. I want to assure my right hon. friend that the amount of work with which the pension appeal board and the pension tribunals are being crowded will be as nothing compared with the work which will be ahead of this tariff board, and they will not have time to hear applications submitted to them by the minister as of his own motion. There will be applications enough. There will be people coming asking for increases or decreases of duty, and there will be more than one party. I submit the only way in which you can have any semblance of a real investigation is by having someone interested in supplying information from his point of view and, on the other hand, having someone who is equally interested in opposing it because of the way he may be affected by the application being granted. That brings me back to the section which is standing for the moment, namely, the section which has to do with publicity. The very competitor of the man who is applying is most likely to be the one opposing the application. What is everybody's business is nobody's business. If you do not have an application, and do not have somebody opposing it from personal interest, you are not going to get very far in the way of an investigation. While it may be technically correct that there will be no applicant under the statute, there will be a very real applicant who will move the minister to make a request of this board, and that is the applicant to whom my hon. friend refers.

Progress reported.

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

Wednesday, July 8, 1931.

The house met at three o'clock.

STATUTE OF WESTMINSTER

MESSAGE FROM THE SENATE UNITING IN ADDRESS TO HIS MAJESTY THE KING

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed the following bill without any amendment:—

Bill No. 100, An Act to authorize the raising, by way of loan, of certain sums of money for the public service.

Also, A message informing this house that the Senate doth unite with the House of Commons in an address to His Most Excellent Majesty the King, praying that he may be graciously pleased to cause a message to be laid before the parliament of the United Kingdom, pursuant to certain declarations and resolutions made by the delegates of His Majesty's governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, at imperial conferences held at Westminster, in the years of Our Lord one thousand nine hundred and twenty-six and one thousand nine hundred and thirty, and pursuant to certain other resolutions made by the delegates of His Majesty's government in Canada and of the governments of all the provinces of Canada, at a dominion-provincial conference held at Ottawa, on the seventh and eighth days of April, in the year of Our Lord one thousand nine hundred and thirty-one, in the manner set forth in the said address thereto attached, and have filled in the blank space therein with the words "Senate and".

And also, A message informing this house that the Senate have passed an address to His Excellency the Governor General; praying that His Excellency may be pleased to transmit our joint address to His Most Excellent Majesty the King, relative to a measure to be submitted to the parliament of the United Kingdom, and more particularly set forth in the said joint address: and desiring the concurrence of the House of Commons in the address to His Excellency the Governor General hereto attached, and the filling in of the blank space therein with the words "and Commons".

[Mr. Ralston.]

To His Excellency Captain the Right Honourable the Earl of Bessborough, a member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, 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 Senate of Canada, in parliament assembled, beg leave to approach Your Excellency with our respectful request that Your Excellency will be pleased to transmit in such a way as to Your Excellency may seem fit our joint address to His Most Excellent Majetsy the King; praying that His Majesty may be graciously pleased to cause a measure to be laid before the parliament of the United Kingdom in the manner set forth in our joint address hereto attached.

MARINE AND FISHERIES

First report of the select standing committee on Marine and Fisheries—Mr. Ernst.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

FULL TIME HEALTH UNITS

Mr. SPENCER:

How many associations, national, provincial or local, have passed resolutions in favour of full time health units during the last five years, and notified the Department of Health or the Minister of Health of their action in this regard?

Mr. MacLAREN:

1928—One, Dominion Council of Health; 1929—two, Dominion Council of Health and Federated Women's Institutes of Canada; 1930—two, both Dominion Council of Health; 1931—three, Ontario Society for Crippled Children, Victorian Order of Nurses and Dominion Council of Health.

CENSUS ENUMERATORS—SKEENA

Mr. HANSON (Skeena):

1. How many census enumerators were appointed in the Skeena riding?
2. How many of these are returned soldiers?
3. How many boats have been chartered for census purposes in the Skeena riding?
4. What are the names of the boats, and how much is each boat paid per day?

Mr. STEVENS:

1. Fifty-seven.

2. Forty.

3. Seventeen.

4. The Alberta G and Northern Cross at thirty dollars per day; the Carrie, Dixie, Carmona, Taylor, Alice B, Newberry, H. Pelton, R. Pelton, Tillie C, Mella, Silverheels, at twenty-five dollars per day; the Edac, Polly Ann, Mollie and Mac Deane at twenty dollars per day.

ANIMAL CONTAGIOUS DISEASES ACT

Mr. LAURIN:

1. Has the government or any of its members received from the government of the province of Quebec, one or several requests asking for the establishment of reserve zones under the provisions of the Animal Contagious Diseases Act, Revised Statutes of Canada, 1927, in the counties of: (a) Jacques-Cartier; (b) Terrebonne; (c) Deux-Montagnes?

2. If so, when?

Mr. WEIR (Melfort):

1. Yes.

2. (a) Jacques Cartier, February 21, 1929, March 7, 1929, May 1, 1929; (b) Terrebonne, December, 12, 1930; (c) Deux-Montagnes, December, 12, 1930.

STEVESTON, B.C., SOUTH JETTY

Mr. REID:

1. What amounts have been paid up to the present time on the contract let for work on the south jetty, Steveston, Fraser river, British Columbia?

2. What are the names of the person or persons to whom the various cheques have been issued?

3. What is the date of completion called for on the contract let on the south jetty, Steveston, Fraser river, British Columbia?

Mr. STEWART (Leeds):

1 and 2. The whole work of the south jetty is under one single contract, with the W. R. Jaynes Company. The payments up to the present date have been $86,430, all paid to the said company.

3. February 6, 1932.

THE ACTING PRIME MINISTER

Mr. POULIOT:

1. From September 22, 1930, until the return of the Prime Minister, did the Acting Prime Minister stay all the time in Ottawa?

2. If not, at what dates was he absent from Ottawa?

Sir GEORGE PERLEY: Mr. Speaker, I do not keep a diary, but if my memory serves me correctly I was not absent from Ottawa for a single day during the time the Prime Minister was away from Ottawa last autumn. At the same time I wish to say that I do not consider this a proper question to ask, nor do I think the hon. member has a right to this information.

UNOPPOSED MOTIONS FOR PAPERS

DEPARTMENT OF IMMIGRATION INQUIRY

Mr. BROWN:

For a copy of the report made by Mr. W. R. Little, of the Department of Immigration, covering an inquiry held in Glasgow, Scotland, in April, 1930, with reference to complaints made by Mr. A. M. Graham.

RIVIERE DU LOUP STATION

Mr. POULIOT:

For a copy of all correspondence exchanged between: (a) the Right Hon. Prime Minister; (b) the Hon. Minister of Marine; (c) the Hon. Postmaster General; (d) the Hon. Solicitor General; (e) the Hon. Secretary of State; (f) the private secretary or assistant secretary of each one of them and Mr. C. E. Dubé, regarding the construction of a new railway station at Riviere du Loup, from June 1, to June 30, 1931.

For a copy of telegrams and letters from the Hon. Minister of Marine and his secretary to Mr. C. E. Dubé and Mr. Leo Berube, arranging an interview with them in Ottawa on October 6, 1930.

ST. CHARLES DE CAPLAN LIGHTKEEPER

Mr. DUFF (for Mr. Marcil):

For a copy of the evidence and report of Commissioner Sirois in the case of Raymond Arsenault, of St. Charles de Caplan, Quebec, lightkeeper, charged with political partisanship.

MOTIONS FOR PAPERS

AIR MAIL SERVICE

Mr. McINTOSH:

For a copy of all documents, correspondence, memoranda, letters, and telegrams, exchanged between the Prime Minister's office and the Post Office Department in connection with the cancellation or continuation of the daily mail service now enjoyed by the city of North Battleford on the northern loop of western Canada's air mail system.

Mr. BENNETT: Mr. Speaker, this motion cannot be complied with as it relates to inter-departmental correspondence and the conduct of government. Such memoranda are never brought down.

Mr. McINTOSH: I was asking only for information; there is nothing in this motion connected with the policy or conduct of government.

Mr. BENNETT: The papers will not be produced unless the house says so.

Mr. SPEAKER: Upon objection being made by the Prime Minister, the motion will be dropped.

Mr. McINTOSH: I did not drop the motion; I want to know where the house stands on it.

Mr. SPEAKER: Nevertheless, it will be dropped.

Motion dropped.

ENTRY OF WORKERS FROM THE UNITED STATES

Mr. ELLIOTT (for Mr. Heenan):

For a copy of all telegrams and correspondence between any department of the government or any member of the government, respecting the entrance into Canada of workers from the United States at Fort Francis, Ontario, since April 30, 1931.

Mr. BENNETT: Mr. Speaker, this is an improper motion as it asks for interdepartmental communications and communications between members of the government. Such productions have not heretofore been made. Unless the house changes its attitude with respect to matters of this kind, the production will not be made.

Mr. LAPOINTE: It is for the house to say.

Mr. BENNETT: That is what I said.

Mr. LAPOINTE: His Honour thinks that it should be dropped because the Prime Minister says so; that should be for the house to decide.

Mr. SPEAKER: In the absence of the hon. member moving the resolution, perhaps it had better stand.

Mr. BENNETT: I think not, Your Honour. This motion should be discharged at once and there should be no question about it. The action taken heretofore, and I trust it will always be the case, has been that interdepartmental communications are not brought down. Otherwise how could the government be conducted?

Mr. MACKENZIE KING: Mr. Speaker, with all due respect to the Prime Minister, I think primarily it is a matter of courtesy to allow the resolution to stand when the member in whose name it appears is absent. It is quite possible that the hon. member asking for these papers may have some point upon which he would like to have information, and which information could be obtained in a few minutes. I think the motion should be allowed to stand at least until the hon. member is in his seat.

Mr. BENNETT: I do not desire in any sense to be discourteous to any hon. member. Motions have been allowed to stand for days in order to accommodate the views of hon. members, but when a motion is one to which the house has never acceded I do not think it should be asked to allow the matter to stand. However, if the leader of the opposition asks that this motion stand, certainly it shall stand.

Mr. SPEAKER: In the absence of the hon. member moving the resolution, it shall stand.

Motion stands.

SHIPMENTS OF CATTLE

On the orders of the day:

Mr. THOMAS McMILLAN (South Huron): Mr. Speaker, the following is a Canadian Press despatch dated Toronto, July 6:

Ontario cattle will be shipped to England this year in larger numbers than ever before, according to Hon. T. L. Kennedy, provincial Minister of Agriculture. The decision of the Dominion government to allot a generous share of available shipping space to the province is responsible for the improved export outlook, he said.

Is it the intention of the Minister of Agriculture (Mr. Weir) to allot space as is indicated by this despatch, or has he any space to allot?

Hon. ROBERT WEIR (Minister of Agriculture): As far as I am aware, the government has nothing to do with the allotting of space.

CENSUS IN ROCK ISLAND

On the orders of the day:

Mr. C. B. HOWARD (Sherbrooke): I should like to ask a question of the Minister of Trade and Commerce. In Hansard of July 1, at page 3237, this question appears:

What is the name of the party who is taking the census in Rock Island, Quebec?

The answer was:

Mr. J. W. Downing.

The second question was:

Does he live in Canada or the United States?

I should like to ask why the Minister of Trade and Commerce did not say that he was living in the United States, was appointed by the present government and was taking the Canadian census.

Hon. H. H. STEVENS (Minister of Trade and Commerce): I thought it was desirable to give to my hon. friend as full information as I was able to give on the question. I am sorry if I have offended him by adding to the laconic answer of yes or no.

MINISTER TO UNITED STATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I have noticed in the press mention of the fact that Canada's Minister to the United States has been having an interview with the president. As a general rule the minister interviews the Secretary of State. Evidently this is a very special matter. Perhaps the Prime Minister would be kind enough, if he is in a position so to do, to inform the house with respect to the nature of the interview.

Right Hon. R. B. BENNETT (Prime Minister): I think the press further observed it was a call of courtesy and I have no further information to communicate to the house.

ST. LAWRENCE WATERWAY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): With respect to the development of the St. Lawrence waterway, will my right hon. friend, before the house prorogues, have any statement to make as to the progress of negotiations with the United States?

Right Hon. R. B. BENNETT (Prime Minister): It will be absolutely impossible for me to answer that question, but I should say not, so far as my present knowledge goes. If I have any statement to make, I shall communicate it to the house.

DEPARTMENT OF IMMIGRATION

On the orders of the day:

Mr. J. L. BROWN (Lisgar): I wish to refer to order No. 1 standing in my name under notices of motions for production of papers:

For a copy of the report made by Mr. W. R. Little, of the Department of Immigration, covering an inquiry held in Glasgow, Scotland, in April, 1930, with reference to complaints made by Mr. A. M. Graham.

It has been standing for a considerable length of time. I know there was some hesitation on the part of the Minister of Immigration to allow it to pass, but now that it has been passed by the house, may I ask him to expedite the return?

Right Hon. R. B. BENNETT (Prime Minister): I had intended to refer to it, but it was passed before I had an opportunity to rise to my feet. It relates to a matter in which Mr. Graham was dismissed from the service before the present government came into power. The minister had no personal knowledge of the matter until he looked up the papers. I have a memorandum indicating that part of these communications relates to purely inter-departmental matters in connection with the conduct of the department and one of its officers and the return will not contain anything that is of a privileged character or which in the mind of the minister it is not in the public interest to bring down. The return, therefore, may not cover all that the hon. gentleman wishes and at the time the motion passed I desired to make that reservation.

PRIVILEGE—MR. R. K. SMITH

On the orders of the day:

Mr. R. K. SMITH (Cumberland): On a question of privilege I wish to say that in yesterday's Ottawa Citizen, under the caption "Senators make protest about Wellington street," there appears the following:

Senator R. K. Smith, K.C., Cumberland, Nova Scotia, remarked: "But it is better not to take any chances," and here the matter dropped.

I desire to say, Mr. Speaker, that this report is inaccurate, in the sense that it is premature.

PRIVILEGE—MR. MANION

DISMISSAL OF CANADIAN NATIONAL RAILWAY EMPLOYEES AT JOLIETTE

On the orders of the day.

Hon. R. J. MANION (Minister of Railways and Canals): I rise to a question of privilege. May I say that in some sixteen sessions this is, I think, the second time I have done so. It is in regard to a number of statements, all wrong, made by the hon. member for Joliette (Mr. Ferland) in a political

speech delivered, I think, on July 1 in his constituency. For fear that I may be accused of mistranslating the hon. gentleman's remarks, I shall attempt in my halting way to read it first in French and then I shall read the translation. The French version is as follows:

Le dernier orateur est M. C.-E. Ferland, député au parlement fédéral. Après avoir dit qu'il était heureux de prendre part à cette assemblée, il parle du renvoi de 46 employés du C.N.R. "Je veux dire", dit-il, "aux ouvriers affectés par cette décision funeste du gouvernement conservateur de jeter sur le pavé quarante six employés, tous pères de famille—plusieurs d'entre eux avaient droit à un fonds de pension—qu'il y a là une injustice considérable."

"Dès le renvoi de ces citoyens, on m'a notifié au moyen d'un télégramme. Je me suis occupé de cette affaire immédiatement et je regrette aujourd'hui de dire que je blâme le ministre des Chemins de fer, l'honorable Dr R. J. Manion parce qu'il a refusé de recevoir une délégation d'ouvriers de Joliette qui voulaient aller le rencontrer à ce sujet. Une lettre dans mon bureau à Ottawa atteste ce que j'avance.

"Je suis content ce soir de rencontrer les ouvriers du C.N.R. et les autres pour les mettre au courant de ce refus du ministre conservateur."

This is the translation:

The last speaker is Mr. C. E. Ferland, federal member. After saying that he was glad to take part in this meeting, he spoke of the dismissal of forty-six Canadian National Railway employees. "I wish to say," he said, "to the labourers affected by this disastrous decision of the Conservative government, throwing forty-six employees on the pavement—

I suppose that means the street.

—all fathers of families—a few of them entitled to a pension—that there is a terrible injustice."

That is the first statement that is not correct, because the federal government has nothing whatever to do with the laying off of employees by the Canadian National Railways. The management of the railways handle entirely the matter of employment, the maintenance of the road and work such as that without consultation in any shape or form with the government of Canada. Then the hon. member says:

I was notified by telegram as soon as these employees were dismissed. I took the matter in hand immediately and regret to say that I blame the Minister of Railways, the Hon. Doctor R. J. Manion, because he refused to receive a delegation of the labourers of Joliette, who wanted to meet him in this connection. A letter in my office in Ottawa confirms this statement.

I am glad to meet to-night the Canadian National Railways employees and to let them know the refusal of the Conservative minister.

He says that I refused to receive a delegation of the labourers of Joliette. I was never asked either by the hon. member for Joliette or anybody else, to meet a delegation so I could not very well refuse. Secondly, he says that a letter in his office in Ottawa confirms his statement. That, of course, is just as far from the facts as the other statement was, I am going to read his letter to me and the house will see whether he asked me to receive a deputation. I shall read my reply to him and then I shall make one comment. This was written by my hon. friend on House of Commons paper under date of June 26:

Dear Mr. Manion:

You will please find enclosed a telegram which I received this morning from Mr. Hector Mainville of Joliette, regarding the Canadian National Railway's decision to lay off forty men out of sixty men now employed in car department at Joliette, Quebec.

This shows that my hon. friend knew as well as I do it was the management of the railways that laid off the men. The letter continues:

May I venture to say that the above decision is in violation of the terms of an existing contract which obliges the Canadian National Railways to maintain in permanence at Joliette (one of its divisional points), not less than fifty men in that car department, according to the interpretation of Canadian National Railway officials.

I wish you would kindly investigate and see that no unlawful act or injustice is done.

With my best regards, I remain, sir,

Yours truly,

Charles E. Ferland.

He did not ask me to meet a deputation of any kind. I replied acknowledging that letter, and I will read my letter in a moment. He accompanied this letter with a telegram which had been sent to him by Hector Mainville, from Joliette, reading as follows;

Charles E. Ferland, M.P.,
Ottawa.

Officially decided by Canadian National officials that effective July first forty men out of sixty will be laid off in car department whereas at other points in this district reduction only amounts from ten to twenty per cent. Conditions most disastrous and delegation wants to meet you at your office soon as possible.

Hector Mainville.

In other words, they asked to meet Mr. Ferland. Mr. Ferland sends me a copy of this telegram, which speaks of a delegation wanting to meet him. My reply to Mr. Ferland was as follows:

Ottawa, June 29, 1931.

Dear Mr. Ferland,—

I have received your communication of the 26th instant, and will pass it on to the railway management for their consideration, as the matter is one entirely in the hands of the

officials. You will, therefore, appreciate that the deputation should see the management and that there would really be no use in their coming to Ottawa.

To see Mr. Ferland, as the telegram said. I was not asked to meet any deputation. The ex-Minister of Justice (Mr. Lapointe) smiles, but so far as my statement is concerned, it is absolutely in accordance with the facts. I was not asked to see a deputation. Mr. Mainville asked to see Mr. Ferland, with a deputation and I told them that the best thing to do was to see the management. To show my good faith in the matter, I might mention that I wrote to Sir Henry Thornton, enclosing Mr. Ferland's protest and a copy of the telegram. I have brought this matter up, Mr. Speaker, because the hon. gentleman has been in the habit—this is not the first time—of making such mis-statements. I think there is decency and honesty in public life that should be respected even by that hon. gentleman.

Mr. MERCIER (St. Henri): The Minister has quoted from a newspaper. He did not mention the name of that paper or the date.

Mr. MANION: I beg the house's pardon. I overlooked that. I was quoting from L'Etoile Du Nord, of Thursday, July 2, 1931.

Mr. MERCIER (St. Henri): Where is that paper published?

Mr. MANION: It is published in Joliette. It contains a regular report of the meeting. I am informed that it is a Liberal paper. However, I do not know about that.

QUEBEC LEADER OF OPPOSITION

STATEMENTS REPORTED TO HAVE BEEN MADE AT PUBLIC MEETING

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): I would like to remind the right hon. leader of the government of a question that I put to him on Thursday, the 2nd of July, which appears at page 3298 of Hansard. I quoted the report of a statement of Mr. Houde, the leader of the opposition in Quebec, and asked if the federal government was involved in the promises which Mr. Houde had made. Mr. Houde promised, first, that he would see that the federal government gave a premium to encourage the production of butter and cheese, and secondly, that it would reduce the rate of interest to the farmers. I would like to have from the right hon. gentleman an answer, yes or no.

Right Hon. R. B. BENNETT (Prime Minister): I am sorry that the hon. gentleman can hardly get a yes or no answer to that question, because it is something like the interrogatory addressed to the new candidate, "Had he given up beating his wife," to which an answer, yes or no, was wanted. My hon. friend's question is in the same category. I do offer him my apologies for not having answered the question on the succeeding Monday, because I promised that I would look at what he said in Hansard. I understood the newspaper report to indicate what Mr. Houde had suggested with respect to the functions and duties of the federal government. I did not understand him to say that he had any promise from the federal government that it would do thus and so, or that the federal government had indicated that it would do thus and so, but that he indicated that in his judgment the federal government, whether Liberal or Conservative, should do thus and so, and he expressed his views as vigorously as he usually does on questions of that kind.

Mr. DUPUIS: I would like to have some further explanation from the right hon. gentleman. The leader of the opposition in Quebec said: I will propose that the federal government do these things.

Mr. SPEAKER: Order. The hon. member has asked his question, and it has been answered.

Mr. DUPUIS: I am not satisfied. I want to know from the Prime Minister what the federal government will say.

Mr. SPEAKER: Order. The hon. gentleman has had his answer.

INQUIRY FOR RETURN

ST. MARY'S ROAD, P.E.I.—POSTMISTRESS

On the orders of the day:

Mr. A. E. MacLEAN (Prince): An order of the house was passed on June 1, relating to the Post Office Department. The return has not yet been brought down, and I would ask that it be expedited.

Hon. ARTHUR SAUVE (Postmaster General): I am making inquiry into the matter, and the return will be brought down during the week.

TARIFF BOARD

PROVISION FOR APPOINTMENT, POWERS, DUTIES AND SALARIES

The house resumed from Tuesday, July 7, consideration in committee of Bill No. 47, to provide for the appointment of a tariff board —Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

On section 4—Duties of board.

Mr. BENNETT: I think, Mr. Chairman, that we were dealing with subsection 6, and the leader of the opposition had suggested an amendment. We have put it in the form that I am submitting to you, and if that is satisfactory to the right hon. gentleman, and he will move it, we will accept it.

Mr. MACKENZIE KING: I move the amendment which has been placed in your hands, Mr. Chairman.

The CHAIRMAN: Mr. Mackenzie King moves to amend subsection 6 of section 4, by inserting after the word "manner" in the second line thereof the following:

in public except as otherwise expressly provided in this or any other act of parliament of Canada.

Amendment agreed to.

Mr. RALSTON: When the committee rose, it had before it also an amendment moved by the hon. member for Prescott, and I was directing the Prime Minister's attention to the objection he had made and to the statement of the Prime Minister to the effect that there would be no applicants in connection with proceedings before this board. I made a statement as to what I thought the procedure would be, which appears at page 3503 of Hansard, as follows:

A consumer is coming to the government and asking that a certain duty be decreased. The government then requests the board to make an investigation. Surely the person who is applying to the government becomes an applicant before the tariff board and one of the parties to the action. My right hon. friend shakes his head.

Mr. Bennett: That is not the way.

I want to ask my right hon. friend just what is the policy which will govern the minister in exercising the power which he has under this act to request an inquiry by the board.

Mr. BENNETT: In the exercise of that discretion he proceeds according to the provisions of the statute.

Mr. RALSTON: The provisions of the statute are that the minister makes a request, and I am trying to learn from him what policy will govern. I am afraid however that I have not been very successful. May I ask this question: Will the Prime Minister give the committee an undertaking that before a change is made either to decrease or to increase duties, he will refer the matter to the board which is now being set up as an important adjunct to the administration of the tariff?

Mr. BENNETT: The minister will not.

Mr. RALSTON: Thank you very much.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Does section 4 carry? Carried on division.

Mr. MACKENZIE KING: Oh, just a minute; there is an amendment.

Mr. BENNETT: The statement was made that an amendment would be moved.

Mr. MACKENZIE KING: As a matter of fact I think there was an amendment before the house last night before we adjourned.

Mr. BENNETT: Yes; the hon. member for Prescott (Mr. Bertrand) said he was not going to move the amendment in the absence of the hon. member for Kenora-Rainy River (Mr. Heenan), and he was permitted to proceed because we were dealing with subsection 6 of section 4. His proposed amendment was to have been subsection 7 of that section.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The proposed amendment was to have been a new clause.

Mr. BENNETT: And it was not a proper amendment.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The proposed additional clause is as follows:

Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate the capitalization of the company, and all salaries paid to the president, directors and managers and the wages paid to their employees, the number of hours per day employees are required to work, and whether or not freedom of association is permitted the employees.

Mr. BENNETT: I took the view, Mr. Chairman, that that section was out of order. Certainly the proposed additional clause No. 7 does not constitute an intelligent amendment because it is based upon the assumption that a manufacturer or someone on his behalf is making application to the board. The very section to which attention is now directed is the negation of that idea. In addition to that I have pointed out

that the previous clauses of section 4 deal with the very matter to which the hon. member for Prescott directed attention. I do not think there could be two clauses in the same section dealing with a similar matter, and the committee has already passed the sections dealing with this matter.

Mr. MACKENZIE KING: What section has dealt with it?

Mr. VENIOT: The amendment does not say, "application to the board."

Mr. BENNETT: Yes.

Mr. VENIOT: No, it says that when application is made the board shall investigate.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The amendment states:

Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate . . . .

The Prime Minister has risen to a point of order; does any hon. member wish to discuss that point before a ruling is given?

Mr. VENIOT: Yes, that is what I am on my feet for. The amendment reads as follows:

Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate . . . .

It does not say that the application is made to the board. If per chance application is made, according to the interpretation we have heard from the Prime Minister the application if any must be made not to the board but to the minister. According to the proposed amendment the application can be made to the minister and when so made the board shall be instructed to investigate. I do not see how the amendment is out of order; in my view it is all right. The minister may instruct either for or against. Supposing an application is made to the—

Mr. BENNETT: Supposing an application is made to the mayor of Ottawa.

Mr. VENIOT: That is nonsense. I am surprised that the Prime Minister has advanced such a point as that. We are dealing with a tariff board and a minister and we are not dealing with the mayor of Ottawa or any other mayor. Again, an amendment of this sort cannot be out of order unless it destroys the original section, and in this particular case there is no attempt at such destruction. The proposed amendment merely adds to the original. Reading it I find that it does not say the application shall be to the board, and therefore I claim it is not out of order.

Mr. CAHAN: The clear implication of the proposed subsection is that the application shall be made to the board.

Mr. VENIOT: No it does not say that.

Mr. CAHAN: It deals entirely with the board, and states that when application is made the board shall investigate. There is no suggestion that the application is to be made to the minister and that the minister shall be bound by a statutory obligation to refer it to the board for investigation.

Mr. VENIOT: From what is my hon. friend reading?

Mr. CAHAN: I am referring to the proposed amendment.

Mr. VENIOT: I would ask my hon. friend to read what it says.

Mr. CAHAN: It says:

Whenever application is made on behalf of a manufacturing company for higher duties the board shall investigate the capitalization of the company . . . .

And so on.

Mr. VENIOT: It does not say that the application is being made to the board.

Mr. CAHAN: But the whole implication is that it has to be made to the board.

Mr. VENIOT: Not at all.

Mr. CAHAN: There is nothing in this bill from A to Z or from first to last which provides for any application being made except through the minister. Hon. members opposite have been suggesting that in their view the proposed board should be a partisan committee to which application might be made directly by any person. However that is not the wording of the bill, and there is no such implication in the proposed bill as hon. gentlemen opposite have imagined. The suggested addition would allow any manufacturer to apply directly to the board, and that is contrary to the other provisions of the bill and inconsistent with it.

Mr. VENIOT: There is nothing in the bill to prevent applications being made either to the board or to the governor general in council, and in my opinion that is where it is weak.

Mr. CAHAN: The only provision in the bill for third parties to approach the board is contained in subsection 2 of section 5 wherein it is stated:

The board shall give reasonable opportunity to persons who may not have been summoned, to appear before them and give evidence upon oath or solemn affirmation as aforesaid, on any matter relevant to an inquiry then being held by the board.

Mr. VENIOT: Only when the matter is referred by the minister to the board.

Mr. CAHAN: Quite so. And the clear understanding with respect to this proposed bill is that with respect to tariff inquiries the reference must be made to the board by the minister. Unless it is so made, with a request for the board to make certain findings, the matter does not come before the board.

Mr. MACKENZIE KING: May I ask my right hon. friend whether this would be the proper wording of a clause which might be inserted in the bill.

Whenever application is made to the Minister of Finance or to any other minister of the crown on behalf of a manufacturing company for higher duties said application shall be referred by the minister to the board, and before any increase is made in the tariff the board shall investigate the capitalization of the company, and all salaries paid to the president, directors and managers, and the wages paid to their employees, the number of hours per day employees are required to work, and whether or not freedom of association is permitted the employees.

At the moment we are discussing the propriety of the insertion of a particular clause. I now ask the Secretary of State whether from the point of view of appropriateness the section I have read might properly fit in as an additional subsection to section 4.

The CHAIRMAN (Mr. Hanson, York-Sunbury): I suggest to the leader of the opposition that at the moment he is not in order. We are discussing a point of order raised by the Prime Minister which will have to be disposed of one way or the other. If the right hon. gentleman wishes however he is free to move an amendment.

Mr. MACKENZIE KING: What is the point of order?

The CHAIRMAN (Mr. Hanson, York-Sunbury): The point of order raised by the Prime Minister is that the proposed amendment for the reasons he has stated is not in order. We are now speaking to that point of order. I believe the hon. member for Kenora-Rainy River (Mr. Heenan) wishes to address the committee.

[Mr. Veniot.]

Mr. HEENAN: I was going to suggest, Mr. Chairman, to the Minister of Finance practically what the right hon. leader of the opposition has already suggested. If the principle of this amendment can be accepted its phraseology can be put in such form as to satisfy all parties. The point we want—

The CHAIRMAN (Mr. Hanson, York-Sunbury): The hon. member is not speaking to the point of order. We will have to dispose of that before we discuss the principle involved.

Mr. HEENAN: The phraseology I copied from the amendment introduced in 1912 by the then Minister of Finance, Mr. White, afterwards Sir Thomas White. As the Minister of Finance has said, all questions need not be submitted to the board—

Mr. BENNETT: Not all questions; all applications.

Mr. HEENAN: —but the finance minister might use his own discretion in the matter. The object of the amendment, however, is to make it mandatory that all applications should be investigated and reported on where increases are involved. If the Prime Minister will accept that principle now I shall be satisfied, and I think I can speak on behalf of the hon. gentleman (Mr. Bertrand) who kindly moved the amendment for me last night, in my absence. I am satisfied to have the amendment drafted to meet the wishes of all parties.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Is the amendment dropped?

Mr. BENNETT: One minute, Mr. Chairman. The hon. member for Hants-Kings (Mr. Ilsley) in his speech on the introduction of this bill made some reference to the provisions of the bill introduced in 1912 by the then Minister of Finance, Mr. White, now Sir Thomas White. He is quite right in saying that a considerable number of these sections follow the provisions of that bill as it was ultimately amended. You, Mr. Chairman, will observe that in section 4, paragraph (c) the very point to which attention is now directed by the amendment is covered:

(c) the cost, efficiency and conditions of labour, including health of employees, in Canada and elsewhere;

That is, the whole question of wages, of association, of freedom of association, of everything that touches labour and efficiency and costs and general conditions, is to be dealt with by the board. In addition to that

there is the factor dealing with the question of capitalization, the question of dividends and matters of that kind—all conditions and factors which affect or enter into the cost of production or the price to consumers in Canada. I may add that those paragraphs in that section were amplified to make it clear that the point that the hon. member for Kenora-Rainy River (Mr. Heenan) now endeavours to meet should be met and provided for. I think I mentioned that once before in this house.

Mr. ILSLEY: The Prime Minister is quite right, he did mention it, but he has consistently failed to deal with the point I made at the time, and that is that the investigation of those particular factors depends on whether the minister sees fit to request the board that they be investigated. The hon. member for Kenora-Rainy River says that this should not be left to the discretion of the minister, that when a manufacturing company applies to the government or to the Minister of Finance for an increase of duty on its product, and the minister sees fit to request the board to make an investigation in respect thereto, the board must, irrespective of any request by the minister, investigate certain matters, that is, wages, hours of labour, and conditions in the industry. In that respect the substance of the amendment is not dealt with before in the bill. It seems to me therefore that on the second branch the Prime Minister's point of order falls to the ground. There cannot be anything out of order in making imperative what is not made imperative in the bill elsewhere. The other point, that there will be no application to the board, has been spoken to by certain members, but the consideration that I put forward last night, and desire to put forward now, is that there will be thousands of applications; there will be an application in nearly every case whether the application be made to the government or to the Minister of Finance.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Does any other hon. member wish to speak to the point of order? If not, I rule that the proposed amendment is out of order as being inadmissible for these reasons stated in May at page 404:

> Amendments are out of order if they are irrelevant to the bill, or beyond the scope of the bill or of the clause under consideration;

On the latter ground I rule the amendment is out of order.

Mr. MACKENZIE KING: Then I wonder if this amendment would be in order, Mr. Chairman?

Mr. CAHAN: May I rise to a point of order, Mr. Chairman. We have not yet disposed of the two preceding subsections, and the right hon. gentleman is about to propose an amendment which will be subsection 7. Should we not dispose of the two already not disposed of?

Mr. BENNETT: I think they are disposed of.

Mr. CAHAN: I beg your pardon.

Mr. BENNETT: As I understand it, all the sections up to the end of the six subsections have been adopted, and it is quite competent to move an additional subsection.

Mr. MACKENZIE KING: Then I beg to move, Mr. Chairman, the following amendment:

> Whenever application is made to the Minister of Finance or to any other minister of the crown on behalf of a manufacturing company for higher duties, said application shall be referred by the minister to the board, and before any increase is made in the tariff the board shall investigate the capitalization of the company and all salaries paid to the president, directors and managers, and the wages paid to their employees, the number of hours per day employes are required to work, and whether or not freedom of association is permitted to the employees, and report thereon.

To make quite clear the significance of the amendment, may I point out that this places an obligation upon the Minister of Finance to refer to the board for investigation any applications for increases of the tariff before such increases are finally made, and the board will be expected to report upon the various matters mentioned in the clause which I have submitted. As I understand the bill, in connection with the section we are discussing, the Prime Minister has stated that whether or not any matter shall be investigated by the board depends on the Minister of Finance himself, that he will exercise his discretion in this respect. I think that is the Prime Minister's statement. Now this amendment limits the minister's discretion. It still allows him discretion with regard to the innumerable matters which may be referred to the board, but it does limit his discretion in one particular with respect to one class of applications, that is, applications for increases of tariff. The amendment proposes that before the duty is finally changed those applications shall be submitted by the finance minister to the board, and that the board shall investigate and report on such applications with respect to the several features mentioned in the proposed amendment.

Mr. ERNST: May I ask the right hon. gentleman this question: if that amendment

were passed, would it not mean that parliament would really delegate its power of taxation to the board in a manner against which the right hon. gentleman has been protesting for several days?

Mr. MACKENZIE KING: No, parliament would at most be reserving to itself the exercise of that right with respect only to increases in the tariff until it had from the board information on the subject necessary for its guidance in a matter of the kind.

Mr. ERNST: And could not impose taxation without that information?

Mr. MACKENZIE KING: This is against increased taxation. My hon. friend has got so much into the habit of protecting only the manufacturer that he forgets that the consumer may want a little protection as well. This amendment aims at protecting the consumer.

Mr. BENNETT: Whatever may have been said with respect to the first amendment may be said with equal force with respect to the amendment now suggested. I do think the right hon. gentleman has overlooked the fact, which I again direct to his attention, that the section adopted yesterday provides that the inquiries held by the board shall deal with the very problems to which he has directed attention. It has never been customary in a bill which imposes a discretion on a minister to endeavour at the same time to impose upon him an imperative duty. One is quite at variance with the other, and the very language used with respect to the amendment of the hon. member for Kenora-Rainy River applies with much more force to the present amendment, because this is at variance with the whole principle of the bill. It imposes in mandatory terms an obligation upon the minister which by the bill is left to discretion, and with this amendment the bill would be of no advantage. If the amendment were adopted the mandatory duty cast upon the minister would negative the use of his discretion in dealing with matters of this kind.

Mr. MACKENZIE KING: Then I understand that the principle of the measure is not to place upon the board any obligation to investigate anything other than what the minister himself places before it. That is the principle, is it not? Everything investigated by the board must be at the request of the minister?

Mr. BENNETT: Or the governor in council.

Mr. MACKENZIE KING: Yes, or the governor in council, and other parties, no matter whom they are, who make application for investigation will not be entitled to have their question inquired into by the board unless the minister in the first instance, or the governor in council, so instructs the board. That is the fact?

Mr. BENNETT: That is it.

Mr. MACKENZIE KING: Then, if that is the principle of the act, I admit that this amendment may not conform to that principle. I should like to move it, nevertheless, as a section which I think ought to be in the bill, and if the Prime Minister and his party wish to vote it down, well and good. I believe the public generally have assumed up to the present that a tariff board was being created in order that all parties might be heard before tariff increases were made; if that is not the object perhaps the best way to confirm it is not only to accept the Prime Minister's statement, which I am quite prepared to accept as the final word, but to allow his party as a whole to say they are not prepared to have this board investigate applications before increases of tariff are made.

The CHAIRMAN (Mr. Hanson, York-Sunbury): In view of the admission of the right hon. leader of the opposition there is nothing for me to do but declare the amendment out of order.

Mr. RALSTON: The right hon. leader of the opposition has intimated that his amendment is opposed to the principle of the bill as laid down by the right hon. Prime Minister, but I suggest that it is quite within the competence of this house to introduce other principles into the bill. The one principle is that a portion of the powers of the board may be exercised under the direction of the minister, but another portion of those powers may be exercised under a mandatory principle. I have in my hand the Tariff Board Act of Australia, where those two principles exist. In section 15 of the act of the Australian parliament we have the provision that the minister shall refer to the board for inquiry and report the following matters:

(a) the classification of goods under all tariff items which provide for classification under by-laws.

I will leave out sections (b) and (c), since they have to do with the Customs Act, but subsection (d) continues:

(d) The necessity for new, increased, or reduced duties, and the deferment of existing or proposed deferred duties.

That is the very thing the minister says he is not compelled to do, but he says he is to

have some sort of optional court, and when he decides to refer an application, that may be done. In Australia the provision is mandatory, and the Australian parliament has said the minister shall do so and so. Then I read section (h):

> Any complaint that a manufacturer is taking undue advantage of the protection afforded him by the tariff, and in particular in regard to his—
> (i) charging unnecessarily high prices for his goods; or
> (ii) acting in restraint of trade to the detriment of the public; or
> (iii) acting in a manner which results in unnecessarily high prices being charged to the consumer for his goods. . . .

All those matters are required to be referred to the board by the minister, and then follows these words:

> . . . . and shall not take any action in respect of any of those matters until he has received the report of the board.

The difference between that act and the proposed act before us now is that the minister says all these powers are to be exercised voluntarily, as he sees fit, and that therefore any such mandatory provision in the act is opposed to the principle of the measure. I almost understood you, Mr. Chairman, to have accepted that as a reason why this amendment should not be introduced. But let me point out that in the same section of the Australian act there is a further provision that the minister may—not shall, but may—refer to the board for inquiry and report certain matters which are optional with him, and I want to cite that to you, Mr. Chairman, as indicating that this amendment is perfectly in order. That is to say, it is quite within the power of any hon. member of this house to move an amendment which may provide that certain duties shall be exercised optionally while others are made compulsory. I point out the Australian act as supporting that contention, at the same time emphasizing the situation in which my right hon. friend finds himself. He has stated to the country that he is going to have a tariff board which will make all findings of fact with regard to these complicated matters, but now he says it is to be purely optional. He says, "When I see fit I may increase or reduce tariffs without any application to this board and with no finding whatever by the board, and in the odd case applications will be made to the board." I think it will be only the odd cases; I do not think he will have any trouble getting men for that board who will do all the work he will find for them to do. I submit that the amendment is perfectly in order.

Mr. CAHAN: I would suggest that it may be quite in order for hon. members opposite to introduce a bill to amend this tariff board bill after it has passed, but it is entirely out of order to introduce an amendment which is confessedly directly antagonistic to the principle embodied in this bill. I think there can be no doubt about that, and what is the suggestion of hon. members opposite? It is that in the future parliament cannot pass an act to increase the duty upon any commodity manufactured in this country unless there previously has been a reference to and a finding by the board. This infringes upon the discretion and power of parliament, and certainly should be voted down.

Mr. VENIOT: It is not a question of voting it down; it is a point of order.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Does any hon. member desire to speak on the point of order before I rule?

Mr. MACKENZIE KING: Yes, I should like to ask the committee if the principle of this bill is not to establish a tariff board, and also if the committee did not understand from the Prime Minister and all hon. members opposite that the purpose of this tariff board was to advise the government on tariff matters. If that is the case this amendment must be perfectly regular, because it refers to the principle of the establishment of a board to advise the government; it insures that the government will be advised before acting. Surely it is entirely regular.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The position is that the committee has already established a principle in paragraph (c) of subsection 1 of section 4 of the bill, and as I read the proposed amendment it is inconsistent with the conclusion already arrived at by the committee. Therefore I am obliged to rule—

Mr. MACKENZIE KING: Just before you rule, Mr. Chairman, may I say that what the committee has decided is that the minister himself may refer certain things to the board, and a number of matters are enumerated which may be referred for purposes of inquiry and report. We are not taking away that power from the minister; he has the fullest latitude, to refer to the board anything he wishes. We are asking that when an application is made for an increase in the tariff, in addition to the board having the power to inquire there shall be the obligation, which is quite proper.

Mr. BENNETT: And that no action shall be taken until the obligation is discharged, and therefore parliament is impotent. That is what it means; parliament is to cease functioning in that regard.

Mr. RALSTON: Not at all. It will not make any difference to my right hon. friend, but I am surprised that both he and the hon. Secretary of State should suggest that there cannot be introduced into a bill, the principle of which is the establishment of a tariff board, a compulsory feature which parliament thinks it wise to introduce. It might just as well be said that where power is given to the governor in council to make regulations on a certain subject, it is inconsistent for parliament to say that on any particular point they shall go only so far.

Mr. BENNETT: The hon. member should know his trawler regulations, of which the supreme court disposed.

Mr. RALSTON: We will have something to say about those regulations before this parliament is over, as I understand the government prefers to hide behind the court rather than to take action. It is at variance with any principle of legislation or of law to say that there cannot be introduced into a bill a clause making it compulsory for some officer to perform certain duties which parliament may want performed. The chairman is an eminent member of the bar and I submit to him that a ruling of that kind will not help in the conduct of the business of this parliament.

The CHAIRMAN (Mr. Hanson, York-Sunbury): In addition to the reasons I have given already, I refer hon. members to clause (c) of subsection 1. The question has been dealt with already and this is not the opportune time to introduce an amendment. I am supported in this contention by May and, therefore, I rule the amendment out of order.

Mr. MACKENZIE KING: May I ask if it will be an opportune time at some other stage of the bill to move such an amendment?

The CHAIRMAN (Mr. Hanson, York-Sunbury): There will be the third reading of the bill but it is not for me to say what the hon. gentleman should do.

Mr. MACKENZIE KING: As I understand, Mr. Chairman, you are limiting your ruling to the application of this particular amendment to this particular subsection.

The CHAIRMAN (Mr. Hanson, York-Sunbury): That is the result.

Mr. MACKENZIE KING: I was going to appeal from your ruling if it was to the effect that this amendment could not be moved at any point.

[Mr. Bennett.]

The CHAIRMAN (Mr. Hanson, York-Sunbury): It is not for me to say what the hon. gentleman should do.

Mr. MACKENZIE KING: As I understand the ruling, it is made in connection with the principle of the bill and this amendment will not be allowed to appear as part of section 4.

The CHAIRMAN (Mr. Hanson, York-Sunbury): I have given my ruling and it is not for me to advise what action the right hon. gentleman should take in the premises.

Mr. MACKENZIE KING: Do I understand that you, Mr. Chairman, have ruled that the amendment which I have moved is not in order?

The CHAIRMAN (Mr. Hanson, York-Sunbury): It is not in order for the two reasons which I have given.

Mr. MACKENZIE KING: I will appeal against that ruling.

The CHAIRMAN (Mr. Hanson, York-Sunbury): It is quite open to the right hon. gentleman to do that.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

On Bill No. 47 Mr. Mackenzie King moved the following amendment:

Whenever an application is made to the Minister of Finance or to any other minister of the crown on behalf of a manufacturing company for higher duties, said application shall be referred by the minister to the board, and before any increase is made in the tariff the board shall investigate the capitalization of the company and all salaries paid to the president, directors and managers, and the wages paid to their employees, the number of hours per day the employees are required to work and whether or not freedom of association is permitted to the employees, and report thereon.

This amendment the chairman ruled out of order for the following reasons: the amendment is beyond the scope of the clause under consideration and inconsistent with the decision of the committee on a previous subclause.

An appeal having been made from the decision of the chairman just read, the matter is referred to the Speaker.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),	Baribeau,
Anderson (Halton),	Barrette,
Arsenault,	Beaubier,
Arthurs,	Belec,
Baker,	Bell (Hamilton West),
Barber,	Bell (St. John-Albert),
	Bennett,

Beynon,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cantley,
Casselman,
Chaplin,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duguay,
Dupré,
Edwards,
Embury,
Ernst,
Fraser (Cariboo),
Gagnon,
Garland (Carleton),
Gobeil,
Guthrie,
Hanson (York-Sunbury),
Hay,
Johnstone,
Laflèche,
Larue,
Laurin,
LaVergne,
Loucks,
Macdonald (Kings),
Macdougall,
MacNicol,
McDade,
McGillis,
McLure,
Maloney,
Moore (Chateauguay-Huntingdon),
Morand,
Myers,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rhodes,
Rogers,
Ross,
Sauvé,
Senn,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spence,
Sproule,
Stanley,
Stewart (Leeds),
Stinson,
Stitt (Nelson),
Stitt (Selkirk),
Sullivan,
Sutherland,
Swanston,
Tétrault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wilson,
Wright.—92.

NAYS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Bothwell,
Bouchard,
Boucher,
Bourassa,
Brasset,
Brown,
Buckley,
Butcher,
Cardin,
Casgrain,
Coote,
Deslauriers,
Donnelly,
Dubois,
Duff,
Dumaine,
Dupuis,
Elliott,
Factor,
Ferland,
Fontaine,
Fraser (Northumberland, O.),
Garland (Bow River),
Girouard,
Goulet,
Hall,
Hanson (Skeena),
Heaps,
Howard,
Hurtubise,
Ilsley,
Irvine,
Kennedy (Peace River),
King, Mackenzie,
Lapointe,
Luchkovich,
Macphail, Miss,
McKenzie (Assiniboia),
McMillan (Huron South),
Mercier (St. Henri),
Motherwell,
Munn,
Neill,
Parent,
Ralston,
Reid,
Rhéaume,
Roberge,
Robitaille,
St-Père,
Sanderson,
Séguin,
Speakman,
Thauvette,
Totzke,
Vallance,
Veniot,
Weir (Macdonald),
Young.—62.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Bell (St. Antoine),
Black (Halifax),
Cahan,
Charters,
Cormier,
Dorion,
Duranleau,
Esling,
Ganong,
Geary,
Gordon,
Gott,
Hackett,
Harris,
Jones,
Kennedy (Winnipeg South Centre),
Lawson,
Lennox,
MacDonald (Cape Breton South),
MacLaren,
MacMillan (Saskatoon),
McGibbon,
Manion,
Matthews,
Mullins,
Murphy,
Nicholson,
Perley, Sir George,
Robinson,
Rowe,
Ryckman,
Ryerson,
Short,
Smoke,
Spankie,
Stevens,
Stirling,
Turnbull,
White (London),
Spotton,
Fortin,
Raymond,
Dubuc,
Rinfret,
Blair,
Denis,
Verville,
MacInnis,
Lucas,
Boulanger,
Mercier (Laurier),
Fournier,
Rutherford,
Perras,
Jacobs,
McLean (Prince),
McIntosh.

Gray,
Pouliot,
Urquhart,

Fiset, Sir Eugène,
Mackenzie (Vancouver Centre),
Power,
Euler,
Moore (Ontario),
Howden,
Stewart (Edmonton),
Bradette,
Marcil,
Desrochers,
Lacroix,
Chevrier,
Taylor,
Heenan,
Cayley,
Spencer,
Malcolm,
Hanbury,
McPhee,
Gershaw,
Hepburn,
Fafard.

Mr. MANION: I was paired with the hon. member for North Waterloo (Mr. Euler) Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. GANONG: I was paired with the hon. member for Bellechasse (Mr. Boulanger). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted, I would have voted that the Chairman's ruling be not sustained.

Mr. GOTT: I was paired with the hon. member for Kent (Ont.) (Mr. Rutherford). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. HACKETT: I was paired with the hon. member for Wright (Mr. Perras). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. HARRIS: I was paired with the hon member for Cartier (Mr. Jacobs). Had I voted, I would have voted that the Chairman's ruling be sustained.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted that the Chairman's ruling be not sustained.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted, I would have voted that the Chairman's ruling be sustained.

The committee resumed, Mr. Hanson (York-Sunbury) in the chair.

On section 4—Duties of board.

Mr. MACKENZIE KING: Mr. Chairman I have a subsection here which I think will be in order and which you will not find it necessary to rule against. I have been careful in drafting it, having in mind the principle which the minister has laid down that he himself must have discretionary power with respect to what is referred to the board. This amendment relates only to things that are referred under this section to the board. I move, Mr. Chairman:

That section 4 be amended by adding as subsection 7 thereof the following:

When an investigation is being made by the board under paragraphs (b) and (c) of this section, the board shall investigate the capitalization of the company, and all salaries paid to the president, directors and management, and the wages paid to their employees, and the number of hours per day employees are required to work, and whether or not freedom of association is permitted employees, and report thereon.

May I point out that paragraphs (b) and (c) deal with:

(b) the cost of production in Canada and elsewhere, and what increases or decreases in rates of duty are required to equalize differences in the cost of production;

(c) the cost of efficiency and conditions of labour, including health of employees, in Canada and elsewhere.

[Mr. Gott.]

Section 4 authorizes the minister to refer to the board for investigation any matter under these two paragraphs. My amendment obliges the board when such a matter is referred to them, but only when referred to them by the minister himself, to make inquiry into the subjects mentioned therein.

Mr. COOTE: On a question of privilege, may I say that some members at this end of the chamber were in a little difficulty as to how to vote on the question which was before the house a short time ago, because it was impossible to hear most of the argument at the other end of the chamber. We had to make up our minds on the point of order as best we could from the statement given by the chair. It would certainly be appreciated in this end of the house if debate on the bill at the other end of the chamber were carried on in a louder voice so that we could hear what is being said.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The question is on the amendment.

Mr. BENNETT: I think the house will agree that this is not an amendment that is in order. In the first instance, it limits the application of the amendment to paragraphs (b) and (c) whereas paragraph (e) is the controlling one with respect to matters of this kind. Paragraph (e) says:

All conditions and factors which affect or enter into the cost of production and the price to consumers in Canada.

And paragraph (f) reads:

generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries.

No overhead costs could be arrived at which did not take into consideration the salaries of the president, officers and directors. It therefore follows that this is but an attempt at the end of the section to amplify the terms of subsections which the house has already adopted, and which cover the principle proposed as clearly as language can express an intention. Why we should at the end of a section, after we have adopted the different paragraphs, endeavour to add to them something which is only an amplification of what they say, I cannot understand, and I think, Mr. Chairman, that it is out of order. But if not, we have already covered it by the paragraphs that have been adopted.

Mr. BOURASSA: I entirely sympathize with the objects in view in the amendment, but I am afraid that its phraseology may defeat its own object, because investigations as regards capitalization and the conditions of labour are much more generally covered

by paragraph (e) than by paragraphs (b) and (c). If the amendment of the leader of the opposition were adopted it would restrict the board in their investigations of capitalization of a company to such matters as are mentioned in paragraphs (b) and (c), and they could plead that parliament had not indicated the investigation of capitalization as one of the factors which enter into the cost of production. If we introduce a subclause which enacts that the board shall investigate the capitalization of a company only in such matters as are covered by paragraphs (b) and (c), inferentially we do not require the board to investigate capitalization in respect to the other matters mentioned in the other paragraphs.

Some hon. MEMBERS: No.

Mr. BOURASSA: I am afraid that that construction might be put upon it. At times it is very dangerous to make reference to special clauses when the intention is that a certain matter should be investigated in all cases.

Mr. MACKENZIE KING: I am obliged to my hon. friend for putting his question in the way he did, because I think both the Prime Minister and the hon. member for Labelle (Mr. Bourassa) can be answered at the same time.

Section 4 sets out that the minister may request the board to make inquiry into certain matters. Those matters are enumerated in paragraphs (a), (b), (c), (d), (e), (f). Paragraphs (e), and (f), cover everything on earth that I think the minister could conceive of as bearing on the subject, and therefore would cover what I have proposed in my amendment. I do not deem it necessary therefore to say anything about paragraphs (e) and (f). I wish the hon. member for Labelle to observe however that whether or not there will be any inquiry under paragraphs (e) and (f) rests entirely in the discretion of the minister. This is all preconditioned on the statement made by the Prime Minister that he alone, as Minister of Finance, will say what is to be referred to the board.

Mr. BENNETT: Or the governor in council.

Mr. MACKENZIE KING: If under paragraphs (e) and (f) the governor in council refers anything to the board that body will have to go into the matters named in my amendment. Therefore in my amendment there is no need to refer to paragraphs (e) and (f).

Paragraphs (e) and (f) however have nothing to do with paragraphs (b) and (c) because the Minister of Finance may never make any references under paragraphs (e) and (f) at all. I assume that most of the references which will be made by the minister will be under paragraph (b). He will ask the board under paragraph (b) to inquire into the cost of production in Canada and elsewhere and what increases or decreases in rates of duty are required to equalize differences in the cost of production. If the board is willing to make an investigation under paragraph (b) it may use its own discretion as to whether or not it will inquire into the salaries paid to managers or directors, or the allowances to presidents. The members of the board may not feel that the hours worked by employees is a question they should investigate. The purpose of the amendment is to make perfectly sure that when the board is reporting under subsection 6 with respect to increases or decreases in rates of duty they will have to take into account the matters to which I have referred in my amendment, and which are of importance to labour. Similarly if the board is called upon to report upon the conditions of labour, including the health of employees, and so on, one of the unodubted factors in a full inquiry would be these special matters to which I have referred, namely, the amount of the total output that is going into the payment of salaries to managers, directors and so on. All those factors would have a bearing on the cost of labour. Despite the fact that they would have a bearing, unless specific instructions were given to the board it would be within the power of that body to ignore altogether the factors I have mentioned.

The Prime Minister would have the committee believe that because paragraphs (b) and (c), if carried out in the strictest manner possible, would probably include the matters to which I have referred there is no necessity for telling the board what specific matters they must take into account. I contend that as paragraphs (b) and (c) now stand the board may use the same kind of discretion as to what it will or will not inquire into as the Prime Minister is exercising in connection with what he will refer to the board. I wish to make absolutely sure that when the board is called upon by the Prime Minister to report concerning the increases or decreases of rates of duty and concerning matters respecting costs of labour, and the like, they shall take these all important factors into consideration.

Mr. BENNETT: Nothing is to be gained by prolonging discussion upon a point of order, if we are to proceed in committee with

the bill now before us. As this amendment was in part, a few minutes ago voted down by the house and as the point of order has been discussed by the right hon. gentleman and myself I am content to withdraw the point of order and dispose of the amendment by a vote.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The question is on the amendment.

Mr. GARLAND (Bow River): I should like to ask the Prime Minister one question. I take it from the words of the leader of the opposition that in any matter that the Prime Minister as Minister of Finance, or his cabinet, may decide to refer to the tariff board when created, it will not be necessary to undertake investigation into subsections (a), (b), (c), (d), (e), and (f) together, but that a question may be referred for examination under one or more of the subsections, according to the wishes or will of the Prime Minister? Is that true?

Mr. BENNETT: I cannot anticipate the question which may be submitted, but obviously by the language of the bill discretion is given to the minister. An interpretation placed upon it by myself would not bind those who might afterwards administer the Department of Finance. As will be seen, a wide discretion is given, and one thing and one only is provided, namely, to enable every factor which enters into production costs of commodities in this country to be determined. The sections are specific with respect to labour conditions and costs of production, including salaries to presidents, managers, officers, directors and every other overhead which enters as a factor in determining production costs. The bill before us was drawn for that purpose and I believe effectuates that purpose. The amendment is brought forward merely to endeavour to place upon the record something which will seem to sound good but will actually contain nothing more than is now in the bill.

Mr. MACKENZIE KING: Speaking of sound, may I say with all due respect that there is no hon. member who likes more to hear his own voice than does my right hon. friend himself.

An hon. MEMBER: Four hours at a time.

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Order.

Mr. MACKENZIE KING: Hon. gentlemen opposite seem to be in hearty accord with my last statement. The section is drawn with a view to having the public believe that many matters will be investigated so as to protect the different elements to be considered, namely labour, capital, manufacturers, consumers and the like. As a matter of fact, as drafted and as interpreted to-day by the Prime Minister, the section is meaningless, if the Minister of Finance decides that he will not refer any particular subject to the board. The Prime Minister has made clear to-day that the principle of this bill is to give to the Minister discretion as to what he will refer to the board. There is to be no freedom of application to the board to have matters investigated by that body. Therefore everything in the section now before us is conditional upon the desire, the determination, the willingness and the request of the Minister of Finance of the day to refer matters to the board. That is bad enough, but if on top of that, after matters have been referred to the board, that body is free in its discretion to avoid inquiring into certain features affecting labour and consumers which would help to secure a true report on the situation, then the last fault is worse than the first. The purpose of my amendment is at least to make sure that when the minister has referred a certain matter to the board that body will have to take into account in solving the difficulty the various factors involved.

Mr. GARLAND (Bow River): I wish to ask this question: Under section 4 of the bill will it be possible for the Minister of Finance to refer to the board a question for inquiry under any one of the subsections, or any two or three of them, excluding the others?

Mr. BENNETT: The inquiry made at the request of the Minister of Finance will follow the language of the section.

> In respect of goods produced in or imported into Canada the board shall, under the direction of the minister make inquiry.

That means just what it says. I can add nothing more to it, nor can I take anything from it. I have not the slightest doubt in the world that we could sit here the rest of the day and part of the night and talk about questions concerning this, that and the other thing. The right hon. gentleman talks about the sound of his voice. Anybody who has taken four hours to make a speech must be tired of the sound of his own voice. But leaving that aside, the question put by the hon. member for Bow River (Mr. Garland) is answered by the section itself. The discretion of successive ministers of finance will doubtless determine the application of that section. I remember the late Mr. Robb,

standing in his place and answering a question as to whether a certain matter had been referred to the tariff advisory board, said, "No, it has been dealt with in the tariff." There are no findings extant of that board—and that was an advisory board! I suppose thousands of applications were received by the minister. At least he said that from time to time he had received a great many, and that some were referred to the board, some were not. That board sat thirty days one year, according to the last report; perhaps they may have sat for a greater number of days in other years. This is an endeavour to have the minister refer to the board such questions as he thinks should be investigated. He will exercise his discretion with respect to whether a question should be referred to the board. If it is referred to the board, it will be observed there is an obligation on the board to make inquiry. That is, the board shall at the request of the minister make inquiry, and the inquiry they make is indicated in those paragraphs, the sum total of it being contained in the last two:

(e) all conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada;

(f) generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries;

Mr. GARLAND (Bow River): I know the right hon. gentleman will forgive me for pursuing this matter. After all, I am only a layman and he is a lawyer, and he is interpreting language in a bill. It is frequently found that even lawyers cannot agree upon the interpretation of a bill, so I may be forgiven if I am not quite as clear as I ought to be in regard to this section. Do I understand the Prime Minister to say that in every case referred to the board for consideration the board will have to investigate into (a), (b), (c), (d), (e) and (f)—every one of them?

Mr. LAPOINTE: The answer is no.

Mr. GARLAND (Bow River): The answer can surely be made; it is simply yes or no.

Mr. BENNETT: The question of the interpretation of statutes rests with the judicial, not the executive body; but as I read that section:

In respect of goods produced in or imported into Canada the board shall at the request of the minister make inquiry as to—(a), (b), (c), (d), (e) and (f)—and report to the minister—

They have to make inquiry into all those matters that are mentioned in that subsection and report.

Mr. GARLAND (Bow River): Upon every one?

Mr. BENNETT: Certainly. It is provided later on how they may be able to make their report on evidence and on information. For instance, in one case evidence was submitted of the report of the League of Nations with respect to certain matters. Now, I assume from what the right hon. gentleman opposite said that the difficulty he was experiencing was this: the minister was going to exercise discretion in picking out or selecting these particular paragraphs of the subsection. If that is what the hon. member for Shelburne-Yarmouth (Mr. Ralston) understood, it is not the question we are dealing with at all. The question is as to the submission, not as to the duty cast upon the board, for the minister cannot curtail the duty of the board nor limit it. His duty is merely to request the board to inquire and report, and this section provides what that inquiry shall be. If that is the difficulty I shall endeavour at once to clear it up.

Mr. LAPOINTE: When the request is made the board will have to inquire into every one of the questions mentioned in the subsection?

Mr. BENNETT: Yes.

Mr. LAPOINTE: If that had been stated before it would have been better.

Mr. MACKENZIE KING: I think the Prime Minister's last statement makes the duty of the board perfectly absurd. If the Minister of Finance asks the board to inquire into the price and cost of raw materials, the board will have to report on:

All conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada.

It means that the board in the simple matter of an inquiry about the cost of raw materials and transportation will have, as I said last night, to take into account world conditions, such as the present depression, they will have to take into account panics, they will have to take into account the effect of stock exchange crashes, they will have to take into account the effect of the tariff laws of other countries and of this country, and the like. I do submit that my right hon. friend by his last remark simply makes the functions of the board perfectly ridiculous. As I said last night, no board on earth can make successfully an investigation into all conditions and factors that affect costs and prices. When the minister seeks to have it appear that if a reference is made to the board they will have to take into account all the matters mentioned in

paragraphs (a), (b), (c), (d), (e) and (f) even if the reference is only to one of the subjects named, he just makes the functions of the board appear absolutely ridiculous.

Mr. BENNETT: If it is ridiculous, why waste so much time opposing it?

Mr. MACKENZIE KING: We want to find out what it really means.

Mr. BENNETT: Last night he said he knew.

Amendment (Mr. Mackenzie King) negatived.

On section 5—subsection 1—Powers to summon witnesses, take evidence and produce documents.

Mr. BOTHWELL: Subsection 1 empowers the board to summon witnesses, take evidence and produce documents; subsection 2 provides that the board shall give reasonable opportunity for appearance to persons attending of their own volition to give evidence; subsection 5 provides that the board shall have the same power to enforce the attendance of witnesses and to compel them to give evidence as is vested in any court of record in civil cases. Is it the intention to allow witnesses who are compelled to attend to be represented by counsel if they are called upon to produce documents?

Mr. BENNETT: My hon. friend from Swift Current (Mr. Bothwell) is a member of the legal profession and he knows that no court permits a witness to be represented by counsel except in most extraordinary cases, and I see no reason why the rule of law should be departed from here. If a witness fears that he may incriminate himself he has the right to claim the benefit of the statute in that regard, and I assume that every court would see that he received that benefit.

Mr. BOTHWELL: In this case the board are given pretty wide powers; they are able to compel any witnesses to attend, and to give any information the board may desire; witnesses are also compelled to produce all documents, confidential and otherwise. A question may arise as to what are confidential documents, and surely in such a case the witness should be entitled to be represented by counsel.

Subsection 1 agreed to.

On section 5 subsection 2—Opportunity for appearance.

Mr. NEILL: I have a little amendment here, which I am quite sure you will not rule out of order, Mr. Chairman. Might I take the time of the committee for one minute to make a suggestion that I hope will expedite business—and goodness knows that is a praiseworthy ambition.

I want to congratulate you, sir, on the way you handled the points of order which were raised. You allowed the hon. member to state his point of order and the other hon. member concerned to state his conception of the matter. Then you invited any other hon. member who wished to say anything in connection with the point of order to state his views before giving your decision. I consider that to be the ideal practice; if it had been followed at all times during this session we would not have had the very large number of appeals we have had from rulings of the chairman. The chairman is inviting a member to appeal to the house when he says, "You are out of order. Sit down! If you do not like it you can appeal." In this case there was an appeal taken, but if your practice were followed it would leave hon. members with the feeling that they had been given a fair run for their money and a chance to state their point before the matter was decided. I say if that had been done by the Speaker and Deputy Speaker there would not have been the very numerous appeals which have been made this session.

After that piece of flattery, Mr. Chairman, I am quite sure you will not find fault with the amendment I am going to suggest, and in any case it is so appropriate that it cannot fail to bring with it its own welcome. I propose to insert after the word "aforesaid" in line 26 of subsection 2 the words "or examine witnesses". If the amendment is adopted the section then will read:

> The board shall give reasonable opportunity to persons who may not have been summoned, to appear before them and give evidence upon oath or solemn affirmation as aforesaid, or examine witnesses, on any matter relevant to an inquiry then being held by the board.

The right hon. Prime Minister was courteous enough, and I think showed sound judgment in doing so, to accept an amendment to the effect that these hearings should be held in what is called open court, and the amendment I propose is so absolutely ancillary to that and so dependent upon it that it follows as a natural consequence that this amendment should be accepted also.

We have this situation: We have a court of record, which, in my layman's ignorance, I understand ranks at least with a county court, if no higher. We are to have public hearings, in accordance with the usual court practice. We are to have witnesses called to give evidence under oath, and then sud-

idenly this procedure departs from that adopted in the ordinary court of record; there is no provision made for examining the witnesses. Can you conceive a man taking a case into court with the understanding that his witnesses shall not be examined? It may be said that this is different from an ordinary court, but these commissioners have been alluded to as exercising judicial functions and as being in the position of judges, and I accept that statement. Then surely the judges cannot cross-examine the witnesses; that would show partiality or bias to one side or the other. To use the language of the courts, we might say there is in court a plaintiff directly or indirectly seeking the endorsation of the tariff board in connection with his proposed tariff increase. The plaintiff is heard under oath; the witnesses for the plaintiff can be heard, but the defendant in the case, the unhappy public, the consumer who must pay the piper in the long run, is not to be heard at all. There is provision that he may come in and give evidence but he cannot cross-examine the other witnesses, which is the vital point.

I suggest, Mr. Chairman, that if this amendment is not accepted we might as well tear up the whole bill, because this will be only a one-sided court at the most. The pressure of public opinion is a very great thing, and if we are to have no publicity nine-tenths of the usefulness of this court will disappear. There will be no protection for the ordinary man in the street, to whom we refer so often as the consumer. We might as well go back to the old system, under which the representatives of the manufacturing interests met the minister in his office and told him any sort of story they wished to tell, leaving the minister to find out the truth as best he could. If we are not to have this provision in this bill we might as well let the minister continue as he has gone on in the past, aided perhaps by a committee of the cabinet and one or two technical men to get information on detailed points.

Why should there not be opportunity to examine witnesses? What objection can there be to this suggestion? If a man has a good case, I care not what court he is before, whether it is this parliament, the tariff board or some other court, he is not ashamed of anything he might be asked; he is anxious to present the whole truth and nothing but the truth to the men who are acting as judges or jurors. Take the case of two men charged with a major crime, say that of murder. The innocent man is only too willing to talk about his case to every person who will listen to him. He is not afraid to answer quickly because he knows he is telling the truth and he cannot be tripped up in connection with some previous answer. He is willing to go into the witness box himself, although it is not to his discredit if he does not do so. He is willing to tell all he knows, to tell it to everybody and at length. On the other hand, the man who knows he is guilty is not going into the witness box unless he cannot help it, and if he does give evidence he will be very careful of his answers. He will say to himself, "If I say this it may conflict with what I said before; I must be careful. I would rather not go into the witness box, and above all I would rather not be cross-examined." The innocent man knows he has a good case and is quite willing to tell his story and be cross-examined upon it, because he knows that the more he gets his facts before the court the better will be his chances of success.

I might quote one instance; I need not go into details, because I think I have already mentioned it in the house. A certain duly incorporated manufacturing company, which I believe was really more of a private company, came to the tariff board asking for an increase of tariff in connection with a certain product. I think the president, or vice-president, the accountant and one or two lawyers appeared to present the case of the company. I happened to be present; it concerned a product used by dairymen, and I took some interest in the application. The beginning, the end and a great deal of the middle of the argument of each gentleman was that the company had been in business so many years and had lost money consistently during the previous seven or eight years because of the lack of a proper tariff. That was the burden of their song; whenever they got stuck in some other argument they fell back on the statement that they were losing heavily and could not make both ends meet; they saw ruin, destitution and starvation before them because of the lack of the tariff they requested.

This went on for so long, and the argument was reiterated so often that at last it dawned even on my slow-acting intelligence that "the lady doth protest too much," and I asked to be allowed to secure from the gentlemen who were giving this evidence a copy of the balance sheet of the company for the last four or five years, in order to demonstrate just how much they had been losing and to see whether or not it was cumulative, because that was their argument. They said they lost so much in 1924 and so much in 1925 and the loss was getting bigger all the time. Remember, this was an incorporated company,

but the president said, "No, not on your life; I did not come down here to spread my balance sheets before all and sundry." But my request was upheld, and he was ordered to produce his balance sheets within the next thirty days, or before the next hearing. Some very trivial excuse was made as to why the sheets were not presented at the next hearing, and again I was given permission to get them before the following hearing, but before that time came I was informed that the gentleman had thrown up his hands and would rather be without any more tariff protection than produce his books, which would have conclusively proved his own case if his argument had been sound. I will admit that he was not under oath, but surely that was only a detail. How would the board have obtained information on which to give a fair and equitable decision if they were not furnished with those balance sheets, and how would they have obtained them if I or someone else had not been there to ask that they be produced? That is a fair although trivial illustration of the need of someone being allowed to go there and ask a few simple questions.

Mr. BENNETT: Did he not subsequently get a tariff?

Mr. NEILL: No. He tried his best but he said he would rather do without it than to produce his balance sheet. This was not a personal company, he was not asked to divulge trade secrets or anything of that kind, it was just his published balances.

I have put the case in the best way I can. Recently the Prime Minister emphasized and reiterated at some length the fact that this legislation is motivated by a sincere desire to constitute a board which will be in the best interests of the manufacturer, the workman and the consumer. Up to the present moment I have been inclined to accept that view although it may have needed a little stretching of that imagination to which the Secretary of State objects. I am willing to concede that up to this point the Prime Minister has been sincere and the legislation may do what he says it is intended to do, but should this amendment not be allowed I must change my viewpoint because I could not then see how it could be sincere or how it could be successful. It would be one-way justice; the scales of justice will be loaded down against the consumer and in favour of the man making the application. A man may be applying for an increased tariff or for a reduced tariff, but there is an opposite side to any tariff application. The man on the opposite side should be given an opportunity to examine the witnesses who appear and swear, so to speak, against him, or at least in opposition to his own views. I earnestly urge the Prime Minister to consider the acceptance of this very small amendment.

Mr. BENNETT: Mr. Chairman, I suppose it is quite apparent to you that the amendment is out of order despite the very flattering testimonials which have been given by the hon. member to your rulings. Having made these flattering remarks he is assuming that you will decide that the amendment is in order. This amendment is out of order because it relates to a section which has to do with witnesses only. This amendment would have the effect of allowing witnesses to examine other witnesses. Subsection 1 gives the power to summon witnesses and require them to give evidence and produce documents.

Mr. NEILL: The right hon. gentleman is dealing with the wrong subsection; I was referring to subsection 2.

Mr. BENNETT: Subsection 2 states that the board shall give reasonable opportunity to persons who may not have been summoned, to appear before them and give evidence upon oath—

Mr. NEILL: I was not referring to witnesses, I was referring to those who may not have been summoned.

Mr. BENNETT: I am referring to those who appear to give evidence.

Mr. NEILL: That is subsection 1.

Mr. BENNETT: Any person who appears to give evidence is a witness. He is either summoned by subpoena or he appears voluntarily. The first subsection deals with compulsory attendance by subpoena, while the second subsection refers to voluntary witnesses who appear and give evidence under oath. The next subsection deals with witnesses who need not attend outside of the province where they are served. The next subsection covers a point to which the hon. member has referred. We are now dealing with a person who appears as a solicitor, counsel or amicus curiae, a friend of the court. This matter is covered by subsection 12, which reads:

> The board shall hold its sessions and conduct its proceedings in such manner as may seem to it most convenient for the speedy and efficient discharge of its duties.

The previous sections declare that the board is a court, and this subsection provides that the board shall have the power of making regulations for the conduct of his business

Everyone is not to be allowed to jump up on the back seats and ask a question, there must be some measure of decorum observed in the conduct of the business of the tribunal. The provision in that regard is that the board shall make the rules for the conduct of its affairs. I have no doubt that those who may be interested will be given the fullest opportunity to cross-examine or deal with these matters, but that must be done under the regulations of the court itself. In respect to the inquiry which is now being held in this building it was determined in the first instance who were the interested parties, whether or not they should be represented by counsel, and otherwise. This subsection provides that the first duty of the board will be to make rules with respect to these matters and to prevent someone jumping up and saying he is going to ask a question of the witness. The first procedure is to know who are the appearances, to use the language of courts, who is to appear for the different parties. This amendment of the hon. gentleman deals solely with the question of witnesses and would have the effect of introducing a practice which cannot be accepted in any sense as having any relevancy to that particular section.

Mr. NEILL: I acknowledge that the government has the power to defeat this amendment if it chooses to do so, but I would prefer to see it voted down rather than to be sidetracked by the use of a point of order.

Mr. BENNETT: I am not raising a question beyond saying that it is not—

Mr. NEILL: The right hon. gentleman has suggested that I might find my remedy or recourse under subsection 12, but it would take an imagination beyond that which I possess to see in that subsection any provision of this character. The subsection reads:

> The board shall hold its sessions and conduct its proceedings in such manner as may seem to it most convenient for the speedy and efficient discharge of its duties.

The board might decide that the hearing of witnesses without their being cross-examined would lend itself to the speedy discharge of its duties.

Mr. BENNETT: "Speedy and efficient" are the words.

Mr. NEILL: There is a difference of opinion as to the meaning of the word "efficient", and that difference might apply in view of the pre-supposed opinions of the members of the board with regard to tariff matters. I remember a few years ago when sitting on the opposite side of the chamber that a matter somewhat similar to this came up on a bill in connection with soldier settlement. I rose in my place and asked the minister in charge of the bill if it meant such-and-so. I wanted an amendment included to express my ideas, but the minister replied that it was not necessary, that it certainly meant such-and-so. Six months afterwards the department wrote me and totally disavowed the views to which expression had been given in the house, and said that they were bound by the letter of the statute. Of course it was open to me to say that I remembered it to be such-and-so and give my own conception of what was meant by the statute but that did not prevail. However, going back to the word "witnesses" I really think the Prime Minister has a misconception of where this amendment should be included in the bill. He states that I am giving the power to witnesses to appear and to cross-examine other witnesses. Subsection 1 reads:

> The board shall have the power of summoning before them any witnesses, and of requiring them to give evidence on oath . . . .

Subsection 2, to which I have been referring, reads:

> The board shall give reasonable opportunity to persons who may not have been summoned, to appear before them—

Mr. BENNETT: Who may not have been summoned; it refers only to witnesses because they are the only ones who can be summoned.

Mr. NEILL: It applies to people who have not been summoned. You summon witnesses but you do not summon everyone else. That is my point. It applies to people who have not been summoned to appear before them.

Mr. BENNETT: And to give evidence.

Mr. NEILL: Not necessarily. The subsection reads:

> The board shall give reasonable opportunity to persons who may not have been summoned,—

Who are not going to be witnesses at the request of the court—

—to appear before them.

The subsection grants only one thing, the privilege to appear and give evidence under oath, but I am asking for the privilege of appearing at the inquiry to examine witnesses. A man has the power to give evidence, but I want him to be given the opportunity of cross-examining his opposing witnesses, so to speak. This is very important as far as the

consumer is concerned. With all due deference to the legal acumen of my right hon. friend, and allowing for my ignorance in the matter, I submit the point of order is not well taken.

The CHAIRMAN (Mr. Hanson, York): The question is on the amendment.

Mr. YOUNG: Mr. Chairman, the Prime Minister complained yesterday that we on this side of the chamber did not appear to be able to understand the obvious meaning of words. After listening to this debate for the last few days, I confess that I am in the dark as to exactly how proceedings will be carried on before this board. In order that the committee may have a clear understanding of this procedure, I would like to state to the Prime Minister a specific case and have him tell us exactly what would happen. Let us suppose that a manufacturer of steel plates makes an application to the minister for higher duties. The application will be accompanied by a brief in which they will set forth the reasons why they consider their application should be granted. They will state their investment, overhead, cost of raw material, wage costs, market conditions quantity of their product, quantity of imports and everything else that they conceive has any bearing on the question. The minister then, if I understand the matter aright, will submit that brief to the board and he will say to it: Get us all the facts in connection with the matter. The board will make an investigation and will report whether the facts as it finds them as outlined in the brief are correct or not as the case may be.

But there is another set of facts that should have a bearing on the case in so far as the government's decision is concerned, and that is how this decision, if rendered, will affect the consuming public. Those steel sheets that were mentioned are the raw material of the stove makers, the makers of kitchen utensils, of filing cabinets, of a hundred and one other things. Any change in the tariff consequent upon the advice given by the board in this matter will therefore affect the production costs of these other manufacturers. I want to ask the minister whether these other manufacturers, so affected, will be given notice that this case is coming up and an opportunity to appear either personally or by counsel; whether that counsel or whoever they send to represent them will be permitted to give evidence as to how this decision will affect their business, and also to examine the witnesses of those who are making the application. If the minister will answer that question specifically, perhaps I shall be able to understand how the board is going to proceed in such cases.

Mr. BENNETT: First, let us assume that the application is made and referred to the board with the relevant papers. Second, the board will be convened at a date to be named for the purpose of hearing the application. Third, witnesses such as might be required would be summoned, if necessary by subpoena, and directed, if necessary, to bring their papers—in other words, as we lawyers say, subpoena duces tecum. Fourth, reasonable opportunity will be given to persons not summoned, to appear and give evidence under oath. Five, the board would otherwise, I take it, in the conduct of the inquiry, comply with its rules and regulations as it promulgated them under the provisions of subsection 12 of section 5. At the opening of the inquiry, as I would expect it would be conducted, it would call for the appearances, and as the hon. gentleman said, if counsel appeared for the stove makers, in my judgment he would have an opportunity to cross-examine the witnesses that had appeared and given evidence in the earlier part of the inquiry as it proceeded. I can conceive of no rules being made that would not make some provision for that, and if hon. gentlemen believe they would feel easier in their minds if the government were charged with the responsibility, they may add to subsection 12 that the rules and regulations promulgated by the board shall be published in the Canada Gazette, so that there may be no question in regard to that.

Mr. FACTOR: If anybody appears voluntarily, will the board have power under subsection 2 to refuse to listen to their evidence? To take as an example the case mentioned by the hon. member for Weyburn, if counsel representing the stove makers appears, will the board have power to refuse to listen to his representations?

Mr. BENNETT: The hon. gentleman is confusing the question of representation made by counsel and evidence presented by witnesses. His first question was whether the board would have power to refuse to hear a witness that appeared. In my judgment, if a witness appeared and said: "I am here to give evidence in this inquiry," this is made to meet that very case. If counsel undertook to make statements without evidence, I assume the court would treat counsel exactly

as a court of record would do and say: Mr. So-and-so, please confine yourself to the evidence in the record. The hon. gentleman is familiar with the practice of courts in that regard.

Mr. YOUNG: I am not quite clear yet in regard to my question. If the stove makers in this case send a man to represent them before the board, will he be permitted to fulfil the dual function of giving evidence and examining witnesses?

Mr. BENNETT: The courts have universally held that except in very rare cases no man should be both witness and counsel. The reason is obvious, for the summing up involves the necessity of his referring to his own testimony. That has been wholly frowned upon by the courts of the country. I recall one case in which the court permitted counsel to go into the box and prove a fact that had to be proven merely as a formal matter, but where evidence touching the merits of a controversy is concerned, our courts have universally held that as a matter of sound practice and regard for the amenities between the court and members of the bar, no person should be witness and counsel at the same time. The case was very fully discussed on one occasion by the courts of the country. In a case before the Supreme Court of Canada on appeal from one of the provinces, counsel gave evidence as a witness, and was compelled during the argument to refer to the witness so-and-so and so-and-so. The court said that this was very unsound practice and I think practically no member of the profession in these days would suggest that it be followed.

Mr. NEILL: Would the converse be true, that a man could appear and represent any particular interest without giving evidence?

Mr. BENNETT: That is what I conceive will be covered by the rules and regulations governing the court. If it be thought desirable that rules so promulgated should be approved by the governor in council and appear in the Canada Gazette, I am wholly willing that an amendment to that effect be added.

Mr. YOUNG: When the Prime Minister speaks of representation by counsel, I should like to ask him whether representation is to be by counsel only or whether an agent could fulfil the duties. My experience in connection with the old tariff board was that frequently lawyers appeared before it whose understanding of the problems which were being inquired into was not as profound as that of laymen.

Mr. BENNETT: My conception of the duty of any court is when opening the inquiry and calling for appearances, to note the representatives that are present. It need not be a professional man who represents the parties my hon. friend has mentioned.

Mr. YOUNG: Thanks for that much.

Mr. NEILL: I thank the Prime Minister very much for his assurance. If he agrees with that, why not put it in the bill and make us happy?

Mr. BENNETT: Because I have seen it abused; that is the reason. I do think there must be some measure of decorum in the conducting of matters of this kind. It is wholly beside the question to have someone appear and claim the right to cross-examine and then to make statements, not under oath, which are not statements of fact, but which they ask to be accepted as facts.

Amendment (Mr. Neill) negatived, on division.

Subsections 3 to 6 inclusive, of section 5, agreed to.

On section 5, subsection 7—Powers of one member.

Mr. MACKENZIE KING: I should like to make it clear that one of the powers conferred upon the board is to determine what increases of duty are to be made in certain cases.

Mr. BENNETT: No.

Mr. MACKENZIE KING: I was abbreviating. Section 4 says:

> In respect of goods produced in or imported into Canada the board shall, under the direction of the minister, make inquiry as to—
> (b) the cost of production in Canada and elsewhere, and what increases or decreases in rates of duty are required to equalize differences in the cost of production.

I was assuming that the finding of the board with respect to what increases of duty were required would involve the drawing of an inference upon which the government would act. The point I wish to make clear is that one member of the board alone, under the subsection that we are now considering, will have all the powers that in section 4 are conferred upon the board. In other words, the government may be advised on these matters by just one member of the board who may take the investigation in hand. It is not a full board.

Mr. BENNETT: On more than one occasion it has been found desirable, in a country as large as this, that there should be

on the part of every member of a given tribunal the power to make inquiries. This subsection enables that power to be exercised by one member—the next subsection provides for two members having power to conduct inquiries in certain matters—the evidence being taken by one member of the board and not by all.

Mr. MACKENZIE KING: I understand the reason, that it may be desired to spread the members around a bit. But it comes down to this, that one individual exercises all the powers of this board for the purpose of the inquiry to be made under section 4.

Mr. BENNETT: For the purpose of the inquiry, but not for the purpose of the report.

Mr. MACKENZIE KING: The report is signed just as a matter of course.

Mr. BENNETT: No, they may agree or disagree. The report is by the full board.

Subsection 7 agreed to.

Subsection 8 agreed to.

On section 5, subsection 9.—Power to proceed on other than sworn evidence.

Mr. MACKENZIE KING: I think this is an extraordinary section. It simply means that members of the board may make a finding on anything they pick up anywhere in any way. That goes very far for a court. I have never heard of a court being able to pronounce judgment on information that it has gathered in the highways and by-ways, but that is exactly what is being done here. It says:

For the purposes of any inquiry under this act, the board may obtain information, which in their judgment is authentic—

They have only to believe it is authentic.

—otherwise than under the sanction of an oath or affirmation, and use and act upon such information.

All they have to do is to believe the information is authentic, and then they may use or act upon such information. With this subsection in the bill what is the good of the other subsections of section 5, which provide that evidence shall be taken under oath?

Mr. BENNETT: The Supreme Court of Canada, in the case of the Calgary and Edmonton Railway Company vs. McKinnon, a gentleman of the legal profession, decided that it was competent for a board of arbitrators to arrive at a conclusion of their own knowledge. Rightly or wrongly, the general rule has been that you must have regard, shall I say, to the common sense of individuals, and their sense of integrity and obligation. I have seen it happen that judges sometimes view the locus in quo for the purpose of ascertaining just how a machine may operate. They may hear the evidence with relation to it, and very often their own knowledge amplifies the evidence given. So that these words have acquired at least a general meaning. The League of Nations carries on very extensive inquiries, as I mentioned this afternoon. Evidence might be introduced with respect to that, but it is predicated upon the assumption that the board believes the information to be authentic. I recall thinking as the right hon. gentleman did, when that case went to the Supreme Court of Canada on appeal from the Supreme Court of Alberta. It did look a bit strange that after admitting that the evidence was very contradictory the arbitrators should of their own knowledge arrive at the conclusion that the land was worth so much. Mr. McKinnon appealed to the Supreme Court of Canada. Any student of the law will be able to find the judgment. The case was over fifteen years ago. I realize that this subsection is a broad one, but it is the only one that would authorize reputable men charged with a sense of their own responsibility and regard for their oath of office, and who cannot at all times secure evidence under oath with respect to matters of this kind, to act upon information which they believe to be authentic and to which full credence should be given.

Mr. RALSTON: My right hon. friend has cited the Calgary case.

Mr. BENNETT: The Calgary and Edmonton Railway.

Mr. RALSTON: I think he knows himself that it has not very much to do with what we are discussing.

Mr. BENNETT: It has everything to do with it.

Mr. RALSTON: I submit that it has not, as I shall show. My right hon. friend is talking of a decision of the Supreme Court of Canada, that arbitrators might act of their own knowledge. The point made here is that this board, which is a court of record and has power to compel the attendance of witnesses and to pay their fees, is not obliged to do that but may obtain from any source information which they believe to be authentic. They may ask somebody in the street, or take information from newspaper articles

or reports, so long as they believe it is authentic. I submit to my right hon. friend that is far from deciding that men may act on their own judgment, because every day the courts take judicial notice of matters within the knowledge of ordinary men. There are many matters in connection with which a complete knowledge of the facts and circumstances makes the taking of evidence unnecessary. That, however, is not what this section is for. It is not to authorize the board to act on their own knowledge; they have that power anyway. It authorizes them to act on the knowledge of somebody else without the solemnity of a oath. If the board so desires it has the right to issue subpoenas for the witnesses they wish to call. I am sure my right hon. friend has not given the true reason for this subsection.

Mr. BENNETT: I object to that statement, because I have given the true reason with respect to it.

Mr. RALSTON: I submit to my right hon. friend that if the subsection is placed in the bill for the purpose of allowing the board to exercise their own knowledge there is no need for it, because the Calgary case decides that such bodies may use their own knowledge. If on the other hand the board is to be enabled to obtain information elsewhere, then I submit such action would not be within the four corners of court procedure, with which my right hon. friend is so familiar. The subsection is entirely unnecessary, because through the powers given to the board by my right hon. friend, any man can be forced to come before the board, if it so wills, and give evidence with the solemnity of an oath. Why have a seal? Why have the board constituted as a board of record? Why have power to summon witnesses? Why have power to imprison? Why have all these powers if one member of the court may ask his friend, whom he regards as entirely reliable, a particular question and act on the information he receives in reply thereto?

Mr. BENNETT: But it would have to be reported to parliament.

Mr. RALSTON: I understand that. That is what this section does; unless the information is of a confidential character it has to be reported to parliament—and I shall deal with that feature in a moment. I submit that the section is entirely unnecessary if its purpose is to enable the board to act on their own knowledge. It is entirely foreign to the whole spirit of procedure, the functions and fundamentals of the tribunal, if it is for the purpose of enabling the board to act on information other than that taken under oath.

Mr. BENNETT: I have given my hon. friend an illustration, namely information required with respect to a foreign government. A communication is despatched to the proper officer and a reply is received. This section enables such a reply to be used because it is believed that such information is true, without the solemnity of an oath. Such provision is absolutely essential in the conduct of inquiries, and there has been a custom—not in courts, but in other bodies—to rely upon the authenticity of information supplied by the public departments of the government of Great Britain. Not every day, but frequently, we act upon information received from public departments in Great Britain and the other dominions. This information is not given under oath but is believed to be reliable and is acted upon. It will be observed that in section 6 there is provision that a copy of any evidence taken, and information obtained, except it be of a confidential nature, shall be laid before parliament by the minister. So it is incumbent upon the board to make a record of the information obtained. It will be observed in the reports of the tariff commission of the United States to which I directed attention that in two instances they gave illustrations of information thus obtained. This is to meet that situation.

Mr. RALSTON: If the provision is only to meet the situation of getting information from a foreign government, my right hon. friend should say so.

Mr. BENNETT: There are other cases.

Mr. RALSTON: He should not make the section world wide in character in order to get certain official information. As he knows, evidence of the actions of foreign governments and all official actions are taken judicial notice of by the courts through the solemnity of a seal and the certificate of a proper officer. I am sure he does not need this section for that.

Mr. BENNETT: This section goes beyond that.

Mr. NEILL: I suppose but for this section it would be necessary for the tariff board to bring before them the Minister of Trade and Commerce or the Minister of National Revenue to take an oath every time the board referred to annual statistics.

Mr. BENNETT: That might be so. My hon. friend has given what seems to be a very clear illustration.

Mr. MACKENZIE KING: May I point out that under this section the board may conduct its whole inquiry, make its report and act upon the information it secures, without taking any evidence under oath at all. Leaving out the words "otherwise than under the sanction of an oath or affirmation" the section would read:

> For the purposes of any inquiry under this act, the board may obtain information which in their judgment is authentic, and use and act upon such information.

That is all they need to do. Whoever is in charge may secure and act upon whatever information he wishes so long as he believes such information to be authentic.

Mr. ERNST: Does the right hon. gentleman seriously suggest any court would do that?

Mr. MACKENZIE KING: Whether any court would do it?

Mr. ERNST: Yes, would any court do that?

Mr. MACKENZIE KING: It is an utter absurdity to assume that economic phenomena can be dealt with in the same manner as that in which legal phenomena or questions of property and civil rights can be dealt with. It would be much better to simplify the terms of the bill by providing that the minister may obtain such information as he desires from any source in which he has confidence. That would be a guide to the minister. When he comes before parliament he has to take responsibility with respect to his presentations to parliament, and to my mind if that course were adopted the matter would be dealt with in a straightforward way. To go to the trouble to pass an act of parliament creating a court with all kinds of powers, dignities and the like, and insert in the bill a provision that the court may ignore all the powers so conferred upon it and act upon information it picks up on the highways and by-ways, seems to me to be ridiculous.

Mr. POULIOT: Some people have complained that there are too many oaths in courts of law. Subsection 1 of section 5 states that evidence may be given on oath or on solemn affirmation. I believe the experience of lawyers is that they have enough trouble to get the truth when witnesses are under oath. I doubt whether the truth could be had at all if witnesses gave evidence only on solemn affirmation. I do not see how an inquiry could be conducted seriously by asking questions of witnesses who are only on solemn affirmation and not on oath.

Mr. SPEAKMAN: I should like to ask the Prime Minister whether a case such as I shall outline would come under the provisions of subsection 9 and 10, which impose secrecy concerning confidential information. Assume the board has written to or requested the head of some firm to give a statement. The head of that firm has supplied the board with a letter or document containing certain trade secrets, and in asking for an increased tariff the firm has used arguments based upon such trade secrets. Could the board then take action based upon such a letter or document, which in its nature was confidential and could not be brought down before parliament, and of which no parties save the board and the interested manufacturer could possibly be cognizant? It seems to me that a provision which would permit of such a case would be very wide indeed. The conditions I have outlined are not at all inconceivable.

Mr. BENNETT: They are possible.

Mr. MACKENZIE KING: The Prime Minister says they are possible—I would say that in many case they are probable. Under this section the board may bring before it the president of a company. And if the president of a company does not wish to be placed on oath so that the examination can run all along the line with regard to any questions that may be asked, the board under this section can simply get such information from him as they desire and then act upon it. Under the next subsection they may take his evidence in secret and may act upon it. I said the other day that this court is a star chamber body, and I think that is amply borne out by these two sections. It can if it suits its purposes put certain persons under oath, but other persons it may exempt from testifying under oath, it may use such evidence and conduct its business in secret and act upon the information obtained in that way. I do not believe there was a court in the reign of Charles I that ever had wider powers than that.

Mr. CASGRAIN: That is Tory policy.

Mr. SPEAKMAN: The case that I mentioned is not merely a hypothetical case, it is one that is exceedingly probable, and I think it is such a case as should, if possible, be guarded against.

Subsection 9 carried on division.

On section 5, subsection 10—Confidential evidence or information not to be made public.

Mr. BENNETT: At the foot of the last line will be observed the words:

—to a penalty not exceeding $1,000 or to twelve months' imprisonment.

It is thought that the words "not more than" should be inserted before the words "to twelve months' imprisonment."

Mr. MACKENZIE KING: In that connection, Mr. Chairman, I should have added when speaking about this star chamber court that in addition to all that I have said, it has the power of fine and imprisonment. I think that is a perfectly ludicrous power to give to any court dealing with questions of this kind. Why do we need, with respect to questions affecting prices, powers of fine and imprisonment, especially where the body is an advisory body? I think it is going altogether too far so to trespass on the rights of the people in matters that affect their everyday lives—the prices at which they are to sell their commodities, the rates they are to get for wages, the cost of their living, taxation—all these things are involved, and the star chamber court is to have the right to fine and imprison persons from whom they think they are not getting all the information they ought to get and in the way they think they ought to get it. It seems to me it would be better to cut out fine and imprisonment and let the Prime Minister create a court that shall have power to investigate only. Let him go easy on the penalties.

Mr. BENNETT: This court has no such power. I am amazed that the right hon. gentleman should not at least do himself the credit of reading the words in this subsection.

Mr. MACKENZIE KING: I have read the subsection.

Mr. BENNETT: Why did he endeavour to mislead the committee? This court has no such power to fine or imprison.

Mr. RALSTON: Has not a court of record power to fine and imprison?

Mr. BENNETT: Not on summary conviction.

Mr. RALSTON: I am not talking about summary conviction. The test of a court of record is whether it has power to fine or imprison.

Mr. BENNETT: It has power to enforce law and order in the conduct of its proceedings.

Mr. RALSTON: Yes, and punish for contempt, which is by fine and imprisonment.

Mr. BENNETT: It may do either. But that is not the point. The hon. gentleman did not make that point.

Mr. RALSTON: I did.

Mr. BENNETT: The hon. member for Shelburne-Yarmouth is taking his usual course. He is endeavouring now to squirm out of something that somebody else has done instead of meeting the issue squarely. As I said, the right hon. leader of the opposition has not taken the trouble to read the subsection, because had he done so he would find that no such power is conferred.

Mr. MACKENZIE KING: I have read it fifty times.

Mr. BENNETT: The power of summary conviction is the power conferred upon magistrates under the criminal code, and when the right hon. gentleman suggests that this power should not be given, the extreme case that was put by the hon. member for Red Deer (Mr. Speakman) is itself some indication of the reason why. If trade secrets are to be given away, if a man's business is to be destroyed, it is hardly to be expected that there should not be some punishment given to the person who did it. I rather think the right hon. gentleman on mature consideration will acknowledge that his use of the words "star chamber" is hardly warranted, for this reason; that he himself and some of his friends suggest that this should be a public inquiry, and we have agreed that it should be so.

Mr. MACKENZIE KING: Subject to the further clauses.

Mr. BENNETT: Subject to the confidential clauses. But in a broad and general way a court that is a public court can hardly be termed a star chamber court—not very well. It was not the public quality of the star chamber which won for it that name. This is no more a star chamber court than the advisory tariff board was a star chamber court. Why is it there is such feeling about this legislation? One denunciation is that it is ridiculous. Well, if it is ridiculous, the responsibility rests with us. If it is useless, then why spend two or three days in opposing it? If it is harmless—as it is said to be—then why take all this time trying to prove that it is harmless? Time will demonstrate whether it is harmless or not. I have been very frank with the committee. I concede that very large powers are conferred, because very large responsibilities are being accepted, and very

large efforts towards a given end are being made. Every now and then I hear hon. gentlemen opposite say there is some sinister meaning behind this, and they ask what is meant by it. I can only say to the committee that this means exactly what it says. When the right hon. gentleman suggests, why don't we pass a few sections and say that is the end of it, I ask why did Australia elaborate its position?

Mr. MACKENZIE KING: My right hon. friend is not following Australia.

Mr. BENNETT: But why did Australia elaborate its position?

Mr. RALSTON: Because it was a question as to whether it should be voluntary or compulsory.

Mr. BENNETT: In India a statute was passed with respect to one commodity, namely, steel, and the tariff was fixed for a given time. The evidence was published. I read it in England—I do not know whether I brought it with me—and I have no doubt the right hon. leader of the opposition is familiar with it. It is a most illuminating volume as to the methods pursued for ascertaining the facts. However great the difference may be between us with respect to this, cannot we realize that there is no sinister object behind this legislation? This bill represents a very great deal of toil, the perusal of many statutes, and an honest endeavour to secure an enactment that would at least represent the good qualities and virtues of all existing legislation, and eliminate that which was evil and useless. Hon. gentlemen opposite say that this will not work successfully. It may not, but if it does not it will not be because we have not tried to make it so. I have had strong convictions on this matter for longer years than I care to think of as I look back upon them, and having the opportunity I have endeavoured to crystallize those convictions into legislation, not as perfect as I should like it to be because of the pressure of time, but it represents an earnest effort to pass a statute whose operations will protect alike the consumer and the producer on the one hand, and on the other the public in the larger sense as representing the state itself. That is what we are trying to do. Why cannot we discuss the bill in that sense?

Mr. MACKENZIE KING: May I say to my right hon. friend that I do not think I would be as suspicious of the legislation as I am or have the feeling about it that I have if it contained a provision that the parties themselves might appear before the court, make application to be heard and have any question inquired into that they wished. But that is not the bill before us. This is legislation which will give my right hon. friend alone power to say what is to go before the court. He says he has been thinking over this matter for a long time—I believe he is right. He says he wants to give protection to the manufacturer, to the consumer and to labour—I believe that is true. But let me say this to him. These people are all able to protect themselves if you give them a chance; I do not think we need a new protector in this country. I do not think the interests of manufacturers, of labour and of consumers should be only under the guardianship of my right hon. friend, no matter how sincere he may be.

Mr. BENNETT: That is not quite fair.

Mr. MACKENZIE KING: That is fair, because my right hon. friend knows, and has laid it down to-day as a principle, that all the investigations under this act depend in the first instance upon his say-so.

Mr. BENNETT: Quite so, within the limits of the act itself.

Mr. MACKENZIE KING: My right hon. friend admits it, and that being the case I say I am frankly suspicious as to the good the measure will accomplish. If it were a measure freely conferring powers upon individuals to appear and be heard when they felt they had a grievance I would have an entirely different view in regard to it.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN (Mr. Hanson, York-Sunbury): When the committee rose at six o'clock we were dealing with subsection 10 of section 5.

Mr. RALSTON: Mr. Chairman, I intend to move an amendment to this subsection, which deals with confidential evidence. I submit that such a provision is entirely without precedent in legislation of this kind, and that it could be very largely dispensed with particularly in view of the explanation given by the Prime Minister in regard to the way in which the board will function.

As was pointed out just before recess, this subsection provides for a penalty on summary conviction of $1,000 or twelve months' imprisonment. That penalty is imposed upon not simply the members of the board, its offi-

cials, or those who are present and whose duty it is to refrain from making public any matter subject to confidence, but as the subsection is drafted it imposes the penalty upon anyone who may happen to have information and who parts with it in such a way as to make it available for the use of any business competitor or rival of the person, firm or corporation submitting it. The general term "confidential" is not exact enough to be put into a statute which imposes such a penalty as this. The decision whether or not the information is confidential will rest with a court of summary jurisdiction, which may consist of two justices of the peace. Such a power put in the hands of a court of this nature is far in excess of that contained in any statute. The only one concerned is the competitor or rival of the person, firm or corporation before the board. If a person, firm or corporation were appearing before the board to ask for a duty there would be every likelihood that their competitors and rivals would be there as well, asking for a duty in connection with the same commodity. It seems to me that the competitor or rival is the very one who would have to know all the facts. He would be before the board assisting in the presentation of the facts, and I fail to see what the draftsman of this section had in mind when he restricted "confidential information" to the sort of information which might get to a competitor or rival.

No information should be confidential in the sense that it should be kept out of the report of the board and thus withheld from parliament unless it be information which would be considered confidential in a court of record. Information as to costs is not confidential. Such information must be before this House of Commons in order that it may determine whether the industry in connection with which duties are to be imposed or increased is entitled to that duty or is earning sufficient to enable it to carry on without the protection such a duty would afford. Costs of production cannot be considered as confidential, and if my right hon. friend has that in mind I submit that he would be depriving parliament of one of the important elements in connection with tariff schedules. However, I do not think my right hon. friend has that in mind, because he excepts any information brought out at a hearing of the board when the board is taking the place of the exchequer court or other courts provided for in the Customs Tariff Act, that is, a proceeding against any person, firm or combination of persons or firms for conspiracy in connection with the price of goods or in connection with anything having to do with the exploitation of the consumer.

If this is to be a court of record, the rules which govern such courts should apply. The proceedings must be open to the public, except in two cases, with which my right hon. friend is familiar. First, the proceedings are not open where it would be against public morals to make them public, and second, where a trade or secret process is involved, the very object of having a trade or secret process would be defeated if the person possessing it were forced to put in upon the public record. It is a well known principle of law that the administration of justice cannot be made the instrument or vehicle for defeating justice, and that would happen if a person were forced to make public a trade secret. I submit that this is the only class of evidence which should be considered as confidential. This rule applies in the Australian act and is contained in the regulations in connection with the United States tariff board; in those cases everything else is made public, and I submit the same rule should apply here.

From what my right hon. friend has said it would appear there is to be no prejudice to anyone appearing before the board. The board will conduct the examinations and it will be tender and gentle enough to see that no one is forced to give any information which might be prejudicial in the sense that it would be disclosing information advantageous to his competitors. The whole thing is in the hands of the board. In the first place the minister directs or requests the board, and then the board itself conducts the examination so that there need be no fear on the part of anybody that they will be forced to disclose something that will be to their detriment in connection with any competitor. The amendment which I propose will ensure to the man who has a trade or secret process the same protection that he has in a court of record; that is to say, he will not be forced to give away information with regard to that trade or secret process. But I want to go one step further. If he is willing, in connection with the inquiry, to give particulars of his trade or secret process, waiving the privilege which otherwise would be accorded him, then the court for this purpose should be cleared, the public excluded for the time being in order that information with regard to trade or secret processes might not be made a matter of general knowledge. But it must be remembered that the owner of the trade or secret process has the matter in his own hands; he may not waive the right or privi-

lege and he may not be forced to give evidence. Therefore I desire to move, seconded by the hon. member for Hants-Kings, to amend section 5 by striking out subsection 10 thereof and substituting therefor the following:

(10) (a) Nothing in this act shall make it compulsory for a witness to disclose to the board any trade or secret process of manufacture.

(b) In case any witness is willing to waive the protection of clause (a) of this subsection the board may exclude the public from any hearing while the evidence of such witness respecting such trade or secret process is being given.

Mr. RYCKMAN: I hope it will not be thought that because I have not risen before I have not had occasion to object strenuously to some of the arguments put forward on the other side. This amendment indicates to me—and I say this with charity—that there is an attempt on the part of some hon. members, forgetful of the law as it stands, to offer as much opposition as possible to the passage of this bill. I am sorry to make a statement of that kind in the presence of the hon. gentleman who spoke last, but he knows as well as I or any other hon. member that no one in business can expect that the conduct of his affairs, the way he gains an advantage, if he gains one, shall be spread before his competitors. There is no question on that score, and so far as legislation on this point is concerned, it has been on the statute books for a long period of time. It passed the revision before the last one, but I have not had opportunity to look the matter up. My hon. friend knows, because we have had it mentioned before, that it is against the statute law of this country for the Department of Customs to show any invoice to anyone, no matter who he may be, unless under a subpoena or an order of the court.

Mr. RALSTON: What has that to do with this?

Mr. RYCKMAN: If my hon. friend does not understand, I think I can very soon make my point clear to him. If this amendment were to receive the sanction of this house, what would it mean? It would mean that except in the case of a trade secret or secret process, everything would be public. The inference would be, if this subsection were deleted and replaced by my hon. friend's suggested amendment, that invoices—this illustration just occurred to me because it was referred to last night—would then be the property of the public and if brought in evidence before the tariff board would be open to the public. How ridiculous that would be! The customs branch of the Department of National Revenue during the administration of the previous Liberal government, prior to that under the adminstration of a Conservative government, if you call it such, and now under the administration of a Conservative government, has gained the confidence of the public. When we ask for information and expect to get it, they know it comes to us and to us alone. It is a splendid thing when the business of this country is carried on honestly and efficiently, and yet when every man in business knows no one can take advantage of him by using information given to the customs; otherwise all kinds of unfair competition would be set on foot.

What about the collection of income tax, if I may refer to it? The same thing might arise in connection with an investigation under this very clause that we have before us now. The income tax branch under both the former government and the present administration has maintained secrecy. There is a penalty for divulging information, and I believe this country collects hundreds of thousands of dollars because it is known that information can be given to the Department of National Revenue without any fear of its leaking out. If it does leak out, very drastic measures should be taken to deal with such a situation, and therefore there are penalties similar to those in this bill. I think the only thing I have to do to show the absolute futility of an amendment of this kind is to put it to any hon. member who is in business to say whether or not he would prefer, in the conduct of his business, that what he reveals and what he must reveal to the crown should be made known to his competitors. I know of no line of business, even in the professions, where one is compelled, or where it is thought to be fair dealing, to give to competitors information in regard to transactions in connection with private business. The amendment goes a certain distance, but it does not go far enough. It would strike at section 182 of the Customs Act; it would strike at the provision of the Income Tax Act which says that the business of any man shall be confidential as long as he is within the law and does not seek to step outside it. I ask that this one-legged amendment, which does not go far enough, be defeated, and that the section of the bill, which goes further should be adopted.

Mr. RALSTON: Following the example of my hon. friend, I shall endeavour to be charitable too. If he had read the section he would not have indulged in the worrisome

portrayal of the difficulties of the manufacturer as he feared they would be found as the result of this amendment. May I point out that this amendment has not a solitary thing to do with the Income Tax Act; it has not a solitary thing to do with the Customs Act. It leaves them exactly as they were before. If my hon. friend had read the section, as he has not—and that is why I am charitable—he would know that. I will read the amendment for my hon. friend again.

Mr. RYCKMAN: I have read the section and the amendment, and this is later legislation than the Customs Act.

Mr. RALSTON: Then I shall have to withdraw my expression that I shall endeavour to be charitable.

Mr. RYCKMAN: I am not asking for charity.

Mr. RALSTON: Nor am I. This amendment says:

> Nothing in this act shall make it compulsory for a witness to disclose to the board any trade or secret process of manufacture.

This amendment and this act simply mean that if someone is asking for duties in order, to use the expression we have heard so often in this house, that the cost of production in this country may be equalized with the cost of production somewhere else, he shall have to tell his costs of production. That information will have to be put on the record and be available not only to the board but to this house when the tariff schedules are brought down. There is nothing unusual about that. It has been in this country ever since it was a country. Manufacturers and those who have been asking for duties have always been expected to give their costs; otherwise a case could not be made. Does my hon. friend think we should act blindly in connection with these matters, that we should not know what the costs are when we are asked to impose duties that will equalize the cost of production? I submit that the term "ridiculous" which my hon. friend used is properly applicable to that proposition, if that is the proposition he is making. All that is being done here is to provide that when a man comes before the tariff board, which is a fact finding board, to which is referred this question of the equalization of the cost of production, to which is referred the question of how much of an increase of duty is to be given in order that the cost of production may be equalized—

Mr. BENNETT: Not "is to be given."

Mr. RALSTON: The board which will recommend how much of an increase of duty—

Mr. BENNETT: Not that either.

Mr. RALSTON: How much should be given.

Mr. BENNETT: Not even that.

Mr. RALSTON: We have been over the section time and time again, and the house knows and the country knows what its meaning is.

Mr. CAHAN: The hon. member evidently does not understand it, or else he is misrepresenting it.

Mr. RALSTON: I have read it half a dozen times, and I can read it again, but the house and the country understand it to mean what I said. This board is to make a finding of fact, is to say what, in their opinion, is the increase of duty that shall be allowed in order to equalize the costs of production. If we have understood anything, we have understood that. Before that is done, surely we must have information as to costs.

Mr. CAHAN: The board must.

Mr. RALSTON: I have pointed out once or twice that the competitor is probably in exactly the same box with the gentleman who is making the application, and I do not think there is any particular reason why a man should be protected against his competitor when they are both applying for the same thing. I submit that in a court, as the Minister of National Revenue well knows, these things are not confidential. Nowhere else are they confidential. Why should they be confidential before the board? Nobody is asking anybody to make an application against his will. The Finance minister first of all has to decide whether anybody shall be asked even a single question; he need not make a reference to the board at all; the board need not ask a single question if they do not want to, and they can prevent any questions being asked. Is there any more protection that could be thrown around people who are asking for an increase in the tariff schedules?

My right hon. friend missed altogether what I tried to say. In the Irish act and in the Australian act you will find exactly this same principle and nothing more. There is no protection against confidential information in those acts, except as to secret processes, and in the Irish act I believe there is no protection of any kind. In the United States,

where there would be a good deal of competition, and where the argument which my hon. friend made a few moments ago might apply, the only protection in their act is that no information shall be divulged that refers to any trade or secret process.

Mr. BENNETT: It is more than that. Just read the section.

Mr. RALSTON: Section 335 of the United States Tariff Act provides:

It shall be unlawful for any member of the commission, or for any employee, agent, or clerk of the commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by the commission, or by order of the commission, or by order of any member thereof.

Mr. BENNETT: That is not the section I am talking about.

Mr. RALSTON: It is what I am talking about.

Mr. BENNETT: That is not the section constituting the commission.

Mr. RALSTON: If there is any other section I wish my right hon. friend would refer me to it. It goes on:

Any offence against the provisions of this section shall be a misdemeanor and be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both, in the discretion of the court, and such offender shall also be dismissed from office or discharged from employment.

There is a provision which has to do only with trade secrets and only with the employees of the board. It does not go the length of saying that confidential information cannot be made available to the competitor of somebody who is applying for an increase in the tariff. Further than that, it does not suggest for one minute, as this bill does, that somebody else who has nothing whatever to do with the board shall be subjected to fine and imprisonment. With that assurance I submit to my hon. friend that the strong expressions he has used and the apprehensions he has in mind are not well founded.

Mr. CAHAN: The hon. gentleman's amendment precludes the board from obtaining this information from witnesses before them without their consent.

Mr. RALSTON: Certainly.

Mr. CAHAN: Personally I desire the board to be placed in a position to obtain all information which it may regard as relevant. There should be no prohibition against the board obtaining any information that it regards as relevant and material to the inquiry it has in hand. The hon. gentleman reverses that and says, by this amendment, that hereafter a manufacturer or other witness before the board shall not be compelled to disclose the real facts with regard to his manufacturing processes or many other matters which enter into the cost of production.

Mr. RALSTON: Not many other matters; just that.

Mr. CAHAN: I know enough about manufacturing to know that a number of matters which are very relevant indeed would be precluded under this amendment. So far as I am concerned I certainly could not consent to this amendment. The very basis of the whole proposed enactment is that in making legitimate inquiries the board shall have all information, and if information is withheld it shall be in a position to compel its disclosure. The hon. gentleman's amendment would prevent that.

Mr. RALSTON: All that my hon. friend is saying is that my amendment goes further than he would go in protecting the manufacturer. I am sure that I did not expect that objection from the other side of the house. With all deference to my hon. friend the Secretary of State, this amendment does not deal with a whole lot of things to which my hon. friend has alluded. It deals with just one thing, that a man shall not be compelled to give his trade or secret processes to the board.

Mr. CAHAN: The difference between us is that under the bill as it stands the applicant is compelled to disclose to the board everything. He cannot hide behind some objection of his own that this or that or some other fact desired would disclose some secret process.

Mr. RALSTON: I have looked at this with some care, and I wish to assure my right hon. friend that the matter has been very fully considered. . This is one of the cases outside of the matter of morals of which I spoke a minute ago, and outside of some matters expressly provided for by statute concerning young persons where courts are quick to see to it that nobody is prejudiced who has to give evidence before them. The reason is that once a secret process is revealed and the details given, the very object of that secret process is entirely lost. I have moved my amendment in the form of the provision in that respect in the Australian act, but I have gone a step further and have sought to waive

the privilege of that section where the witness is willing to give the information, in which case the public shall be excluded while the evidence respecting trade or secret process is being given.

Let me go one step further. Where the public is excluded from the court room, in other words where a trial before a court of justice is held in camera, my hon. friend knows as well as I do that it is contempt of court to discuss anything which takes place. In such a case the applicant before this board or whatever he may be called, would be surrounded with protection in regard to trade or secret processes. I admit quite frankly that this section is intended only to make such proceedings confidential, but I cannot conceive of anything mentioned in this bill which should be regarded as confidential in view of the fact that it has to be acted upon in the forming of a tariff schedule.

Mr. BENNETT: The section read by the hon. gentleman was a section dealing with punishment for breach of the observance of confidential relationships.

Mr. RALSTON: Which section?

Mr. BENNETT: The section dealing with the punishment of those who disclose confidential information. I read from a report which I have not now before me, but which will be found at page 3186 of Hansard, setting forth what the United States tariff commission did on the 12th of March of this year. It was from their act that this section is framed. At that time I referred to an application for a reduction of duty on edible gelatin, and these are the words of the report:

> The costs of production of the single Netherland concern for the calendar year 1929, were obtained directly from its books.
>
> To guard against disclosure of the Netherlands company's costs, either directly or inferentially, from the average cost of the domestic product, the commission has omitted the detailed cost data from this report.

If such information had been included the commission would have been doing what should not be done, namely, disclosing to the world the nature of a business. It is not intended that that should be done, but it is intended that the board shall get every form of information which may be necessary to arrive at a proper conclusion. There are some members of this committee, as there are people in all countries, who regard it as a matter of profound satisfaction to be able to nose into other people's affairs. That is always so. In this instance it is provided that no limitation shall be placed upon the knowledge which the commission may secure. If the knowledge disclosed is of a confidential character, then that confidence must be respected, and that is the action which was taken by the American commission in pursuance of the powers conferred upon it. That is the only way in which business can be carried on.

The hon. gentleman refers to the circumstances in court where the nature of the trial is such that the proceedings are held in camera. It is perfectly true that courts are hedged around with the safeguards he has mentioned, but it is also true that similar precautions are taken with respect to bank accounts. The English statute has been copied. It is also true that in courts of justice in such circumstances as my hon. friend has mentioned, unless it be essential to proceed otherwise because of fraud or for some other reason, names required in evidence are merely written on slips of paper, and various other similar precautions are taken.

The purpose of this provision is that without restriction or limitation the information shall be given to the commission. That knowledge, however, shall not be disclosed, because it might represent years of toil and the profit therefrom might be destroyed not only by competitors but by others.

Mr. RALSTON: That is not met in the bill, that is just the point.

Mr. BENNETT: Yes, that is met here.

Mr. RALSTON: I think not.

Mr. BENNETT: Not met here? I shall read the section:

> Should evidence or information which is in its nature confidential, relating to the business or affairs of any person, firm or corporation, be given or elicited in the course of any inquiry, the evidence or information shall not be made public in such a manner—

That contemplates the information being made public.

Mr. RALSTON: Yes, go on.

Mr. BENNETT:

> —as to be available for the use of any business competitor or rival of the person, firm or corporation, respectively.

Mr. RALSTON: That is the only man from whom he is protected. My right hon. friend said that others were included.

Mr. BENNETT: Well, this section also protects against the disclosure of that evidence to others. That is what the punitive powers are for, just as they are in the American statute. This section combines three things:

(a) it ensures the obtaining of complete information; (b) it limits the publicity of such information to the board, and (c) it punishes for publication to other than the board.

Mr. RALSTON: No, for publication to a competitor.

Mr. BENNETT: No, the punishment is to any person.

Mr. RALSTON: But the publication is to a competitor. I presume my right hon. friend thinks he has made his point and has come to a decision. But the question is whether or not information which is absolutely essential to determine whether or not a duty shall be granted and tariff protection thereby afforded is to be available to this house.

Mr. BENNETT: The answer to that is very simple. If the information is of a confidential character, it is to be retained in the minds of the commissioners and not referred to in the report, just as was done in the American report in the case of edible gelatin. Comparisons may be instituted, but the information in the minds of the commissioners may not be disclosed.

Mr. RALSTON: How could my hon. friend institute a comparison if he had not the facts? I do not understand that. We have to determine now whether or not the house is to decide on the facts which are presented, but the information with regard to cost is left out. If the American commission say they withhold the information I will venture the opinion that the evidence was given to a congressional committee or someone having to do with tariff matters. My right hon. friend has not yet produced the section to which I thought he was going to refer.

Mr. BENNETT: My books are in the east block, but I read from the report.

Mr. RALSTON: But the report did not suggest it was being done under the authority of the statute.

Mr. BENNETT: Well, that is what it was done under.

Mr. RALSTON: I think my right hon. friend's remarks with regard to people minding other people's business are quite gratuitous. Every day before the courts facts concerning the business of private litigants are presented in connection with which remedies have to be applied; the courts must ascertain those facts in order to apply the remedy. There is no doubt whatever that when some one comes to this parliament seeking tariff protection or an increase of duties already in effect, parliament should have knowledge of the facts. How that can be so if they state the facts to a commission and the commission in turn does not pass the information on to parliament so that a vote may be taken in the matter is something I find it difficult to understand. My right hon. friend says he is protecting industry from disclosure, but the section provides only that the information so disclosed shall not be available to a competitor, and he is the only man against whom protection is given. The competitor is just as much interested as the applicant is in getting the same treatment with regard to tariff.

The CHAIRMAN: The question is on the amendment.

Mr. YOUNG: No, the committee is not yet ready for the question. No hon. member on this side of the house has any desire to nose into other people's business.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: And when an applicant comes before the government or the tariff board and asks for a handout from the public treasury in the nature of high tariff, then his business is no longer private, but it is our business. We are here to guard the business of the public, and when the public is asked to make a contribution to the business of an individual, it is the public's business to learn something about the business of that individual.

My right hon. friend says that costs will be treated as confidential. The section of the bill contains the words "information which is in its nature confidential." We know from our experience this session that the government has treated as confidential a good many things which are not of a confidential nature. For instance I placed a motion on the order paper asking for the production of certain papers which had passed between the government and certain oil refineries. That information was refused on the ground that it was of a confidential character. All I wanted to know was what the oil refineries had asked for, and I am informed by the government that such information is confidential. It seems that hon. members on this side of the house are not to know what was asked for. I have reason to believe that information which was given to the government in no confidential manner is being treated as confidential and is being denied this house.

This section of the bill provides that if any information is given to the board of a confidential nature, and if anyone reveals that information to the public or to some one who would make it available for that man's competitor, he would be liable to imprisonment. I cited a case in the house not long ago where a

certain manufacturer refused to give information to the board in regard to his production costs except in confidence. The other party before the board said: "We can figure that out ourselves, we can get the information otherwise, we do not need to get it from him." Under this subsection, if he had done that he would have made himself liable to imprisonment.

Mr. BENNETT: No.

Mr. YOUNG: If a man reveals certain information how are you to know the source of it? He might say, "I did not get it from the board, I worked it out myself." The minister under this act is attempting to set up a board which he hopes will enjoy the confidence of the people.

An hon. MEMBER: So it will.

Mr. YOUNG: I think I am safe in saying that the confidence the people will have in the board will be in proportion to the confidence that the board will have in the people. If the attitude is taken that the public is not entitled to any information, that all that is expected of the public is that it shall pay the shot,—if the board should feel no more confidence than that in the public, then the first time that board makes a decision against what is conceived to be the public interest the board will be regarded as rotten. If the minister desires to inspire confidence in the board, he should at least show confidence in the public.

Mr. ILSLEY: Does not the right hon. Prime Minister think that the word "wilfully" should be inserted before the word "violates"?

Mr. BENNETT: I do not think it is necessary in this case.

Mr. ILSLEY: I have in mind a case where somebody before the board might think that evidence which came out in an inquiry was not in its nature confidential, and he might publish it in the firm belief that it was in the public interest, and yet under this subsection he might be prosecuted.

Mr. BENNETT: No.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Those in favour of the amendment will please say "aye."

Some hon. MEMBERS: Aye.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Contrary-minded will please say "no."

Some hon. MEMBERS: No.

[Mr. Young.]

Mr. RALSTON: There is no need to railroad this legislation through the committee.

The CHAIRMAN (Mr. Hanson, York-Sunbury): I am not trying to railroad it through the committee. Stand up if you want to speak.

Mr. RALSTON: The hon. member for Hants-Kings was on his feet.

The CHAIRMAN (Mr. Hanson, York-Sunbury): No, he was leaning on his chair.

Some hon. MEMBERS: Carried.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Go ahead.

Mr. RALSTON: I submit the suggestion made by the member for Hants-Kings is a perfectly proper one. In a penal statute the word wilful is usually employed, and you do not simply penalize somebody for violating a section by disclosing confidential information when he does not know it is confidential.

Mr. BENNETT: The hon. member for Hants-Kings I answered. I told him I did not think the insertion of the word was necessary in this case. The reason is simple. The evidence or information is known to be confidential because the section provides it must so be, otherwise the public get it. If anyone thus knows that the evidence or information is confidential, and deliberately makes it known, it is not necessary to say that he does so wilfully, because every man knows the consequence of his own act.

Mr. ILSLEY: Information may come out in the course of a public inquiry and be in its nature confidential, and yet if it is published by any person present in the belief that it is not in its nature confidential he is liable under the act. Certainly he should not be subject to twelve months' imprisonment in such a case unless there is some wilful violation.

Mr. BENNETT: Wilfulness is not the point.

Amendment (Mr. Ralston) negatived.

Mr. ILSLEY: Mr. Chairman, I move:

That subsection 10 of section 5 be amended by inserting the word "wilfully" before the word "violates" in line fifteen.

Amendment (Mr. Ilsley) negatived.

Mr. RHODES: Mr. Chairman, I propose:

That subsection 10 of section 5 be amended by inserting the words "no more than" after the word "to" in line eighteen.

Amendment (Mr. Rhodes) agreed to.

Subsection 10 as amended agreed to on division.

Subsection 11 agreed to.

On section 5, subsection 12—Sessions and conduct of proceedings.

Mr. NEILL: Will the right hon. Prime Minister make the appropriate amendment here that he promised?

Mr. BENNETT: I do not think it is necessary, but I said if it is the mind of the committee that they should be published in the Canada Gazette, it should be done.

Mr. FACTOR: The public may be interested in the rules and regulations.

Mr. NEILL: It would give a greater measure of information to the public. I understood the Prime Minister to say he would accept the amendment.

Mr. BENNETT: I did not say I would unless the committee thought it desirable.

Mr. NEILL: Mr. Chairman, I am not familiar with the exact wording quoted by the Prime Minister this afternoon but I would—

Mr. BENNETT: I am drafting the amendment.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Subsection 12 will stand. We will proceed with section 6.

Mr. YOUNG: Just a minute, Mr. Chairman, before you leave section 5. There is another amendment to be offered. Whatever information may be elicited by the board; whatever decisions may be arrived at by the government, the final determination must rest with this house, which will have to decide whether or not the tariff is to be raised or lowered in any particular case. Each member of this house will be answerable to his constituents for whatever action is taken or not taken. That being so, it is necessary that we should have full information as to what goes on, and the reasons for whatever action is taken. In the explanatory note opposite the first page, I find the following:

> The intention is to secure, as a result of the work of the board, a constantly increasing body of information which will be of service to the government and parliament.

It is with a view to having that information made available to parliament that I wish to move that section 5 be amended by adding thereto the following subsection:

> (13) All evidence and information given or elicited in the course of any inquiry under this act shall be printed and made available for distribution as soon as is practicable, except such evidence or information as is referred to in subsection 10 of section 5.

It will be seen that we are not asking for the printing of anything that has been already ruled out.

[Mr. Rhodes.]

Mr. BENNETT: Much consideration has been given that point, and it is not thought any useful purpose would be served by this being done. Consider the reports that have been published and the thousands of dollars expended in their preparation and printing, in connection with the old tariff board; what use have they been? What service has been rendered? The evidence will be laid before parliament and if a parliamentary committee thinks it desirable to publish the evidence it will be published. The report is another matter; under the act the report is dealt with in this way:

> Whenever a report has been made under this act, a copy thereof and a copy of the evidence, if any, taken, and of the information obtained (except such evidence and information as was of a confidential character under subsection 10 of section 5 hereof) in connection therewith shall be laid before parliament by the minister within fifteen days after the opening of the next session thereafter, or within fifteen days after the making of the report if parliament is then in session.

Parliament will then decide what evidence it is desirable to print with respect to those proceedings. I think that is the proper and economical way in which to deal with this matter. I gave a good deal of consideration to the point, and when I looked at the volumes printed in connection with the old advisory board, I asked myself what value they have been, and I thought the thousands of dollars could be better used at this time. If it is thought desirable to print the evidence it will be printed, as I have said.

Amendment (Mr. Young) negatived on division.

Subsection 12 of section 5 stands.

Section 6 agreed to.

On section 7—Secretary to board.

Subsections (1), (2), (3) and (4) agreed to.

On section 7, subsection 5—Officers, clerks and employees.

Mr. BROWN: Subsection 5 reads as follows:

> There shall be employed in the service of the board such officers, clerks and other employees as the governor in council may see fit to appoint, and they shall respectively receive salaries or remuneration as may be approved by the governor in council.

This parliament, in its wisdom, has passed a civil service act, and while it may be true that certain government officers are not under that act, yet I think it is a principle to which this house should hold, and the act should be extended as far as possible to cover all officials in the public service. I think that is especially true in regard to the employees of

this board, since it has been indicated by the Prime Minister that in all probability this will be a permanent board. It will probably last at least ten years, and undoubtedly will consist of gentlemen who are in harmony with the views of the Prime Minister in tariff matters. If this amendment is not adopted it will leave the appointment of the officers and employees of the board in the hands of the governor in council, and I think in view of all the facts and in view of the situation which will undoubtedly arise, these officers, clerks and employees should be appointed by the Civil Service Commission. Therefore I move in amendment:

That section 7 be amended by striking out subsection 5 thereof and substituting therefor the following:

(5) There may be appointed in the manner authorized by law such officers, clerks and other employees as the board shall deem necessary for the conduct of the business of the board.

Mr. BENNETT: This is a matter to which much consideration has been given, and I am sorry I cannot agree with my hon. friend. Our own experience has taught us that in a matter requiring technical advisers it is desirable to have the board make its own recommendations, from inquiries the members of the board may make. The late advisory board selected its own employees, who were paid out of the public revenue.

Mr. RALSTON: Not the clerks.

Mr. BENNETT: Yes; the Advisory Board on Tariff and Taxation employed its own people and paid them.

Mr. RALSTON: That was an order in council board.

Mr. BENNETT: Exactly. I quite sympathize with what the hon. gentleman has said but I could not ask the board to do other than choose the instruments with which it is going to work, and the government must assume responsibility for the appoinments.

Mr. LAPOINTE: It is not the board; it is the governor in council.

Mr. BENNETT: Yes, the governor in council necessarily must do that.

Mr. LAPOINTE: But there is nothing which says they must be selected by the board.

Mr. BENNETT: Yes, there are two clauses. First, in subsection 6, the technical advisers and officers are appointed on the recommendation of the Board. Subsection (5) refers to the clerks, and subsection (7) gives the board disciplinary powers. I think many reasons were advanced a few days ago why we must have recourse to this form of appointment. If, as my hon. friend suggests, the board is not going to last very long anyway, it might be better that it should be this way than the other way. Difficulties have been experienced because of the release of employees who are under the Civil Service Act and for whom positions cannot be made, notably the private secretaries of ministers.

Mr. YOUNG: Is that the reason for this form of appointment?

Mr. BENNETT: No, the reason is an obvious one. The board will have heavy responsibility and will be better able to select their own employees than the Civil Service Commission.

Mr. LAPOINTE: I agree with my right hon. friend so far as expert technicians are concerned, but with regard to clerks and stenographers I do not see why they should be exempt from the provisions of the law. My right hon. friend has imitated the American law in all its bad features, but he has not imitated the provisions of that law which are fair. Under the American law the experts are appointed in the manner suggested by this bill, but all ordinary employees are appointed by the civil service commission.

Mr. ILSLEY: The Prime Minister has said that it is only fair that the board should have the chance to select its own employees. Subsection 6 provides only for employees of a technical character, and I do not think anyone can object, but subsection 5 is based upon an entirely different principle. The board has nothing to say as to the selection of its own staff. I understand the minister has based this subsection upon section 7 of the bill of 1912, which section provided that the commission with the approval of the governor in council appointed its own staff.

Mr. BENNETT: That is right.

Mr. ILSLEY: Apparently the right hon. gentleman in redrafting that section has deliberately changed the principle contained therein and has taken away from the board any voice in the selection of its own staff. In giving the reasons a few months ago for that subsection the right hon. gentleman told the committee that he thought the board rather than the Civil Service Commission should have a voice in the selection of its staff. But in this bill the board while having a voice in the selection of technical assistants under subsection 6 has no voice in the selection of clerks, stenographers, and other employees under section 5.

Mr. BENNETT: I am quite willing that those words be added.

Mr. ILSLEY: That the principle contained in the act of 1912 should be restored?

Mr. BENNETT: As a matter of fact when this bill was drafted I did consider the two classes. The class in subsection 6 is differentiated from the class in subsection 5, but I see no reason why there should be this difference.

Mr. CAHAN: There might be added the words "on the recommendation of the board".

Mr. RALSTON: That would not meet the suggestion which was made.

Mr. BENNETT: Of course not.

Mr. RALSTON: Has the Prime Minister any objection to having stenographers and clerks appointed in the usual way?

Mr. BENNETT: Yes.

Mr. RALSTON: There are what are known as stenographers' pools and long eligible lists from which suitable employees can be taken.

Mr. BENNETT: I made inquiry and that is why the section is in the form in which it is, although it is an oversight that it is drafted differently from subsection 6. I made inquiry of those who have to do with tariff matters and I was informed by a gentleman who has had much experience that it is not easy to get any stenographer familiar with tariff matters. This gentleman was good enough to mention to me a certain person who had by long experience qualified himself to deal with matters of this kind. I have had a particular person in my service continuously for seventeen years and I must say that I would find it extremely difficult to take someone assigned to me and hope to have the work turned out in the manner in which I would want it turned out. In connection with stenographers and clerks the board may have in mind particular individuals who are better qualified than anyone else to deal with matters of this kind. It may develop later that these employees could be put into the civil service. I think hon. members who have had any experience, professional and otherwise, will see the force of my argument.

Mr. RALSTON: Except that it was all done away with when the Civil Service Commission was appointed. I have tried to accept what my right hon. friend has said, both from a professional standpoint and otherwise, but the Civil Service Commission has been adopted and properly qualified employees could be obtained by giving to the commission a requisition setting out the qualifications desired. The procedure followed is for the department to send an examiner to determine whether or not a candidate is suitably qualified. I think that principle could be followed and it is a pity that my right hon. friend should violate it as far as, shall I say the ordinary members of the staff are concerned.

Mr. GARLAND (Bow River): Mr. Chairman, all that is necessary in order to obtain the properly qualified employees is to see that the examination provided by the Civil Service Commission is agreed to by the board so that all the considerations necessary to the obtaining of qualified candidates shall be met. There should be no difficulty in reconciling the views of the right hon. gentleman with the views of those who wish to preserve an anti-patronage system.

Amendment (Mr. Brown) negatived on division.

Mr. HEENAN: I understand the Prime Minister made a suggestion.

Mr. BENNETT: The hon. member is preparing his amendment. We have just done with one amendment but there is still another one in connection with the subsection.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Shall subsection 5 carry?

Mr. ILSLEY: In view of the defeat of the amendment proposed by the hon. member for Lisgar, which amendment I think should have passed, I move:

That section 7 be amended by striking out subsection 5 thereof and substituting the following therefor:

"(5) There shall be employed in the service of the board such officers, clerks and other employees as the board with the approval of the governor in council may see fit to appoint and they shall respectively receive such salaries and remuneration as may be approved by the governor in council upon the recommendation of the board."

That is the language of the 1912 act, with the word "board"" substituted for the word "commission."

Mr. BENNETT: That is agreed to.

Amendment (Mr. Ilsley) agreed to.

Subsection as amended agreed to.

Subsections 6 and 7 agreed to.

Section 8 agreed to.

On section 5, subsection 12—Sessions and conduct of proceedings.

Mr. CAHAN: I move:

That subsection 12 of section 5 be amended by adding thereto the following words:

"and may make such rules and regulations as it may deem expedient for the conduct of its proceedings, not inconsistent with the provisions of this act. Such rules and regulations shall be published in the Canada Gazette immediately upon the promulgation thereof."

Amendment agreed to.

Section as amended agreed to.

Section 9 agreed to.

On section 10—Regulations.

Mr. BOURASSA: After the amendment that has been moved by the Secretary of State to subsection 12 of section 5, is there any necessity for section 10?

Mr. BENNETT: They are not quite the same thing. One deals with the conduct of the proceedings of the board, and the other with the provisions of the act as a whole. In one instance the board makes the regulations and they are approved by the governor in council. In the other the governor in council makes them because it is an administrative act on the part of the executive.

Mr. BOURASSA: Should these regulations not be published like the others?

Mr. BENNETT: I suggested last year—and I suppose I am to blame—that all these should be published. But this is not one of the matters that affect the public. This is purely the administrative side. It is the governor in council as distinguished from the proceedings in the court itself. That is why the amendment moved by the Secretary of State has just been adopted.

Section agreed to.

On section 7, subsection 5—Officers, clerks and employees.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Mr. Ilsley moves:

That section 7 be amended by striking out subsection 5 thereof and substituting the following therefor:

"(5) There shall be employed in the service of the board such officers, clerks and other employees as the board with the approval of the governor in council may see fit to appoint, and they shall respectively receive such salaries and remuneration as may be approved by the governor in council upon the recommendation of the board."

Mr. BOURASSA: So far as we can understand the amendment at this end of the chamber, the recommendation of the board would apply not to appointments, but only to salaries.

Mr. BENNETT: Both.

Amendment agreed to.

Section as amended agreed to.

Part II—Tariff board substituted for board of customs.

Section 11 agreed to.

On section 12—Publication of decisions.

Mr. RALSTON: This deals with the decision of the tariff board as substituted for the board of customs. Is it intended that the decision of the tariff board shall be reviewable by the minister as was the decision of the board of customs?

Mr. BENNETT: My hon. friend has not used quite the exact term.

Mr. RALSTON: Approved.

Mr. BENNETT: Must be approved by the minister. So far as the tariff board is concerned, the report has neither to be approved nor disapproved. Action may or may not be taken.

Mr. RALSTON: I am talking now about the decision.

Mr. BENNETT: There is no change from the law as it stands in that regard.

Mr. RALSTON: The answer is that the decision of the tariff board must be approved by the minister, as was the decision of the Board of Customs.

Mr. BENNETT: There is no change in that regard.

Mr. RALSTON: As I understand the matter, one of the indices of a court of record is that the record of its proceedings is conclusive. Before, we were talking about a board of customs. Now we have a decision of a court of record. I want to be sure that the decision of that court of record is not supplanted in requiring the approval of the minister.

Mr. BENNETT: It is hardly necessary to take up the time of the committee to point out that this is the conferring of an additional power to that for which it was created, in order to expedite the conduct of public business, the tariff board being an alternative board to deal with this matter.

Mr. RALSTON: A substitute.

Mr. BENNETT: A substitute board to deal with the matter. In that instance it is a designated body rather than a court dealing with it. It deals with it as a designated body rather than as a court.

Mr. RALSTON: It is still a court of record.

Mr. BENNETT: It is not in dealing with this. It is as the persona designata it deals with this matter.

Mr. RALSTON: It is still a court of record.

Mr. BENNETT: But not qua this matter.

Mr. LAPOINTE: It is subject to the revision of the minister.

Mr. BENNETT: Yes.

Mr. LAPOINTE: That is a queer court.

Mr. BENNETT: It does not sit as a court in this matter.

Mr. MACKENZIE KING: When the bill was introduced, the hon. member for North Waterloo asked this question as reported in Hansard of May 15, at page 1640:

Mr. Euler: Perhaps this question may have already been asked and answered. Under the old customs board there was an appeal to the governor in council. Will that be possible under the new legislation?

Mr. Bennett: Not as it reads at the moment.

Mr. Euler: But there is an appeal?

Mr. Bennett: Not at the moment in the bill as prepared. The provision is that it shall not come into force until an order in council is passed. The bill provides that the board shall cause its decisions to be published in the Canada Gazette, and part two provides that it shall not come into force until an order in council has been passed by the governor in council. It is left that way in order that the house may discuss the matter freely and fully and conclude what action should be taken in that regard.

Under the law as it is to-day there is an appeal from the board of customs to the governor in council. The Secretary of State the other evening rather took issue with me on that score and said that the appeal was to the minister. May I read to him the section of the Customs Act that I had in mind?

Mr. CAHAN: I was speaking from memory at the time.

Mr. MACKENZIE KING: Yes, but my hon. friend spoke with the same positiveness as he usually does, and I felt a little chastised when he directed his remark to me. I want to read to him section 54 of chapter 42 of the revised statutes of Canada, 1927, as follows:

Whenever any difference arises or whenever any doubt exists as to whether any or what rate of duty is payable on any class of goods, and there is no previous decision upon the question by any competent tribunal binding throughout Canada, the Board of Customs may declare the rate of duty payable on the class of goods in question, or that such goods are exempt from duty, subject in each case to an appeal within sixty days from date of such declaration, by any person interested, to the governor in council, and any such declaration of the board of customs when approved by the minister after the expiration of sixty days from the date thereof, or any such declaration when made by any order in council upon appeal, shall have force and effect as if the same had been sanctioned by statute.

Mr. CAHAN: That is exactly what I had in mind at first, that it must be subject to the approval of the minister, and there was an appeal to the governor in council.

Mr. MACKENZIE KING: I understood my hon. friend to be emphasizing the appeal to the minister but denying the appeal to the governor in council.

Mr. CAHAN: The minister must approve, then the appeal is to the governor in council. That is what I had in mind. I will withdraw it if I am wrong.

Mr. MACKENZIE KING: My hon. friend would not intentionally say anything that was wrong, and I do not think for one minute that he did so in this instance. It is section 54 of the Customs Act that I was quoting. To-day, when there has been an appeal, the board of customs decides, and within sixty days the minister may approve its decision. If the minister approves, the whole matter is published in the Canada Gazette, and becomes practically the law. On the other hand, if parties wish to appeal to the governor in council they may do so, and the decision of the governor in council is final and becomes the law.

Mr. CAHAN: I understood that to be the case.

Mr. MACKENZIE KING: The Prime Minister stated, I think it was on the second reading of the bill, that there was no provision for appeal to the governor in council. I want to make quite sure that the appeal does remain to the governor in council as is provided in section 54 of the Customs Act.

Mr. BENNETT: First of all, section 3 of the Customs Act provides:

There shall be a board of customs, which shall consist of the commissioner of customs or any officer for the time being acting as such, who shall be the chairman of the board,

And so forth. Then subsection 2 says:

2. The board of customs shall have such powers and perform such duties as are assigned to it by any act of the parliament of Canada or by the governor in council.

3. Three members of the board, of which one member shall be either the commissioner of customs, or the officer for the time being acting as commissioner of customs, shall form a quorum and be competent to transact the business of the board at any meeting thereof.

Section 54 of the Customs Act provides:

Whenever any difference arises or whenever any doubt exists as to whether any or what rate of duty is payable on any class of goods, and there is no previous decision upon the question by any competent tribunal, binding throughout Canada, the board of customs may declare the rate of duty payable on the class of goods in question . . . . subject in each case to an appeal within sixty days from date of such declaration, by any person interested, to the governor in council.

If no appeal is taken within the sixty days, the minister approves the decision of the board, and that becomes binding on all parties. If appeal is taken and there is a reversal of the view of the board of customs, that reversal is published in the Canada Gazette, and that is the end of it.

Sections 11, 12, 13 and 14 of this bill provide that on proclamation the powers and functions and duties of the customs board shall be assigned to and be transacted by the tariff board constituted by this act, and the board shall cause its decision in any case brought before it to be published in the Canada Gazette. The governor in council may make regulations as may be deemed necessary for carrying out the provisions of part II of the bill. Under these provisions section 3 of the Customs Act would be repealed from and after the date of the proclamation. There would then be under the Customs Act no such thing as a board of customs; section 54 would also go along with it, and there would be no appeal to the governor in council. I promised the hon. member for North Waterloo the other evening that I would look into that question. My view now is at variance with the view I first held, because the effect of these provisions is that when the proclamation is made section 3 of the Customs Act is repealed, and there is no such thing as the board of customs under the Customs Act, the tariff board taking its place.

Mr. MACKENZIE KING: That is most unfortunate. That is the whole point. My right hon. friend now says that whereas heretofore the right of appeal to the governor in council has been reserved to anyone who felt that with respect to rates of duty the board of customs had given a decision not in the interests of those he represented, under this bill that right is done away with. I think that is quite wrong.

Mr. BENNETT: I will explain that.

Mr. MACKENZIE KING: Probably my right hon. friend will say as the Minister of National Revenue said the other day, that the minister has to approve. I think I can speak for all governments when I say that the Minister of National Revenue is very likely to take the same view as the customs board or any body substituted for it, whereas the cabinet, representative of all classes in the country of agriculture and every branch of trade and commerce, may take a very different view when a matter is under review before it. As my friend the ex-Minister of Justice reminds me, that has happened before. We can speak rather feelingly upon that point. The governor in council, having a wider interest to consider and a larger view to take, is more likely to take a different view from the Minister of National Revenue, who is so closely associated with his board of customs. If there is any doubt about that appeal to the governor in council remaining, I think the Prime Minister ought to hold this section and see to it that when this court passes on any matter that affects a rate of duty there shall remain for a period of sixty days the right of appeal to the cabinet as a whole before that decision has the effect of law.

Mr. BENNETT: As I said the other evening, this is an endeavour to substitute an independent tribunal for a political tribunal —that is, the governor in council being always a political tribunal and the tariff board not being a political body. I said the other evening, and I say still, that if it is the view of the committee that we should provide for an appeal to the governor in council, as has been the case under former acts, I am perfectly willing that that should be inserted. But I did think, and I am still strongly of the opinion, that the statute would be better for not making that provision. You have in the one instance a political body, governed by all the considerations that influence political bodies; and we all know just what the pressure of contending interests may be to get a minister to make a recommendation to council. As against that, we have this body which is not interested in political matters, and makes its decisions free from political influence.

Mr. LAPOINTE: The same thing happens in appeals from the railway board.

Mr. BENNETT: Quite so, and that is why one of the hon. gentleman's colleagues said that there should be a limitation.

Mr. MACKENZIE KING: I thank the Prime Minister for undertaking to reconsider the matter with a view to preserving the right of appeal.

Mr. BENNETT: I say, if the committee so desires. It is an open-minded committee.

Mr. MACKENZIE KING: Quite so. I do not know that one needs to attach to the word "political" the sinister meaning—

Mr. BENNETT: Not sinister.

Mr. MACKENZIE KING: —which my right hon. friend is rather placing upon it. In many of these matters that affect different parts of the country in different ways, and affect different classes in different ways, there is need to reconcile opposing views, and a strictly legal body, by giving just a legal interpretation, may make a terrible mess of the whole situation so far as the broad effect upon the country as a whole is concerned. I believe the Secretary of State spoke the other evening of the governor in council as a non-partisan body, and I thought he was stretching the point rather far with regard to his own administration; but still it is a final court of appeal. It represents all parts of the country and all classes, and I do think that in these matters affecting taxation, as tariffs do, it is wise to preserve that right of appeal.

Mr. CAHAN: What I meant to say was that I had occasion not long ago to look at all appeals from the Board of Railway Commissioners to the governor in council. I went through every one, and certainly the rules governing those appeals, and the manner in which the appeals were decided, do not bear the character or quality of decisions emanating from a partisan body.

Mr. LAPOINTE: That is quite right.

Mr. MACKENZIE KING: My hon. friend the Secretary of State is now joining with me.

Mr. BENNETT: One thing has been overlooked, and that is that there still remains on the part of any person aggrieved with respect to a decision as to rates of duty the right of action to recover the duty. One of the most important actions was one brought many years ago to recover moneys paid under protest with respect to a certain classification. This bill does not purport in any sense to confer greater powers of taxation than exist under the statute itself. As it now stands a body of civil servants make the decision with respect to interpretation of tariff items; and if the minister approves, after sixty days the decision becomes law. If on the other hand a person who does not agree with the finding of the commissioners sees fit to appeal to the governor in council, the governor in council may allow or disallow the appeal, as the case may be. Part II of this bill, as I said the other day, substitutes for the civil servants comprising the customs board, who are permanent officials of the department and necessarily have an interest in its administration, this tariff board, which is—I hope I am not offensive in saying this—a non-political body. If desired, from that body an appeal could be taken to the governor in council; or it might be said that the decision of that body was subject to the approval of the governor in council. If approval is not given, then the findings fail to take effect. If approval is given, that is the end of it. As the section reads, however, I think it is extremely doubtful whether there is any right of appeal to the governor in council. I say to my right hon. friend that if the committee is of the opinion that an appeal should be provided, I am content that it should be so. If my right hon. friend wishes to test the feeling of the committee, apart altogether from any party views, I have an open mind in the matter.

Mr. MACKENZIE KING: I appeal to the committee regardless altogether of party consideration, because this final decision or appeal for some little time at least will be left entirely to my hon. friends. As the bill now stands any decision will be subject only to the approval of the minister, but a case may arise in which the court has given a decision with respect to its interpretation of the application of a certain rate of duty. Hon. gentlemen opposite, or some whom they may represent, may feel that that decision, while no doubt made with the best of intent, is unfair. In the interests of primary or manufacturing industries they may feel it desirable to have the cabinet as a whole review the situation, the cabinet including a minister of agriculture, a minister of trade and commerce—ministers from all parts of Canada who may take a broader view of the matter. Not in a partisan sense, but from the point of view of the country as a whole, those ministers may take a broad view of what should govern in a situation of that kind. I believe that right of appeal should be retained, because without revealing any cabinet secrets I can say from experience that time and again the cabinet as a whole has taken a view different from that of the minister of customs when he has sided with the board of customs. In taking that view they felt they were acting in the interests of the public as a whole.

Mr. RYCKMAN: We have not yet had the whole story. Section 11, subsection 1, has the effect of merely transferring to the

tariff board all the powers, responsibilities and duties of the board of customs. My right hon. friend referred to section 54 of the Customs Act which covers a small ambit of customs transactions and law. When does it allow an appeal to the governor in council? Section 54 provides that if any difference arises as to the rate of duty there may be after sixty days an appeal to the governor in council. The other section which I have no doubt was in the mind of the Secretary of State when he made his statement is subsection 4 of section 38, and in my opinion this subsection is of more importance than is section 54. It is as follows:

The board of customs may review the decision of any appraiser or collector as to the principal markets of the country, or as to the fair market value of goods for duty purposes,—

That is, I submit, the main ground of difference, the fair market value of goods for duty purposes.

—and the decision of the board of customs in regard to such principal markets, and the value of goods for duty purposes in any case or class of cases shall, when approved by the minister, be final and conclusive, except as otherwise provided in this act.

Mr. RALSTON: What section is that?

Mr. RYCKMAN: That is section 38.

Mr. MACKENZIE KING: That is the one my hon. friend had in mind the other night?

Mr. BENNETT: Yes.

Mr. RYCKMAN: As I understand it, this bill proposes to transfer to the tariff board all the powers and functions at present enjoyed by the board of customs. If there was an appeal from the minister I submit there would be an appeal if this proposed legislation becomes law. I can quite understand the anomaly suggested by the right hon. leader of the opposition that the decision of the tariff board acting as a customs board would have to receive the sanction of the minister. I submit no appeal which exists now and will exist when this bill becomes law, if it does become law, is lost by the mere substitution of the tariff board for the board of customs.

Mr. RALSTON: What is section 3 of the act?

Mr. BENNETT: Section 3 of the act constitutes the board of customs.

Mr. RALSTON: Section 3 is repealed.

Mr. BENNETT: That is the section creating the board. Obviously the board would disappear with the proclamation that this statute had come into force.

Mr. RALSTON: That does not confer any powers.

Mr. BENNETT: No.

Mr. RYCKMAN: Section 3 says there shall be a board of customs and states of what it shall consist. That board shall have power to perform such duties as are assigned to it by any act of the parliament of Canada or by the governor in council. The section provides also that:

Three members of the board, of which one member shall be either the commissioner of customs, or the officer for the time being acting as commissioner of customs, shall form a quorum, and be competent to transact the business of the board at any meeting thereof, whether regular or special, called by the chairman.

Mr. CAHAN: I move, seconded by Mr. Ryckman;

That subsection 2 of section 11 be amended by adding thereto the following words:

Any right of appeal from decisions of the board of customs shall continue as provided by the Customs Act.

Mr. BENNETT: I think that makes it clear.

Mr. MACKENZIE KING: That is notwithstanding that this statute will repeal that part of the act?

Mr. BENNETT: It only repeals section 3.

Mr. MACKENZIE KING: Yes.

Mr. CAHAN: That covers it.

Mr. MACKENZIE KING: My hon. friend is such an eminent lawyer that I accept his opinion without question.

Amendment (Mr. Cahan) agreed to.

Section as amended agreed to.

Sections 12 and 14 inclusive agreed to.

Bill reported.

WAYS AND MEANS

WORLD DISARMAMENT CONFERENCE, 1932

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I rise to move that you do now leave the chair for the house to resolve itself into committee of ways and means. My hon. friend from Southeast Grey

(Miss Macphail) had advised me that on such a motion she proposed to make some observations, and I arranged with her accordingly. So I assume before you leave the chair she will make those observations.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, I want to speak very briefly about the approaching world disarmament conference to be held in Geneva in February 1932. It is a conference long anticipated and hoped for, and I felt while the house was in session we should have some discussion upon it.

I think the importance of this disarmament conference can scarcely be exaggerated. Lord Robert Cecil, who has given such wonderful devotion to the cause of disarmament, and is probably the greatest authority in the world on it, spoke of the conference as follows:

> It is one of those crucial events in the history of the world that must either succeed or fail.

I feel that it is the most important thing that we have faced in a long time. If it fails, the faith of people in the sanctity of international agreements will be blasted; and I think it is not too much to say that the future of the League of Nations hangs upon the success of this conference.

At the close of the world war, the allies, as they were then called—our group of nations—disarmed Germany and her associates, and it was distinctly understood that having done that the allies would proceed to disarm themselves. There is no doubt about it that in the covenant of the league and in the peace treaty this was distinctly stated, and though now we have gone a long time past the signing of the treaty of Versailles and the setting up of the League of Nations, we have not moved on to do what we then said we would do. I will put on Hansard the preamble of the covenant of the league, because in it is pointed out clearly our international obligation in regard to disarmament, and if we have respect for treaty obligations we can do nothing but carry out the solemn promises we then made. This is the preamble:

> The high contracting parties in order to promote international cooperation and to achieve international peace and security by the acceptance of obligations not to resort to war, by the prescription of open, just and honourable relations between nations, by the firm establishment of the understandings of international law as the actual rule of conduct among governments, and by the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another, agree to this covenant of the League of Nations.

Article 8 of the covenant lays down very clearly that the members of the league shall formulate disarmament plans. I will read the first paragraph:

> 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.

While I am not going to deal with the particular subject of increased armament; armaments to-day are greater than they were when this clause was written. It is also true that in part V of the peace treaty we sacredly promise, if we regard our promise as sacred, to disarm ourselves when we had disarmed our enemies. The opening clause of part V of the treaty of Versailles reads:

> In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval and air clauses. . . .

And those clauses follow. In June of 1919 Mr. Clémenceau gave the following assurance to Germany:

> The allied and associated powers wish to make clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible to resume her policy of military aggression. They are also the first step towards the reduction and limitation of armaments, which they seek to bring about as one of the most fruitful preventatives of war, and which it will be one of the first duties of the League of Nations to promote.

Then there is the Kellogg pact as well. I need not give the exact wording, but in that pact we say we will never again use war as an instrument of national policy, and surely that means we are going to disarm. By all those promises we have made by international agreement we solemnly promise again and again to disarm. Not only that, but the council, the assemblies and the different committees of the League of Nations have, from year to year since 1919, dealt with disarmament, but still we are more heavily armed throughout the world than we were at that time.

I am not going to take time to go into the rather long drawn out and discouraging work of the preparatory disarmament commission which was set up by the League of Nations in 1925, and on which were representatives of the United States, Turkey and Russia. That commission finally made its report last winter—December, 1930—and they are ready now to submit a draft convention to the world disarmament conference which, as I have said, will meet in Geneva in February of 1932.

While we may not be as happy as we should like to be over the draft convention I think we may take the word of those who know most about it that the draft convention is such that any degree of disarmament can be written into it. Lord Robert Cecil, in commenting upon it, just at the conclusion of the deliberations of the commission, said:

> The conclusion to be derived from these weeks of strenuous work is that disarmament is a perfectly practicable policy. The issue now passes from the hands of the commission to those of the public. Do they or do they not desire that this policy shall be adopted? It only remains for an enlightened public opinion to insist that this greatest of all reforms shall be carried out.

Right Hon. Arthur Henderson, Minister of Foreign Affairs of Great Britain, speaking of disarmament in Queen's Hall on February 9 of this year, said almost the same thing:

> The figures will depend upon the public opinion of the world. At the disarmament conference the governments will do what the peoples want. If the peoples want disarmament, they can have it. If they will exert their will they can compel results.

It is certain that the public opinion of the world is ahead of the action that has been taken in regard to disarmament, and I think it is also ahead of the opinion of the governments of the world in that regard. Right Hon. Arthur Henderson expressed that thought, when he gave what is called the Burge lecture, printed by the Oxford Press, in these words:

> I do not fear what the peoples will say and think about us if we can but reach a disarmament agreement. . . . My doubts, my fears, are these: That the peoples will not understand the chance that lies before them; that they will not grasp the opportunity they have been given to fulfil the purpose which they all desire; that they will not make the governments understand that their delegations to the conference cannot be too bold, that they cannot go too far to suit their nations.

There is no doubt at all that Great Britain is most anxious, as I think every other thinking nation is anxious, that there may be real results from the conference to be held next February. Lord Robert Cecil says he would like to see a great many nations take a stand for a twenty-five per cent cut all round. I do not know enough about it to know whether that is enough to start, but I do feel that Lord Robert Cecil knows a great deal about it. However, we do know that if we can reduce by a substantial amount the expenditures of the world in armaments it will be a gain for everyone and we will have relatively as much security as we have now, even for those who depend upon armaments for security.

There are very many ways in which one could show how earnest the people of Great Britain are in connection with this subject. Next Saturday a great mass meeting on disarmament is being held in one of the great London halls, and that meeting is to be addressed by the Prime Minister of Great Britain, Mr. Ramsay MacDonald, by Mr. Stanley Baldwin and by Mr. Lloyd George. So you see they are not making it a party question there, and they are not leaving it just to the rank and file of the people. The first meeting they had in connection with disarmament was addressed by Right Hon. Arthur Henderson, from whose words I quoted a moment ago. This is the second large London meeting, and it is to be addressed by the three great leaders in the British House of Commons. I feel they are doing more than we have done here, but surely we can do no less than to say clearly and publicly—and I think our leading men should be careful to say it publicly—that we want to do our share in bringing about disarmament. These speeches to be made next Saturday will be recorded on sound films, and we will see and hear these three gentlemen in our own theatres very shortly.

I shall take only a very short time, because I hope some other hon. member will want to say something in connection with this matter. Lord Robert Cecil has written a most timely article in Time and Tide of April 25, 1931. He goes on to outline the possibilities of what might happen, and says that it will be a catastrophe if success does not come out of it. He says the conference might break up without reaching any agreement, which seems unlikely, but he goes on to say that when we think of 1914 we must remember that anything may happen. So he does not want to take any chances. In the second place, he says, the conference may result in a mere codification of armaments at their present level, and that means failure. He goes on to say that because of our treaty obligations—if we have respect for those obligations—there is absolutely no way out; we must disarm. We hear a great deal of talk about scraps of paper in this country, and many references to the fact that Germany did not respect her treaties. Up to the present we have not respected our treaties with her, and it is time we began doing in relation to disarmament. I do not want to quote a great deal from this article, because it would take too long, but supposing the conference does fail; only one thing can happen, and that is a race in armaments.

In commenting upon this possibility Lord Cecil says:

It is, then, no exaggeration to say that the most probable political consequences of an unsuccessful disarmament conference next year are that Europe will fall into two armed forces, and that the competition in armaments will revive; competition not merely between individual states, but, what is far worse, between two powerful groups of states manoeuvring for superiority.

Then may I give just one last quotation from Lord Cecil, because I do feel that possibly no one has done as much as he. He said:

Succeed we must. The alternative is too sinister for any man or woman of good sense and good will to contemplate. And there is a way to succeed. Let those who share the convictions which I have expressed refuse to be sidetracked by expert objections about the technical value of this particular form of armament or that, and concentrate upon the one form of reduction of armaments which the ordinary citizen can understand and which comes within the scope of every parliament. Let them demand a definite cut in the total military expenditure of the powers represented at the conference. I believe that it is perfectly reasonable and possible—with dogged perseverance—to achieve at the 1932 conference an all-round reduction of 25 per cent in the military budgets of those countries which did not have reductions imposed upon them by the treaties. This would be a first step—but a considerable step—towards that international equality which all serious students of European affairs foresee and accept.

Should this conference not succeed it would not be possible to go on increasing armaments over the world and still keep Germany and her allies disarmed to the degree imposed by the treaty. That would be neither possible nor right. If we are not going to keep our word then we should not bind Germany to an agreement which she made on the understanding that we would .

I believe much is being done in Canada and throughout the world at the present moment to arouse public opinion upon this question and focus that opinion upon the governments of the different countries. But all the good work of the people will come to naught if a delegation is sent to this conference which is not of the very highest calibre obtainable, not equipped to take part in a very difficult task. I think the Prime Minister and the government are serious on this subject and I feel sure they will want to send a delegation which will prove to be of real assistance in this work. In my opinion that delegation need not be made up of members of the government, nor even of members of this House of Commons. The Prime Minister and the government may not agree with me, but that is my opinion. The calibre of these delegates is very important. They need to be not only well equipped mentally but they should believe in disarmament by international agreement and be able to see the necessity of immediate action. If this matter goes another ten years, it will be ten years too late. A delegation could be sent from Canada composed of people who have made a detailed study of this subject. I have in mind four eminent gentlemen, whom I would like to name as the Canadian delegation. As this matter is not in any sense a party matter it would be much better if our delegation were not made up of members of one political party. I repeat, that would not matter so much, but the delegates should believe in disarmament by international agreement. They should not be military experts, because to send military experts would be the most futile thing to do.

I hope some other hon. member of the house will feel inclined to discuss this matter. We have talked a great deal about matters not so important, and I feel that as private individuals and as members of the house we should do everything we can to make this conference a success. On the power of the individual, I would like to quote some wise words of Sir Robert Borden, recently written:

Who are responsible for the world's future peace? Who, if not you and I and every individual unit in each nation? The sum of individual influences constitutes the public opinion of the nation; the public opinion of each nation enters into that of the world which determines war or peace.

Hon. ERNEST LAPOINTE (Quebec-East): Mr. Speaker, I desire to associate myself with the sentiments expressed by the hon. member for Southeast Grey (Miss Macphail), and to support the request she has made on behalf of this great cause of disarmament. It is indeed a happy coincidence that she has started this discussion during the very week when a meeting is being held in Albert Hall in London at which the three leaders of the great political parties in England are to speak. Speaking in this house on the resolution to approve the general act for the pacific settlement of international disputes, I called attention to that coming conference on disarmament, and tried to impress the house with the necessity of Canada's being prepared to do her share at that conference. I called attention to the fact that in Great Britain the various parties in the British House of Commons were represented on an imperial defence committee, to arrange the representation to the coming conference and prepare the case for Great Britain.

We are facing many important problems. Unemployment has been referred to in this

house from the national viewpoint, but it is an international problem. The Prime Minister (Mr. Bennett) was kind enough to let me have the report of the International Labour Conference, and I find that the whole time of that conference was occupied in the discussion of international unemployment and the making of an effort not only to find the causes but to apply the remedies. The problems which will be discussed at the international disarmament conference are of the utmost importance. I believe that the attention of this house and of the people of Canada generally has been drawn to the importance of the convention, and if it is not successful I am afraid that the edifice of international peace erected during the past ten years will be shaken to its very foundation.

The great work of preparation has been commenced. The hon. member for Southeast Grey referred to the draft convention which has been accepted and which is to be submitted by the preparatory conference to the various countries concerned. Reading the draft convention I notice that the personnel suggested, and as to which limitations will be made, is to be military in character, including customs officials, police of all kinds, forest guards and so forth. The same applies in connection with the air forces. An attempt will be made to limit the number and the horse-power of aeroplanes to be used in times of war even though machines not complying with these limitations are being used for civil purposes. But perhaps the most important feature is the creation of a permanent disarmament body or commission which will see to it that the various peoples live up to the agreement that will be reached and will submit to the League of Nations instances of any infractions that may take place. Viscount Robert Cecil was a member of that conference, as was Hugh Gibson, United States ambassador to Belgium, who generally represents the United States in international conferences, and Count Bernstorff, the German representative. Each one of them emphasized the necessity of arousing public opinion in the various countries to the importance of the conference. The representatives of the various countries, including the men and women who will represent Canada at the conference, will be in some way the custodians of peace for the Canadian people. They will work for the lives and happiness not only of the present generation, but of generations that are yet unborn. But Mr. Speaker, experts and delegates at conferences cannot save us in spite of ourselves. Public opinion must be behind the movement, the scheme and the conference. Peace after all is to a large extent a process of education. There was a time when kings could make wars with mercenary soldiers, hired troops, but those times are now past. In this democratic world, war cannot be successfully waged without the support of an overwhelming public opinion in the countries engaged therein. A policy of peace is not only an expression of views; it is a state of mind. It is a condition which is created amongst the various masses and classes in a country. Words of peace are needed, but they must be backed by deeds of peace.

I was pleased the other day to read that the American Legion had adopted a resolution in support of this disarmament conference and asked the United States representative to work for its success. They know what war means. I think Canadians generally should not and must not forget the pledges that were given to those who fought during the great war. "Never again" was the rallying cry. The soldiers who fought the war were told that they were fighting to end all wars and that their sacrifices would be made for peace. They fought on account of those pledges, and those pledges must be redeemed even more than those concerning pensions or material indemnities or other things of that kind.

May I add that Canada is perhaps more interested than any other country in the world in the cause of universal peace. We are a new country; we have a great future; there is nothing to block our progress except wars, and we all know that wars in which we would be engaged cannot come on account of anything for which we would be responsible. We would not be the cause of any war, but we are interested in the maintenance of peace by other countries, because we know we would probably have to take part in war if it came. Canada has taken the leadership in the British Empire in accepting arbitration, which has now been accepted by all the members of the British commonwealth of nations. I believe Canada should also take the leadership in this question of general disarmament, and we ought to do our best in order that the men who represent us at the conference shall speak the mind of all Canadians and endeavour to establishd universal peace.

May I in conclusion read the words of a great soldier who is also a great statesman? I refer to General Smuts, who said last year:

> Mankind has, as it were, at one bound and in the short space of ten years, jumped from the old order to the new, across a gulf which may yet prove to be the greatest divide in human history. . . . What has been done can never be undone. One epoch closes in the history of the world and another opens.

I join with the hon. member for Southeast Grey in asking the government to see to it that Canada does her share at that conference so that as a result of its labours this great divide spoken of by General Smuts may be crossed. Let the government appoint suitable representatives, men who believe in peace—because if they think wars are necessary they cannot work for the great cause of peace. Let the government appoint representatives who have the backing of Canada, and we shall all try to support them, to give them a mandate which will be concurred in by the people in the various sections of the country, so that they may go to that conference and speak there the united mind of the Canadian people.

Right Hon. R. B. BENNETT (Prime Minister): The development of democracy depends upon the maintenance of peace. War is destructive of all democratic forms of government. The declaration that this country desires to maintain peace is not sufficient. It is idle to think that permanent and lasting peace can come in our time merely by our making declarations and speeches. We have passed in the house and elsewhere resolutions in favour of peace; we have become parties to treaties of arbitration, and we have joined with other nations in declaring that so far as we are concerned war is renounced as an instrument of national policy. But all these renunciations, all these declarations, all these resolutions in favour of arbitration and peaceful settlement of dispute, either by recourse to law in world courts or other peaceful means, are useless except to the extent that they influence people's minds to think in terms of peace. If we are to have peace we must have it by cultivating and maintaining the spirit of peace, not the spirit of war. The warlike spirit is not consistent with the maintenance of peace, and the spirit of peace is an attitude of mind that comes from continuous education. It is therefore useful that we should from time to time make declarations so that the youth of the country may see the glories of peace as distinguished from the heroic achievements of war.

No man who reads history, no one who is familiar with the growth of civilization and with the heroic achievements of men who have given their lives on battlefields in every part of the world for high principles and great causes, can fail to realize that their example has inspired generations in days gone by and will continue to inspire noble achievements that are consistent with the courage and enterprise of our races. But in this age we realize that war on any scale is destructive not only of the nations that engage in it but of the world at large. There can be no war of any importance now that does not become general in its effects and influences. There can be no war in these days of scientific achievement in the use of poisonous gases, artillery, tanks and aerial warfare that is not fatal to the very development of civilization itself. We now realize that far from being a virtue war is the negation of all virtues and is destructive of the world's civilization. But in the face of all that has been said, as illustrating the point I desire to make, it will be found that to-day amongst the European nations there are many men under arms; equipment is being provided for war; men are talking in terms of the next great conflict, as though we had not been at the world's Gethsemane.

How are we to bring about the end we have in mind? We must do it, as I have said, by creating the will to peace, which comes from continuous educational effort. I said on one occasion in this city that we were paying a tribute to a great man for what he had done for the cause of peace. It is idle to think that we can ever achieve our end unless we destroy the means by which these wrongs are wrought, and that means disarmament, but disarmament, as was pointed out the other day by Mr. Ramsay MacDonald, cannot be a one-sided thing. Hence it is that the conference to which the hon. member for Southeast Grey (Miss Macphail) has referred becomes a matter of transcendent importance to the world at large. It is no longer a question of this nation or that. It is a question of the world itself. It is a question of the maintenance of our institutions, the maintenance of the life of our civilization. If this committee believes, and the public believe, as I am inclined to think they do, that peace can be brought about only by disarmament, it follows that disarmament must be achieved as soon as possible. But a one-sided disarmament is not possible. How is it possible to think in terms of disarmament if one nation has a million soldiers under arms and another has none? How is it possible to have disarmament when one country is in a position to ignite in a second a great conflagration, while another country will be destroyed by that very conflagration? No prairie fire of which we have ever heard could spread like the conflagration of military operations in communities divided only by imaginary lines. That being so, disarmament must be a world-wide state of mind.

This country in the northern half of this continent, this young democracy with its ten millions of people, freed from the horrors of all probability of war within its borders, its shores protected by the application of doctrines of an international character, has very little to disarm. I doubt if a disarmament conference could indicate any point at which we could disarm; for a police force is essential if peace is to be maintained and law and order preserved. The police force must be adequate to the task that is thrust upon it, namely, the preservation of law and order and the security of life and property. These things can be achieved only by an adequate and a disciplined and controlled police force. I do not think it can be said that either now or at any other time since the war we have had in this country more than an adequate police force for the maintenance of law and order and the security of life and property.

If all this be true, the extent to which Canadians can make a real contribution to the cause of disarmament is of course measured by the influence which they may exercise at any international gathering. The extent to which that influence becomes potent is not wholly measured by the number of muskets that it is possible for a country to create and maintain.

Miss MACPHAIL: You would not call that disarmament, would you?

Mr. BENNETT: I say that unfortunately the influence of countries has frequently been measured in that way. I am satisfied that this country, this new democracy, may exercise a real and a potent influence in international councils for the cause of peace. I pointed out this afternoon, as I frequently have in the past, and as I have heard my right hon. friend opposite and the hon. member who has just spoken frequently point out, that this country in international councils exercises an influence and an authority far beyond the extent of its population, its area or its material resources. It does that because it is itself a striking example of how peace may be maintained within one's own borders amongst people having their origins in different races, the one settled originally on the banks of the St. Lawrence, and the other on the shores of Massachusetts; and yet they have been able to fuse into one common sentiment their love of peace and their desire for the growth of democratic institutions. To the extent that our influence has brought peace and prosperity at home among men and women of divers races and creeds and of divers orders in life, to that extent it has increased from day to day amongst the peoples of the world in international councils. The gentleman whom we honoured to-day as president of the League of Nations, coming from Canada in the early history of that organization, has been a potent factor in stimulating public interest in the movement for world peace and in bringing the name of Canada to the forefront amongst those communities whose influence has always been on the side of organized peace. That I think is common ground with us all.

I can only say this to the hon. member for Southeast Grey: That in so far as it may be possible, having regard to the time of year at which this conference is held, this country will worthily discharge every obligation that rests upon it in that regard, and I trust that the representations we will offer will not be unworthy of the great traditions of Canada in her struggle to maintain peace, in her belief in peaceful methods for the settlement of disputes, in her conviction that by recourse to judicial and arbitral methods the differences of peoples having been settled, the differences of nations may also be concluded. With that hope and that inspiration and that conviction this government, when the conference is held, will do its duty by the Canadian people.

NEW WESTMINSTER PENITENTIARY

Mr. THOMAS REID (New Westminster): Before you leave the chair, Mr. Speaker, I crave the indulgence of the house for a few minutes while I bring to its attention a matter of great importance to the constituency which I have the honour to represent.

I have telegrams and different communications here from New Westminster to-day to the effect that an investigation is to be held into affairs in connection with the penitentiary at New Westminster, principally with respect to some dismissals that occurred in 1928, when Inspector Jackson, now in charge of Kingston penitentiary, was temporarily in charge of the penitentiary at New Westminster. I am informed that the dismissals of two men in particular form the basis of this investigation. I would like to point out that there have been other dismissals, seven I believe, and those seven dismissals took place during the temporary charge of Inspector Jackson. These men had I believe asked for an inquiry, which had not been granted. I had not the honour to represent the New Westminster constituency in this house at the time these dismissals took place, or I would have pressed for an inquiry at that time. These men had given valuable service ranging from ten to over seventeen years, and were dismissed because at the time

the regulations governing the penitentiary were, to use that word, violated by those higher up. They were refused an inquiry at that time. I am going to ask the minister now if he will be kind enough to tell me whether an inquiry will be held, and if so I should like such an inquiry to be of the fullest nature possible.

There is a further injustice concerning which many of the men are afraid to speak, namely that of long hours. Those men are working eleven hours at a stretch and are afraid to complain lest their complaints lead to dismissals. If an inquiry is to take place I should like an investigation to be conducted concerning the hours worked. I think however the injustice done to those men who have lost from $1,000 to $2,000 and were unjustly dismissed after serving from ten to twenty years should call for the fullest possible inquiry. I should like the government to be kind enough to make a statement regarding the matter.

Hon. HUGH GUTHRIE (Minister of Justice): In reply to my hon. friend I shall make a brief statement. No inquiry has been instituted. My hon. friend is dealing with a newspaper rumour which was telegraphed to Ottawa yesterday or the day before.

Mr. REID: I received the telegram to-day.

Mr. GUTHRIE: And the contradiction was published to-day. No commission has been appointed. I have heard of some of the complaints about which my hon. friend has just spoken, and would say that these matters are being considered by the department.

Motion agreed to and the house went into committee of ways and means, Mr. MacDonald (South Cape Breton) in the chair.

CUSTOMS TARIFF AMENDMENT

Mr. BENNETT: Customs tariff—we shall deal with the administrative sections.

Mr. MACKENZIE KING: Is it my right hon. friend's intention to move the resolutions?

Mr. BENNETT: I thought so.

Mr. MACKENZIE KING: My right hon. friend will formally move the resolutions?

Mr. BENNETT: Yes. I thought that to-night I would deal with the customs tariff resolutions, considering first the administrative sections.

Mr. MACKENZIE KING: If it is my right hon. friend's intention to consider the customs tariff resolutions I should like to say a few words now; probably it will save some time later. My remarks will be directed to the views entertained by hon. members on this side of the house in regard to the consideration at this time of the proposed extensive changes in the customs tariff. On behalf of the opposition I should like to protest most strenuously upon being asked at this stage of the session to consider the vast changes proposed by the budget in the customs tariff of Canada. I take no exception to the government bringing in any changes it wishes to make in the tariff but I do submit in the public interest, unless those changes be other than nominal, or very limited in character, they should not have been brought in at this session of parliament, which was so late in meeting, and where there was no possibility of adequate discussion taking place until midsummer.

My right hon. friend has frequently stated that this is his first year in office. From the point of view of the general public I believe he has made the very serious mistake of trying to do in one year more than other ministries have sought to do not only in the life-time of one parliament but in that of several parliaments. He has not been satisfied with making changes in the tariff in a manner which he could himself explain, but he has sought to alter the complete tariff schedules of the country in a way which absolutely defies comprehension. If hon. members wish to applaud that statement I wish they would do so; however, that is the fact. Regarding the special session as part of the present one, the Prime Minister has sought in his first year in office to alter at least two-thirds—I think I am right when I say two-thirds—of the total tariff items of this country.

Mr. BENNETT: That is a slight exaggeration.

Mr. MACKENZIE KING: Would one-half be any nearer?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: The Prime Minister states that a half would be within the mark.

Mr. BENNETT: Nearer the mark.

Mr. MACKENZIE KING: He is seeking to alter half the customs tariff items at a session of parliament which comes within his first year of office, and to make those extensive changes in a way which renders it wholly impossible for the House of Commons adequately to discuss them or for that matter, to

discuss them at all. That is the exception I take to the action of my right hon. friend at this session and at the special session.

Hon. members on this side of the house feel that at the special session he should not have introduced any tariff changes. At the special session he had no mandate to revise the tariff, but he took advantage of the fact that an Imperial conference was being held in London to end discussion in a manner which to all intents and purposes amounted to closure, and as a result the tariff changes then proposed were scarcely discussed at all. He promised at that time that we should have ample opportunity at this session to consider the effect of the changes then put into effect, but that opportunity has not yet come, although we have reached the 8th day of July. We have not yet had an opportunity to consider any of the changes involved in the resolutions which at the moment are before the committee. I have no doubt my right hon. friend will say that we have been discussing the tariff bill and one or two other measures, but such comment would be entirely beside the point. My right hon. friend has the direction of the business of government, and had he wished to be fair to the interests concerned and to the people of Canada at large he would have done one of two things: either brought down his budget early in the session and afforded ample opportunity for discussion throughout the early weeks of the session, or waited until next year. Had he taken the latter course he would have had plenty of time to prepare his tariff changes and submit them at the beginning of a new session. Obviously in mid-summer, having regard to conditions prevailing in the country and to the temperature of this chamber, it will not be possible for hon. members to devote any considerable length of time to an intelligent discussion of the proposed changes.

First of all, if my right hon. friend intended to make such extensive changes he should have called the session at an earlier day; secondly, he should have brought down his budget earlier in the session, and thirdly, he should have given us a chance to discuss these resolutions at a time much earlier than the present. That is the first protest which I wish to make most emphatically.

I desire next to protest with equal emphasis at my right hon. friend asking this parliament to make extensive tariff changes without any preliminary investigation whatever with respect to their significance. This action on his part constitutes a departure from the practice in Canada for years past under either Liberal or Conservative administrations. For many years where a government contemplated other than nominal changes the ministry of the day appointed a committee of the cabinet to go through the country and conduct what were known as tariff hearings. Interested parties were allowed to appear before the ministers and make their representations with respect to what were considered by them to be necessary changes, and those opposed to such changes were given an opportunity to present their side of the question. In other words before any important changes in tariff schedules were made all parties were heard by a committee of the cabinet of the day. It was found that to send a committee of cabinet ministers through the country was not the most satisfactory way of dealing with the situation, and in the day of Sir Robert Borden, the then Minister of Finance, Sir Thomas White, announced to the house that a tariff commission would be appointed for the purpose of hearing representations as to increases or decreases in tariff, to give all parties interested an opportunity of being heard before—not after—the changes were made. That board was not created formally by Sir Thomas White, the then Minister of Finance, he giving as an excuse that matters were running along so satisfactorily at the time that there was no necessity for any tariff changes of a material character, and hence no need for haste in the appointment of the board. The war intervened, and of course that was another reason why the board then proposed was not appointed.

When the Liberal administration came into office in 1921 a few changes were made in the first few years. My hon. friend the ex-Minister of Justice (Mr. Lapointe) reminds me that after Sir Robert Borden had resigned and Mr. Meighen was at the head of affairs, Sir Henry Drayton, as Minister of Finance, went through the country holding tariff hearings, with a view to the revisions that the government proposed to make later on. Every person was entitled to appear before him, and those who had opposing views were invited to express them. Then Mr. Fielding became Minister of Finance. I need not remind hon. members of the wide experience that Mr. Fielding had as Minister of Finance, and what that experience was worth to Canada; nor need I remind my right hon. friend of the great care which Mr. Fielding exercised before he made a single tariff change to see to it that all the parties who might be materially affected were given a hearing before himself personally or before officers of his department who were in immediate touch with him.

When far-reaching changes were proposed, such as the changes in the tariff on the implements of production and later with respect to motor vehicles and the like, the government of the day gave the fullest opportunity to the parties affected by those changes to be heard, and their views were fully known to the ministry as a whole and through the ministry expressed to parliament before those changes in the tariff actually were made.

Later the government appointed an advisory tariff board for the purpose of hearing the representations of those likely to be affected by the proposed tariff changes. It was the policy of the government that when an application was received with respect to an increase or decrease of the tariff, or when the ministry had in mind, for reasons of policy, making changes in the tariff, to refer the matter in the first instance to the tariff board. Then, the tariff board announced its hearings, which were held in public, and the parties in interest were allowed to appear and make their representations. Subsequently the board made its report to the minister, so that he had before him the point of view of all parties before he came into the house to present his proposed tariff changes.

The so-called Dunning budget, which went further in the matter of tariff changes than any other changes proposed by the late government, was not the result of a few hours or a few weeks study; it was the result of careful investigation that had gone on for a period of two or three years.

Mr. RYERSON: An election budget.

Mr. MACKENZIE KING: It was not an election budget at all. At the time the Dunning budget was being prepared the intention was that the government of the day would be represented at the Imperial conference and that the election would not take place until a year after that time. But circumstances alter cases, and it so happened that the election came, as hon. gentlemen know, somewhat sooner than otherwise would have been the case. But the tariff board had been considering very carefully for a period of between two and three years the changes that were subsequently embodied in the Dunning budget.

What is the position with respect to the tariff changes that the Minister of Finance is now asking the house to consider? None of these changes has been considered by anyone except the Prime Minister himself—even if he has given them consideration. I do not believe he has had time to give them consideration. They are the most drastic tariff changes that have ever been proposed in parliament. Whether considered from the point of view of the number of articles that are being changed or in relation to the extent to which the tariff rates themselves are increased, I think my right hon. friend has, from the point of view of the business interests of the country, done the most extraordinary thing that has ever been done by any minister of the crown. He has suddenly launched upon parliament vast changes, affecting half of the tariff structure, with the result that there is not a manufacturer, there is not a consumer, there is not a workingman who has any real sense of security at the moment with respect to the position of industry in this country. He has been making changes in such a precipitate manner that almost every few days he has had by order in council to cancel or amend those changes. In addition to that he has given to himself and his colleagues power to alter the tariff by order in council, so that what is done one day by parliament is altered the next day by the cabinet. I say that nothing of the kind has ever happened in the history of Canada before, and I cannot express too strongly the sense of injustice which I believe the country is labouring under through having its whole financial and commercial structure to some extent disarranged if not temporarily shattered, as a consequence of the violent changes in the tariff which my right hon. friend has made.

May I point out this further fact, that while under previous governments there was some opportunity for parties to be heard, the Prime Minister himself as a part of his own method of dealing with these matters has swept away entirely any possible consideration in advance of the changes he is proposing, vast as they are. It must be recalled that even the changes proposed in the resolutions we are considering have already been made and that the new rates of duty promised by them have been in force for some time. The Prime Minister abolished entirely the tariff board that was in existence when he came into office.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: My right hon. friend says, "hear, hear." But, as I pointed out the other day, if he wanted any kind of investigation even by his own officers, there was a vacancy in the chairmanship of the board and he could have retired the other two members, and reconstituted the board to suit himself. To that board he might have referred the changes he was about to make, and the board might have advertised the fact that certain matters of the tariff were under consideration and given parties materially

affected an opportunity to be heard. But my right hon. friend did not do that. He swept the board out of existence, substituting nothing for it. He did not even give his own colleagues an opportunity of considering what he was doing, but by a stroke of the pen he gave instructions as to how the tariff was to be increased and changed, and then presented it to parliament to be enacted within two weeks. That was at the special session last September.

This session he brings in a bill which he calls a bill to create a tariff board, but he takes care to see that all these tariff changes now being proposed, which go to make up half the total tariff, are made before that board is called into existence. So the effect of these changes is not going to be known at all until it is felt in the actual operation of the tariff itself.

May I say this to hon. members who think this kind of thing is helping the manufacturer, that in manufacturing one man's finished product is another man's raw material, and if you are going to permit tariff changes to be made in manufactured articles without any investigation in the first instance, you are operating in the dark as to the effect on manufacturing generally throughout the country. I think already my right hon. friend has heard from a good many interests as to the effect his tariff is going to have on their own and other manufacturing interests as a result of lack of careful and thoughtful consideration being given to changes before they were made.

But there is a point I must stress even more strongly in regard to the changes my right hon. friend is making to-day, and that is the effect of what he announced in this house to-day and which has become apparent to the country for the first time—that the tariff board he is now creating, the one we have been discussing for the last two or three days, is not to be a tariff board before which interests affected by these tariff changes are to be allowed to appear and be heard; it is a tariff board which in its operations will be confined just to those particular things which he himself refers to it. In other words, these changes are not only to be made in the manner they are now being made, without any preliminary investigation whatever, but after they have been made, no matter how aggrieved the parties may be, whether they be manufacturers, workmen, consumers, agriculturists—in a word, whether they be engaged in mining, lumbering, fishing and agriculture, or in any branches of the manufacturing industry, unless it suits the will, the wish, the caprice of my right hon. friend there can be no investigation whatever into the effects of these tariff changes. That is entirely wrong, and I do not think it can be defended on any ground whatever. I want to protest in the strongest possible way against the tariff being changed in this ruthless fashion, and at the same time against the lack of opportunity for redress being afforded to the parties themselves once the changes are made.

I know what my right hon. friend has in mind; he has said, "I am going to have a tariff policy which will prevent any commodities coming into this country which can be produced or manufactured in Canada, and I am going to put my tariff up to such an extent as to make that effective."

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite say "hear, hear", so there is no dispute about it. That means, as far as international trade is concerned, that it is to be cut off completely so long as there is a possibility of anything being manufactured or produced in this country. I do not believe the people of Canada have any conception of what my right hon. friend is seeking to do. I have done him the justice all along of saying I thought he had in his own mind a pretty clear conception, but I doubted very much if his own followers had an idea of what he intends to do. He thinks his particular policy is going to work out for the good of the country. I have given him credit for sincerity in believing that making Canada into an economic unit will be of great service to the country. But before any such policy is put into force there should be afforded to this parliament the most ample opportunity for debate and discussion. I am perfectly sure that if we had an opportunity to discuss this policy on its merits many hon. gentlemen opposite who to-day applaud the Prime Minister for what they believe he is doing in such heroic fashion would be the first to ask him to move a little more slowly.

May I say that the changes my right hon. friend is making to-day are revolutionary in character. I think I am right in saying that changes with respect to economic matters, whether they affect prices, wages or the development of industry, should be along the line of evolution rather than of revolution. You cannot rip and tear up an existing system in a day or in a year without bringing about very serious consequences.

Mr. GOTT: You did it before.

Mr. MACKENZIE KING: I wish my hon. friend would allow me to speak; I am trying to make a dispassionate appeal to the

committee. If my hon. friend had a little more experience in public life perhaps he would not be so rude. The country is entitled to know what the Prime Minister is seeking to do. I think his own followers are also entitled to know, but I say honestly that I do not believe they know even yet. I say this in no offensive way; what I am saying now is being said in the presence of the Prime Minister himself, and if it is untrue I hope when he replies he will make it perfectly clear that it is not correct.

I repeat, the policy of the Prime Minister is so to restrict trade that commodities from other countries will not be permitted to come into Canada if they can be produced or manufactured here. That policy is based on a conviction in the mind of my right hon. friend that trade must take place only as the result of some absolute advantage in production which one country possesses to the exclusion of another. I believe he is entirely wrong. Trade is based on no such doctrine. Trade is based on the doctrine of relative advantage, arising out of comparative costs of production. Countries have certain special advantages over other countries in the matter of production, and they devote their capital and labour more exclusively to the things in which they have that advantage rather than to those other things in which they are not so fortunate. They bring into their country even some things which they could produce or manufacture but which they could not begin to produce or manufacture at the cost at which they can be produced elsewhere. To make a simple illustration, if an individual has $100,000 to invest he might invest it in something which has a natural advantage in his own country in the matter of production or manufacture, and he would as a consequence be more or less sure of a return on his money. On the other hand he might put that $100,000 into something that has no special advantage, and probably he would get a very small return or none at all. International trade is nothing more than the result of that kind of thing on a vast scale. Production and manufacturing in a nation is the result of investment going into those particular fields in which special advantages are possessed, so that when trade is carried on internationally and there is more produced in any country than can be consumed there, the surplus is sent abroad in exchange for surplus products of other countries and the things which cannot be produced in that particular country under the same natural advantage.

My right hon. friend's policy is depriving the country of all the great advantages that come from extended international trade, and that despite the fact that for years past the policies of governments have been so to develop the national economic life of Canada as to make possible a vast international trade. Large expenditures have been made by this parliament on our railways and steamships, whereby travel and trade are expanded to all parts of the world. There has been a policy in the Department of Trade and Commerce under which agents are sent to different countries. Later there has been a development in the matter of opening legations to assist in the discussion of international problems, and so on. The whole development of communication between different parts of the empire has been with a view to expanding trade within the empire and beyond its borders. To-day we have the projected development of the St. Lawrence waterway, not in relation to a purely national trade confined to Canada alone but in relation to a great international trade with other countries.

My right hon. friend's policies are absolutely defeating the expansion of Canadian trade, and bringing about a crippling and restriction of trade in a manner that will be most serious so far as the future development of the trade and industry of the country is concerned.

I see it is eleven o'clock. I should like to say a few words on this matter when we resume to-morrow.

Progress reported.

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

Thursday, July 9, 1931.

The house met at three o'clock.

PRINTING OF PARLIAMENT

Second report of the joint committee of both houses on the printing of parliament.—Mr. McLure.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN NATIONAL RAILWAYS—GUYSBOROUGH-SUNNY BRAE BRANCH

Mr. DUFF:

1. Have instructions been issued to the contractors on the partly constructed railroad from Sunny Brae to Guysborough to cease work and remove their equipment?

2. If not, will the government and Canadian National Railways proceed with the construction of the right-of-way, the placing of bridges, laying of rails and ballasting of road, this present season?

3. Were bonds issued for sufficient funds to build said railroad?

4. Was the sum of $3,500,000 or thereabouts provided in that or any other way for the purpose of said construction?

Mr. MANION:

1. Yes.

2. Answered by No. 1.

3. Bonds were issued to provide for this and other capital expenditures occurring during 1930 and 1931, but not sufficient to complete the railroad.

4. The act authorizing the construction of the above line actually authorized the expenditure of $3,500,000, plus 15 per cent, or a total of $4,025,000, but did not provide the money.

MOOSE JAW SEED CLEANING PLANT

Mr. BURY:

1. (a) For what purpose or purposes was the seed cleaning plant at Moose Jaw constructed; (b) how far has it been used for these purposes since completion?

2. (a) What sum was voted by parliament for its construction; (b) did said sum suffice; (c) if not, how was the deficit supplied; (d) if such deficit was taken from another item or other items included with said sum in one larger general vote, from what item or items was it taken; and if from more than one to what extent from each?

3. What were the dates of: (a) its completion; (b) the commencement of its operations?

4. What is its total capacity in output of bushels of cleaned seed grain?

5. (a) What portion, if any, is retained for operation by the government of Canada, and for what purposes; (b) what portion is leased; (c) to whom, for what period, at what rent and upon what other terms and conditions is such portion leased?

6. What equipment has been purchased for it, and at what cost was it purchased?

7. What has been its output in bushels of cleaned seed grain in each year since its completion to and including 1930?

8. What is the cost, per bushel of cleaned seed put out, of administering (only) the plant, not including the cleaning of the seed?

9. What is the cost per bushel of the actual cleaning?

10. What was the average price per bushel paid to the grower each year for first generation seed handled in the plant, up to, and including 1930?

Mr. WEIR (Melfort):

1. (a) The assembling, cleaning, storing, and distributing of pure variety seed grain and other seeds; also the treating of seed to control smut and other diseases. (b) The lessee reported receiving and cleaning more than 100,000 bushels of seed grain from inspected and registered crops.

2. (a) Vote No. 41, 1929-30, "Seed, feed and fertilizer control, including grants to seed fairs, etc., and necessary buildings, also grant of $13,000 to Canadian Seed Growers Association, $625,000," included an item of $150,000 for the establishment of a seed cleaning and storage plant in Saskatchewan. (b) The amount provided in the item was not sufficient. (c) An additional $100,000, making a total of $250,000, was taken out of Vote No. 41, 1929-30, of $625,000; $35,000 was taken out of Vote No. 345, "Seed, feed and fertilizer control, further amount required, $35,000," 1930-31; the balance, to the total amount of $316,021.82, was supplied out of Vote No. 41, 1930-31, "Seed, feed and fertilizer control, including grants to Seed Fairs, etc., and necessary buildings, also grant of $13,000 to Canadian Seed Growers Association." (d) Such deficit was taken from the votes aforementioned. The items in the estimates of the Seed branch for 1929-30 from which the major portion of the deficit was taken were as follows: $50,000 for the construction of a Seed branch laboratory at Ottawa, and $50,000 for subventions to provinces on account of seed crop competitions, seed exhibitions, seed cleaning centres, etc; and for 1930-31, $34,000 was also taken from the item in the estimates of the Seed branch for subventions to provinces.

3. (a) About December 15, 1929; (b) About December 15, 1929.

4. Total storage capacity: bins, approximately 50,000 bushels; sacks, approximately an additional 100,000 bushels.

5. (a) The lease requires the lessee to provide an office for the seed inspector. (b) The completed seed elevator. (c) To The Saskatchewan Registered Seed Growers, Limited, for ten years, at the following rental: on or before the 31st day of July, 1930, $1,000; on or before the 31st day of May, 1931, $1,000; on or before the 31st day of July, 1931, $1,000; on or before the 31st day of May and July respectively in each and every of the years 1932, 1933, 1934, 1935, 1936, 1937, 1938, and 1939, $2,500; the first payment hereunder to be made on or before the 31st day of July, 1930.

6. Cleaning machinery: 3 No. 7 monitors, 1 No. 5 monitor clover machine, 1 monitor flax mill, 3 Rich ring graders, 4 straight Carter disc machines, 1 seed polisher, 1 dual asperator, 1 Carter scalperator, 1 Canadian Fairbanks hopper scale, 1 1921 Toledo scale, 2 three-bushel Richardson portable grain sacking scales. At a total cost of $28,476.97. This amount includes installation of above equipment.

7. Seed inspection records show the following quantities of seed to have been cleaned at the Moose Jaw seed elevator since its completion.

Season 1929-30

	Bushels
Registered and certified wheat.	50,533
Other seed wheat..	4,663
Registered oats..	38,515
Other seed oats..	242,386
Registered barley..	6,236
Other seed barley.	13,522
Registered flax..	2,773
Other seed flax..	4,200
Total..	362,828
Registered and certified forage crop seed..	38,527
Other forage crop seed..	72,329
Total..	110,856

Season 1930-31

	Bushels
Seed wheat..	25,000
Seed oats..	25,000
Seed barley..	1,600
Seed flax..	2,000
Total	53,600
	Pounds
Registered and certified forage crop seed..	16,000
Other forage crop seed.	68,000
Total..	84,000

8. Wheat, 46.62 cents; oats, 26.42 cents; barley, 37.30 cents; flax, 43.51 cents; rye, 43.51 cents. These figures are recorded as general expenses and do not include any freight or plant charges.

9. Registered wheat, 18.7 cents; registered oats, 10.5 cents; registered barley, 14.77 cents; registered flax, 28.67 cents; registered rye, 17.07 cents; commercial seed wheat, 9.71 cents; commercial seed oats, 5.5 cents; commercial seed barley, 7.77 cents; commercial seed flax, 20.27 cents; commercial seed rye, 9.07 cents. These figures are recorded as plant charges.

10. It is deemed improper to give this information, which is regarded as the private affair of the Saskatchewan Registered Seed Growers, Limited.

UNEMPLOYMENT RELIEF—DORCHESTER

Mr. GAGNON:

1. How much money was spent in the county of Dorchester to bring relief to unemployment?

2. How much for direct relief?

[Mr. Weir.]

3. How many mans' days work were provided?

4. How many families were granted relief thereby?

5. What is the actual cost of public works and undertakings which have been carried out?

Mr. BENNETT:

1. The Dominion contribution agreed upon for public works and undertakings to relieve unemployment amounted to $11,675.

2. $174.49 has been paid to date in respect of direct relief.

3. No information available by county.

4. No information available by county.

5. Total estimated cost of works undertaken, $43,000.

UNEMPLOYMENT RELIEF—THREE RIVERS-ST. MAURICE

Mr. GAGNON:

1. How much money was spent in the county of Three Rivers-St. Maurice to bring relief to unemployment?

2. How much for direct relief?

3. How many mans' days work were provided?

4. How many families were granted relief thereby?

5. What is the actual cost of public works and undertakings which have been carried out?

Mr. BENNETT:

1. The Dominion contribution agreed upon for public works and undertakings to relieve unemployment amounted to $93,275.

2. $5,520.81 has been paid to date in respect of direct relief.

3. No information available by county.

4. No information available by county.

5. Total estimated cost of works undertaken, $368,500.

*PURCHASE OF LABRADOR

Mr. MERCIER (Laurier-Outremont):

Since January 1, 1931, have any negotiations been undertaken directly or indirectly with the government of Newfoundland for the transfer or sale of Labrador from the Dominion of Newfoundland to the Dominion of Canada?

Mr. BENNETT: The question can be answered only in the way that conversations have taken place, but no negotiations have been entered upon.

*ACTING MINISTER OF MARINE

Mr. POULIOT:

1. Who was the minister or the acting minister in charge of the Department of Marine on October 4 and 6, 1930?

2. Was the minister in Ottawa on those dates?

Mr. DURANLEAU: As regards the first question, I was myself in charge of the Department of Marine on the two dates men-

tioned, October 4 and 6 of last year. As to the second question, whether I was in Ottawa or elsewhere on those dates, the 4th and 6th October were Saturday and Monday, respectively. I cannot say exactly whether I was in Ottawa or Montreal. Probably I was in Montreal on the Saturday, because as a rule I go there on Saturdays to attend to business. On the 6th October I think I was in Ottawa, but I am not sure as I have no record of my movements on that date.

*Mr. POULIOT:

1. On what date did the Minister of Marine leave Ottawa for the west last fall?
2. On what date did he return to the capital?
3. Was an acting minister appointed during his absence?
4. If so, who?

Mr. DURANLEAU: I left for the west on the 1st November and came back to Ottawa on the 18th. Nobody was appointed acting minister during my absence.

ACTING MINISTER OF RAILWAYS

Mr. POULIOT:

Who was the minister or the acting minister in charge of the Department of Railways and Canals on October 4, 1930?

Mr. MANION: The Acting Prime Minister.

CANADIAN NATIONAL RAILWAYS—CARRIAGE OF MAILS

Mr. PECK:

1. Are the contracts between the government and the Canadian National Railway, for the carriage of mail, expressed in writing?
2. Are such contracts for a definite time or terminable by notice?
3. If terminable by notice, what is length of time required?
4. What were the terms of the latest contract for the carriage of the morning mails between Peterborough and Lakefield?
5. Was notice given by the railway of intention not to carry such mail after the twenty-seventh June last?
6. If so, when and to whom was such notice given?
7. Was the railway justified in discontinuing such service?

Mr. CAHAN:

1, 2, 3 and 4. No. The Railway Act provides that all railways must carry mails when required by the government.

5 and 6. No specific notification other than the railway time table indicating the withdrawal of these trains from service effective from the 27th of June, 1931.

7. The railway authorities believe a reduction in service to have been justified by the light traffic offering. There is still a daily mixed service between Peterborough and Lakefield and, in addition, the railway has made arrangements with a bus line operating between these two points at regular intervals daily to honour through-tickets from Toronto.

As required by the Railway Act, notice of the proposed change in service was filed with the Board of Railway Commissioners, and no exception taken.

CANADIAN HISTORY OF THE GREAT WAR

Mr. SPENCER:

Referring to order in council dated May 27, 1921, P.C. 1652, and to statements in Hansard, page 3077:

1. When will other volumes of the official History of Canada's part in the Great war be ready for publication?
2. How many other volumes will be published?
3. To whom is the task of writing the history given in each case?
4. As it is now ten years since the above order in council was passed authorizing the history to be written, how much of said history is now actually written other than the history of medical services, and when is it anticipated any other volumes will be issued?

Mr. SUTHERLAND:

1. No date can be given at present.
2. Not known.
3. The compilation and publication of the history is included in the duties of the historical section, general staff.
4. In addition to the heavy preliminary work of collection, classification and co-ordination of relative documents and material, which is well advanced, the following progress has been made:—

(I) the plan for all the general volumes has been laid out;

(II) the material for four of them has been selected and arranged;

(III) 104 detailed maps of the operations, required for illustration, showing units down to squadrons, batteries and companies, have been compiled from original documents;

(IV) the draft text of approximately one quarter of these four volumes has been written.

ALBERTA LAND SALE

Mr. SPENCER:

1. With regard to fraction of the N.W. quarter of section 20, township 54, range 2, west of the 4th meridian, did Mr. A. A. Hoath, Lea Park, Alberta, offer by letter to purchase the above land on the 14th November, 1911?
2. If so, what was the action taken by the department?

Mr. MURPHY:

1. No such application on Ottawa file. Agency file is now with province.
2. This fractional area was disposed of under the regulations in that behalf to the owner of the adjoining land.

CANADIAN NATIONAL RAILWAYS—RIVIERE DU LOUP STATION

Mr. POULIOT:

Is the sum of $15,000 mentioned in reference No. 313 and included this year in the budget of the Canadian National Railways to repair the Riviere du Loup station, sufficient to cover the cost of renewing the roof and sewer system, of building a cellar and of solidifying the foundations and walls of the actual railway station at Riviere du Loup?

Mr. MANION:

The sum mentioned is expected to cover the cost of repairs and improvements sufficient to meet objections raised by the provincial health authorities and others with respect to Rivière du Loup station arrangements.

QUESTION PASSED AS ORDER FOR RETURN

APPLICATIONS FOR PENSIONS

Mr. SPENCER:

1. How many persons have applied for pensions to the board of pension commissioners during the last twelve months?
2. How many were successful?
3. What are their names and the pension received in each case?

THREE RIVERS HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine) moved: That the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to authorize a loan to the Three Rivers harbour commissioners not exceeding $700,000 for the construction of terminal facilities, upon approval by the governor in council of detailed plans, specification and estimates for such works, and the deposit of the debentures of the corporation to cover said loan.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

UNEMPLOYMENT AND FARM RELIEF

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Will the Prime Minister inform the house when we may expect whatever legislation is necessary in order to meet the needs of the unemployed? The session is now far advanced. It seems as if we might have something of that kind in the near future.

[Mr. Murphy.]

Right Hon. R. B. BENNETT (Prime Minister): I explained the other day it is proposed to introduce legislation of the character I then mentioned when we have practically disposed of the business of the house.

PRIVILEGE—MR. FERLAND

DISMISSAL OF CANADIAN NATIONAL RAILWAY EMPLOYEES AT JOLIETTE

Mr. C. E. FERLAND (Joliette) (Translation): Mr. Speaker, I rise to a question of privilege. When the House met yesterday, the hon. Minister of Railways and Canals (Mr. Manion), who seems to be more affected than any one else by the stifling heat which we are experiencing these days, forgot himself to the extent of using language, in referring to me, which I can only describe as improper. The hon. Minister of Railways asserted that at a public meeting held in Joliette, on July 1, last, I had made misstatements. He based his assertions on a report published in "L'Etoile du Nord" of Joliette, a well-meaning newspaper, whose report, however, is not complete and accurate on certain points. May I, Sir, correct the statement made by the hon. Minister of Railways (Mr. Manion). At that meeting held on July 1, I first expressed my disappointment to the people of Joliette as regards the decision taken by the management of the Canadian National Railways in dismissing 46 employees working in the railway shops at Joliette, 40 of whom were employed in the car-repair department, the other 6 belonged to the locomotive shop. I stated that this decision was arbitrary, unjust and illegal. It is unjust because, in this same section of the central division, when the Canadian National Railway's management found it necessary to reduce their staff in other localities they did so in a ratio of 10 to 20 per cent, while in Joliette, a reduction of two thirds was effected in the car-repair shops. I also stated that this decision was illegal, because it was carried out in violation of an existing contract between the Canadian National Railway and the city of Joliette, definitely binding the former, a contract which Sir Henry Thornton, President of the Canadian National Railway deemed it his duty to acknowledge and fulfil when previously a delegation made up of the members of the Chamber of Commerce and the city council of Joliette discussed the matter with him. Finally, I stated that on a question of vital importance and national interest to the town of Joliette, I thought that it behooved the hon. Minister of Railways to intervene when a request was made to him in order to

prevent an injustice being perpetrated or a contract violated. I then publicly stated, that when I heard of the decision taken by the Canadian National Railways, I immediately communicated with the hon. Minister of Railways and Canals who to my great amazement, answered by letter that this matter came entirely under the Canadian National Railways management and that I should acknowledge with him that it would be useless for a delegation from Joliette to come to Ottawa.

In order to well establish the facts concerning the blame which I attach to the hon. Minister of Railways (Mr. Manion)—not with reference to his receiving a delegation, nor to having closed the door on a delegation which had arrived in Ottawa, but as regards his attitude on that occasion—I shall read the letter which I sent to the hon. Minister and his answer. I contend that this answer is evidence of his refusal to arbitrate in the matter and to listen to our grievances, and, even more, it is a declaration to the effect that it would serve no purpose for a delegation to come to Ottawa.

My letter is dated June 26, last and reads as follows:

(Text)
Dear Mr. Manion:

You will please find enclosed a telegram which I received this morning from Mr. Hector Mainville of Joliette, regarding the Canadian National Railway's decision to lay off forty men out of sixty men now employed in car department at Joliette, Quebec.

May I venture to say that the above decision is in violation of the terms of an existing contract which obliges the Canadian National Railways to maintain in permanence at Joliette (one of its divisional points) not less than fifty men in that car department, according to the interpretation of Canadian National Railways officials?

I wish you would kindly investigate and see that no unlawful act or injustice is done.

With my best regards, I remain, sir,

Yours truly,

Charles E. Ferland.

The telegram which I enclosed, and which was addressed to myself in Ottawa, reads as follows:

Officially decided by Canadian National officials that effective July first forty men out of sixty will be laid off in car department whereas at other points in this district reduction only amounts from ten to twenty per cent. Conditions most disastrous and delegation wants to meet you at your office soon as possible.

Again, on the 29th of June, I received a letter from the Minister of Railways and Canals reading as follows:

Dear Mr. Ferland,—

I have received your communication of the 26th instant, and will pass it on to the railway management for their consideration, as the matter is one entirely in the hands of the officials. You will, therefore, appreciate that the deputation should see the management and that there would really be no use in their coming to Ottawa.

(Translation): This letter, sir, is a vindication of my statement to the people of Joliette so greatly affected by the centralization of affairs in large centres such as Montreal and Quebec, and I think I was perfectly justified in stating—

Mr. SPEAKER (Text): The hon. member has explained his side of the incident fully. The Minister of Railways and Canals explained his side yesterday. The question is now before the house for debate, and I trust that the hon. member will bring his remarks to an end shortly.

Mr. FERLAND (Text): I was just finishing, Mr. Speaker. I was stating that the report contained in the newspaper l'Etoile du Nord was not entirely accurate, and so I have to make an explanation in order that all the facts may be known to the house and to the public.

(Translation): Now sir—

Mr. QUINN (Translation): That is all.

Mr. FERLAND (Translation) —the bitter speech of the hon. Minister of Railways delivered, yesterday, is the more to be regretted in my humble opinion, that my statement is consistent with his own letter. The wording of my statement has, perhaps, been reported with some variation because our local newspapers are not equipped to the point of having stenographers at their disposal, however, it is in keeping with the truth and raises a question of facts and rights which, in my humble opinion, is amenable to this house and the government, because the management of the National Railways is a service which comes under the administration of the affairs of this country.

Mr. MORAND: I rise to a point of order, Mr. Speaker. Surely the hon. gentleman is not going to be permitted to make a whole political speech on this matter.

Mr. FERLAND (Translation): Now, sir, I shall also point out that—

Mr. SPEAKER: Order. Will the hon. member take his seat? As I have already said, the newspaper report was read yesterday by the Minister of Railways and Canals quoting remarks alleged to have been made by the hon. member for Joliette. The minister explained his side, and now the hon.

member for Joliette is explaining his side. The minister pointed out yesterday that the dismissal or retention of employees of the Canadian National Railways was beyond his power to regulate. I trust that the hon. member for Joliette has now given his full explanation and that the house will be able to go on with business. There is no resolution before the house. The hon. member I think has had an ample opportunity to explain his connection with the incident referred to.

Mr. FERLAND (Text): I rise to another question of privilege, Mr. Speaker. I shall say only a few words.

(Translation): In the last part of his speech, the hon. Minister of Railways and Canals—

Mr. SPEAKER: The question of privilege has been fully discussed.

Mr. FERLAND: Mr. Speaker,—

Mr. BENNETT: Mr. Speaker is on his feet; sit down.

Mr. SPEAKER (Text): The hon. member has said that the statement by the Minister of Railways and Canals was not correct, and he has given his version of the matter. That is all that is necessary to say to the house, and the hon. member is not entitled at this time to argue whether or not the management of the Canadian National Railways is justified in what it did.

Mr. CASGRAIN (Text): The hon. member has said that he has another point he wishes to discuss in reference to the same matter.

Mr. FERLAND (Text): I rise to a question of privilege and say to the house that the last statement in the speech of the hon. Minister of Railways and Canals is incorrect.

(Translation): The hon. Minister of Railways and Canals, made, in the last part of his speech, a statement which calls for a denial. He said:

> I have brought this matter up, Mr. Speaker, because the hon. gentleman has been in the habit—this is not the first time—of making such mis-statements.

I wish to say to the hon. Minister of Railways that it ill becomes him to make off-hand charges which he cannot substantiate. I have made certain speeches in the House, in the course of my short stay in Ottawa, and I have held joint meetings during the last election, in five or six counties, however, never was any body able to point out that I had made mis-statements. In concluding my remarks and in order to be clearly understood, I shall use towards my hon. friend the same language he used in making his charge against me: "I think there is decency and honesty in public life that should be respected even by the hon. Minister of Railways."

Hon. R. J. MANION (Minister of Railways and Canals): I think I am justified in replying shortly after the lengthy remarks of the hon. member. He says that according to the letters his statement is correct. I shall leave the decision of that point to hon. members who will take the trouble to read those letters. I say that he had no right to make the statement he made to the effect that I refused to see a deputation. I refused no such thing at any time. Neither the hon. member nor anyone else asked me to see a deputation, and for that reason I could not refuse.

In regard to the question of privilege which the hon. member now raises concerning my remarks about his statements at other times, I make the statement that in the past few years in the province of Quebec the hon. gentleman was one of the worst offenders in regard to the supposed Turkish and Egyptian wars.

Mr. LAPOINTE: That is a fine example to give.

UNEMPLOYMENT RELIEF

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to refer to the remarks of the Prime Minister in reply to the hon. member for Winnipeg North Centre (Mr. Woodsworth), concerning the measure to be introduced by the government dealing with unemployment relief. My right hon. friend said that such a measure would be brought down when the business of the house was disposed of. In making that statement I have no doubt he referred to other business already on the order paper, for certainly the measure for the relief of existing distress is as important as any matter before parliament at the present time. I assume my right hon. friend will in this connection, be introducing some legislation and I hope he will not wait until the last day or two of the session to place upon the order paper the resolution which would necessarily precede a bill to relieve unemployment. Hon. members ought to have a little time to consider any provisions before they are called upon to pronounce their views.

Right Hon. R. B. BENNETT (Prime Minister): I shall afford the house every opportunity it may desire to discuss such a measure; my right hon. friend may rest assured of that.

TARIFF BOARD

PROVISION FOR APPOINTMENT, POWERS, DUTIES AND SALARIES

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 47, to provide for the appointment of a tariff board.

He said: The bill as passed through the committee has been reprinted.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, when this bill was introduced and when the Prime Minister made his speech to the house on its second reading, hon. members and the public generally assumed that the tariff board which was being created was one which would hear the representations of parties who might be interested in any tariff changes proposed, or with respect to changes in the tariff which already had been made. I have no doubt they believed that once the tariff board was appointed the parties of their own volition or at least at the instance of the board itself might appear before the board to make representations with respect to proposed or actual changes in the tariff as they might affect different parties, either manufacturers, consumers, labour, those connected with the primary industries or any other class or any individual in the community.

The discussion on the measure however has made perfectly clear that such in fact is not the intention in connection with the proposed tariff board. The powers of the tariff board will of course be exercised in accordance with the provisions of the statute. Whether it will have the right to exercise those powers at all, however, will depend on the terms of the instructions given by the Minister of Finance. Such restrictions mean that so far as the board is concerned, as regards its relation to the public, its usefulness is entirely restricted to such purposes as the Minister of Finance may himself direct. Such conditions are, I believe, wholly at variance with what the public conceives to be the real advantage of a tariff board.

I notice that the Minister of Justice (Mr. Guthrie) is about to leave the chamber, and if it is convenient I would ask him to remain a moment or two so that I may address a special word to him. As hon. members are aware the Minister of Justice has always had great facility for presenting an argument clearly and forcibly. In 1912 when a previous government brought down a bill for the creation of a tariff commission my hon. friend was sitting with the Liberal opposition, and at that time he presented the Liberal point of view with respect to the measures then before the house. The objections which the present Minister of Justice then urged in connection with that bill are in the main the objections which we are now making to the bill which has been introduced by the government of which he is now a member.

I shall read to hon. members a part of the speech delivered by my hon. friend on February 13, 1912, in connection with the bill respecting a tariff commission which was before the house on that date. I shall refer only to those parts of his speech which bear directly on similar features which appear in the present proposed legislation. In listening to his criticism the house may assume that I am stating the contentions of the Liberal opposition of to-day with respect to the measure now before us. The present Minister of Justice on that occasion spoke as follows. The quotation will be found at page 2940 and subsequent pages of Hansard, Vol. 2, Session 1911-12:

> The board has no power to initiate anything, no power to take a single step without the special instructions of the Minister of Finance or the governor in council. I understood, when the bill was first brought in that the board was an independent and permanent board of inquiry, and would be instituted to make, apart from any special instructions from anybody, the inquiries set out in subsection 1 of section 4. But when we come down to analyze the sections of the bill, we find that the functions of the board are subject to the direction of the minister. They cannot enter upon an inquiry, they cannot make a suggestion, they cannot do any of the things which the bill contemplates they should do, and which the public believe they are to do and which are made the main excuse for the introduction of the bill.

A little further on he said:

> Is it not so that the whole design and scope of the bill is to furnish the finance minister and his party with special information, in disregard of the rights of the house and of the people in general to receive that information? To my mind, the bill would be far less objectionable if these words were eliminated as I have sugested.

Then he proceeded:

> Here is a board of commissioners, a permanent and so-called independent board of commissioners who cannot make a move in gaining the information or facts which the government deems it important to know, which cannot even start an investigation without the positive direction of the minister. And when that investigation is completed, the report must be made to the minister. The matter starts with the minister, and, so far as this clause goes, it ends with the minister.

He continued:

> But where do the members of this house come in; where do the people of the country

come in? I am very strongly of the opinion that if this commission is to report, it should report to parliament and not to the minister. It may be beyond the power of members of this house either to get the result of the inquiry or the evidence on which the results are based if the bill is allowed to go in its present form. It may be that a large fund of information will be available to the minister and his friends, but that surely is not the object of the bill.

Then he said:

—but we do object to these facts being elicited by any secret process and only by special directions.

Then after having referred to the superior advantages of the British method of gathering statistics, my hon. friend has this polite reference to the source from which that legislation—and this legislation also—seems to have been inspired—

They—

He was speaking of the way statistics are gathered in Great Britain.

They are collated and published under the authority of the board of trade, the president of which is a member of the cabinet. Why not adopt the British system in preference to this cheap Yankee device?

That was the contemptuous reference made at that time by my hon. friend to similar legislation inspired from the same source. Then a little further on he continued:

What is now proposed is a system modelled in fact upon the United States system. You appoint a permanent board the members of which are not clerks in any sense of the word. They are commissioners with high standing; you have exalted and dignified them, and you are preparing to pay them handsome salaries; you are giving them very wide and high powers; but these men, an independent board appointed for the purpose of acquiring information, cannot move hand or foot until the Minister of Finance beckons to them what to do; and upon getting the word from him as to how they shall proceed, there is no doubt that they will proceed in accordance with his wishes and those of the government of the day.

Finally my hon. friend says:

I want to point out this contingency: Suppose there is a demand on the part of the public to have a certain industry investigated, for instance, the shoe manufacturing industry, and the finance minister does not think it should be investigated. Should not the tariff commission of their own motion, be entitled to go into that question?

I do not think, Mr. Speaker, it is necessary for me to add a word after quoting what the present Minister of Justice said at the time he was expressing his honest convictions of a measure identical in the features to which I have referred with the bill which is now before the house. May I point out that when this bill was being drafted and considered in the cabinet the Prime Minister had sitting at his right hand the present Minister of Justice—the one who had pointed out these limitations, these shortcomings, these restrictions, these faults and these frauds, in a similar measure when brought before this house a good many years ago. So there must have been continuously present to the mind of the Minister of Justice and also to the mind of the Prime Minister all of these aspects of the legislation and their full significance.

Mr. GARLAND (Bow River): Is it not true, however, that this bill differs from the other one in that the reports of this board must be made to parliament within fifteen days of the opening of parliament?

Mr. MACKENZIE KING: I cannot say as to that offhand, but that is a wholly immaterial feature for unless the finance minister himself decides that there is something to be investigated, no report will be made, and the only report made will be on those particular things which the Minister of Finance himself asks the board to investigate.

I must say I am amazed, if the Minister of Justice was sincere in the objections he had to that measure in 1912, as I believe he then was, that he should have remained a member of the present administration while the ministry was proposing to bring into this house a measure of the kind. I will not say anything as to what it reflects of the consequence of keeping bad company, or of what the result of a surrender of one's convictions in one direction, may come to mean in other directions as well; but I do not hesitate to say that when my hon. friend expressed himself as he did in 1912 he was speaking his own mind with great freedom, and, I imagine, also with a glad and a clear heart. In criticism of a similar measure, his objections made at that time with so much force and direction are quite as formidable to-day.

I will not go so far at the moment as the present Minister of Justice went at that time, and say that the board should have the right of its own initiative to investigate any question it wishes without, in the first instance, special direction by the Minister of Finance; but I do say that, where parties believe themselves likely to be adversely affected with respect to proposed or actual tariff changes, they should be entitled to a hearing before the board. For that reason, believing that this provision will meet what the public at least conceive to be the first and main advantage of a tariff board where it is instituted for the purpose of protecting the

parties that are likely to be affected one way or the other by tariff changes, I beg to move, seconded by Mr. Lapointe:

That Bill No. 47 as amended be not now read a third time, but that the same be referred back to the committee of the whole house with instructions that they have power to amend the said bill by making provision that any person feeling himself aggrieved by any existing or proposed tariff revision shall have the right to present his case before the tariff board.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, may I be permitted just one single remark in reply to the speech of my right hon. friend the leader of the opposition (Mr. Mackenzie King), in which he quoted a speech which I made in this house some twenty years ago in regard to a measure similar in some respects to the measure which has been under discussion now for some days. I am only going to say that my answer to my right hon. friend will be found in the language of John Morley, an outstanding Liberal, afterwards Lord Morley, who on one occasion was questioned in regard to his change of views. He said: "I admit quite candidly that twenty years ago I entertaned many opinions which I do not now entertain, and if anyone can derive any satisfaction from my discarded opinions they are entirely welcome to do so".

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, on this very matter I could refer to a speech still older than the one quoted by the right hon. leader of the opposition (Mr. Mackenzie King). But I agree with the Minister of Justice (Mr. Guthrie); in fact I think if every hon. member of this house examined his conscience he would find that in the course of twenty-five years he has changed his mind in connection with many things. Whether or not he stayed with one party is immaterial, because party allegiance and sincere expressions of opinion are two entirely different things.

I simply wish to point out what seems to me an important aspect of this piece of legislation which has received little attention. It is partly dealt with by the amendment proposed by the right hon. leader of the opposition, and for that reason I will support that amendment, but I do not think it goes far enough. During the course of this debate I have been struck with the repeated assertion of the Prime Minister that the object of this measure is to create a court of law. No one is more qualified than the Prime Minister to define what is a court of law, and of course from a purely legal standpoint it would be ridiculous and impertinent on my part to enter into a discussion with him. But I have given some time during my life to the study of constitutional developments, and if there has been one marked feature in the development of British institutions, representative or judicial, it is the tendency to separate judicial powers from legislative or executive powers. This has been done constantly, and for what purpose? It has been done to enable the citizens, the common people of the country, to have recourse to some body of supposedly impartial men to obtain justice, whether in matters of criminal law, civil law or administrative law. I think it may be stated that the basic principle of the judicial system in British communities to-day is that all courts of law should be available to all citizens of the country in order that justice may be done, provided that the matter referred to the court is within the jurisdiction of that court. Certain matters of law are within the jurisdiction of the superior court, while others come under district or circuit courts. There are other courts of still more limited jurisdiction. Certain types of cases come before the exchequer court, and we also have the various courts of appeal. But I think this is the first instance in the whole history of Canada of the creation of a court to which no citizen of Canada will be able to appeal. This is a court of law put up by the government for its own convenience, to which the only party who can apply is the Minister of Finance. The leader of the opposition suggests that whenever the government plans a change in the tariff this so-called court of law should be open to people who may be interested in opposing that change.

Mr. MACKENZIE KING: Not only at that time but at any time; it should be open to anyone who has a grievance with respect to the tariff.

Mr. BOURASSA: Then I did not quite understand the amendment. May I see it, please?

Mr. MACKENZIE KING: It goes the length of suggesting that anyone who believes himself aggrieved should have the right to have his grievance heard by this board.

Mr. BOURASSA: The amendment reads:

By making provision that any person feeling himself aggrieved by any existing or proposed tariff provision shall have the right to present his case before the tariff board.

I did not hear the word "existing;" now I am enabled to support the amendment with all my heart. If this is adopted it will broaden the jurisdiction of this board to coincide precisely with what, in my young

audacity, I proposed to the parliament of Canada at least twenty-five if not thirty years ago, when I found, to my amazement and disappointment, that, in spite of all professions of faith while in opposition, it was not true that there was a protectionist party and a free trade party, because the free trade party advocated free trade while in opposition but maintained protection while in power. At that time I made the suggestion to the old parliament that since protection was the accepted policy, and probably would remain so for many years to come, we should make at least some attempt to introduce into the management and application of our tariff some degree of efficiency, of scientific findings and of stability, with a sufficient degree of elasticity to permit such changes as might be necessary from year to year or from parliament to parliament to meet the exigencies of the situation. I then pointed out what for many years had been the policy pursued in France. In matters purely political I am not an admirer of the French system, but in matters economic I think there is no modern country that has been ruled more sensibly than the French nation, perhaps because they have been so foolishly ruled in other matters.

In France the situation was this: The politicians, feeling the uncertainty of the situation, with the very frequent changes of government, realized that at least the economic stability of the country should not be disturbed by changes in the composition of the parliament and of the cabinet. The result has been that although they have adopted the principle of protection and have followed it for many years past, they have not gone to extremes. In fact I think it might be said that apart from the short period of about one-half the reign of Napoleon III, after a treaty had been negotiated by Cobden between France and England, France has been the most consistently protective country in Europe. It did not go to the extremes to which Germany went or the extremes to which the United States has gone, or to which we are going now; but they have maintained the principle of protection. In the application of their tariff, however, they have introduced some practices which I think could be fruitfully studied by us and applied to a certain extent.

I have already pointed out the inconvenience of having only two models before us, England and the United States. Conditions in England are so different from conditions here that we cannot copy the economic policy of that country; that goes without saying. For many reasons which I am not going to expound now, I think it equally dangerous to copy as servilely as we have been doing for the last thirty or forty years the policy of the United States. If we do that with the idea that we will reap the same results they have reaped, then we are living and playing in a fool's paradise. We need not imagine that by following servilely the extreme protectionist policy of the United States—and reaping the same evil consequences—we are going to make of Canada a self-sustaining country. If we cherish that idea, then, I repeat, we are living in a fool's paradise: For we shall never make of Canada a cotton-growing country. We shall never make of Canada a coal-producing country, to the same degree as the United States, and supplying all the varieties of coal which are needed in a northern country like Canada. We can never make Canada a country geographically situated and composed like the United States with that enormous Mississippi valley crossing from north to south, which creates a current of trade in all directions. We cannot expect the same geographical conditions in Canada. We shall never be able to create and maintain an internal trade such as exists in the United States, where there is a population of 110,000,000 of consumers. We cannot hope to have such a trade in this country so long as our population remains as small as it is—and it will be comparatively small for many years to come—and scattered over an area larger than that of the country to the south of us.

We need foreign trade and therefore a tariff board like this should consider every question bearing upon trade. It should consider not only the conditions of production of industries; it should consider not only those various matters that are enumerated in the bill, but it should consider also what commercial results are likely to follow from the operations of the tariff on each industry. The board should consider whether by protecting this or that industry we are not hampering this or that trade, or the relations of Canada with this or that country that can produce similar goods at a cheaper cost than we can produce them in Canada—countries with a larger consuming community, enabling their industries to dispose of their surplus products under better and more advantageous conditions. In other words, you cannot view the simple question of industrial production without taking into consideration not only those factors which govern the production of the same articles in other countries, but the whole problem of trade internal and external.

Taking the economic situation as it is, considering the needs and the exigencies of all classes of our population, I say that a board of this nature should be open to all claimants in all the provinces of Canada. The gardeners of Canada should be in a position to come and petition the board. The consumers of the west and the producers of the east, so far as manufactured goods are concerned, or, vice versa, the consumers of the east and the producers of the west, with respect to farm products, should be perfectly free to appeal to this so-called court of law for a hearing, in order that justice might be done. Every class in the community should be free to appear before this body constituted by the government to find out all the facts bearing upon our economic situation. All classes of our population should be as free to appeal to this court of law as the Minister of Finance or the Minister of National Revenue.

It is too late in the history of our institutions for us to countenance the idea that a parliament, which claims to be a democratic body representing the people, which claims to reflect the views of all the people, representing the interests and the exigencies of the country at large, should disguise as a closed court of law of this kind, what as a matter of fact is and ought to remain an administrative body, but an administrative body subject, if you like, to the authority of the government. I have no objection to its being subject to the government, because the government is responsible to parliament and parliament to the people. And when the people find out that they have made a mistake in giving a majority to this party or the other they may change the administration. But pending such changes, I submit that it is contrary to the basic principles of our parliamentary and judicial institutions to create a body which will be under the sole and exclusive jurisdiction of the minister, a body which will act or remain idle according to the caprice of that minister, shutting its doors to all the interests of Canada. It is from that point of view and solely from that point of view that I object to the bill now before us.

If it was not for the reason I have given, I would entirely support the bill; because, as I have said, over twenty-five years ago I proposed the creation of a tariff board. I suggested it to my good friend, Sir Wilfrid Laurier; and he came very near adopting it, about the same time that he created the railway commission. I said to him: Since you are bound to maintain a tariff, why do you not establish a permanent board which will investigate all tariff questions whenever called upon to do so—a board which will receive requests and counter-requests, proposals and counter-proposals; a board which will give a hearing to all classes and individuals who are interested in the tariff, whether it be to have it raised or lowered. Such a board would reduce to a certain extent the volume of your daily labours and would furnish you with all the elements, if necessary, of a yearly revision of the tariff. You would have figures, statistics and findings, internal and external, from year to year upon which parliament could rely. It could be a court of equity, but above all it should be a court of record, to which all those who wished to appear, to submit their views, would have access. That is what I suggested to Sir Wilfrid Laurier. And if the present government had proposed a measure of that nature I would have supported it.

An hon. MEMBER: Never.

Mr. BOURASSA: I can understand why my hon. friends cannot appreciate my point of view, but I forgive them. For a short while I was myself a party man and I could not believe that a man could have a free mind. However, I freed myself and since that time I have determined to be independent. Of course, I have to make a choice. One cannot clasp one's hands all the time and pray for some extraordinary light to fall from heaven; one must decide on what is at hand. Until now I have not opened my mouth during the whole of this debate, because, being in favour of proper legislation along this line, I have been hoping that something would develop that would enable me to support the bill. But I find the Prime Minister bent upon making of this body a court of law empowered to do a great deal that a court of law can do, although its constitution is repugnant to the very principle of any court of law. Three men are here given the power to infringe upon individual or even political and civil liberty, putting men into jail if need be, as pointed out by the hon. member for Shelburne-Yarmouth (Mr. Ralston). This so-called court of law is given all these powers; yet at the same time it is to be prevented from acting as a court of law, giving every man a fair hearing. If it were made simply an administrative body, a body constituted for the purpose of giving information to the government, with no powers which it might exercise over any class of our citizens, then, though I might describe it as rather impotent, it would not be obnoxious. But it is being given powers that are repugnant to all the

interests of the people, and is given no powers which will make it useful to all classes and individuals in the country. For this reason I shall support the amendment and vote against the third reading of the bill.

Right Hon. R. B. BENNETT (Prime Minister): One wonders just where the capacity for changing, on the part of the right hon. gentleman opposite (Mr. Mackenzie King), will end. One wonders whether that capacity is not being tested beyond endurance, for it is only in 1926 that the right hon. gentleman asked the house to believe that the tariff advisory board was the one thing that was desirable. Let us see what he gave Canada. I now read from the official record, the Canada Year Book, with respect to the Advisory Board on Tariff and Taxation:

> The Advisory Board on Tariff and Taxation was created under the terms of P.C. 530 of April 7, 1926, for the purpose of advising the Minister of Finance in regard to tariff, taxation and other related matters.
>
> The duties of the board are to inquire into and hear representations on all matters pertaining to the tariff and other forms of taxation, as may be directed by the Minister of Finance, and to advise the minister in regard thereto. The board is under the jurisdiction of the Minister of Finance and holds meetings whenever this appears to be necessary or desirable, and also whenever required by the Minister of Finance. It is authorized to avail itself of the assistance of the officials of the various departments, while the Minister of Finance, on the recommendation of the chairman of the board, may engage competent persons possessing special knowledge to assist the board in its investigations.
>
> The tariff advisory board does not take the initiative in tariff investigations nor does it receive applications directly from persons interested in tariff investigations, but deals only with applications referred to it by the Minister of Finance.

One wonders just why this sudden change of front! One wonders just why these sudden suggestions!

Mr. CASGRAIN: It was not a court.

Mr. BENNETT: Certainly not, but it was what was set up as a tariff board in lieu of a court, and the reason why the initiative rested with the Minister of Finance is the reason which the house has heard ad nauseam during the last few days, namely. the supremacy of parliament. Why is it that these applications must originate from the Minister of Finance? Because the ultimate responsibility for all tariff action rests with the government of the day, and it is through that minister that the government takes the responsibility so that parliament may act upon the initiative of the government.

[Mr. Bourassa.]

That is the reason. We have heard, during the last four or five days, the right hon. gentleman declaiming to high heaven that parliament is having its power crushed, we have heard that echoed and reechoed, until we are sick of the echo—that this was so, and that that was so—and now we find him rising in his place and declaiming against that very principle and declaring that anybody may go to the tariff board and make application without reference to government or parliamentary control in any way, shape or form. That is what hon. members are driven to for purely political reasons. The tariff board was good enough in 1926, but no application could be made to it except through the Minister of Finance. That was the case in 1927, 1928 and 1929. I heard the right hon. gentleman in those days pointing out the soundness of the measure and what it meant to the consumers of the country, but yet no application could be made except through the Minister of Finance. The reason is so obvious, so clear, so plain; you are not going to create any organization to report upon tariffs that has no relation to the government of the day and the parliament of which that government is the committee. The committee of this house that is reponsible for government to-day is called the cabinet. It is a committee of the House of Commons, and the responsibility of that cabinet is that it goes out of office unless at all times it can command the support of a majority of the members of the house. That being so, it is provided that there must be somewhere some responsible minister for every action that is taken with respect to the government of this country.

The action taken in this case is that of the minister when he sets in motion, by making a request of the board, the machinery whereby the information is obtained. How can this be otherwise? Are you going to have this board cluttered up by having everybody send in applications for changes in the tariff, or to have a minister responsible to parliament to deal with those applications? Is it to be order or disorder, method or lack of it? Is it to be responsibility of parliament or not? Hon. gentlemen opposite say: Give us disorder; give us no method; give us lack of control; give us anything that will enable us to talk, to address the language of the demagogue to the populace about a government that denies them the use of a court. The right hon. gentleman has been declaiming to high heaven about the rights of the people being taken away from them and their

having no opportunities to air their grievances. Everyone knows no government can remain in power that long defies public opinion.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: That is the reason why the last government went out of power. May I go one step further and add this? All the applications are made to the Minister of Finance by consumers' leagues, manufacturers, those who have agencies in this country and who desire reductions in tariff as well as those who may desire increases. Then the minister determines whether or not he shall refer them to this board. He exercises his discretion and for the exercise of that discretion he is answerable to parliament. If he fails to make the reference, he subjects himself to a vote of censure of parliament. That is parliamentary government. One method is chaos and disorder; the other is orderly government of the country's affairs. The latter is consistent and consonant with that principle upon which our institutions have grown up, of parliamentary responsibility and of every minister being responsible to parliament for the exercise, while in office, of his discretion.

In this case an amendment has been set lose which will violate every principle of parliamentary government, disregard every rule that has heretofore prevailed with respect to ministerial responsibilities, and say that everybody on the street may make an application which the board is bound to hear. That is not my conception of the idea the Canadian people have with respect to matters of this kind. The right hon. gentleman did not have to go back nineteen or twenty years to find, as the Minister of Justice (Mr. Guthrie) says, opinions which they are perfectly welcome to take now that he has discarded them. My right hon. friend did not have to go back that far. If he had looked at his privy council order of 1926 he would have found the opinion which he commended to the people of the country at that time and during the last few years, but which opinion now, in the full glare of to-day's sun, he stands up and repudiates and disowns. I congratulate him.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, as usual, the Prime Minister (Mr. Bennett) is trying by raising his voice and by gestures, to conceal the real argument and, by scolding and delivering a lecture, to omit altogether to answer the arguments which have been presented. My right hon. friend recently, during the debate, has been arguing that this board is not a board which makes any tariffs; that it is only a fact-finding board; that its powers are quite innocuous and only for the purpose of making researches with respect to cost productions and things of that kind. Now he has suddenly decided that it is part of the instrument of government and vitally concerns the principle of the responsibility of parliament. The argument which he has made all the way through this debate has been to the effect that this board is simply an economic research council, nothing more and nothing less, something to which people can go, in order, he says, that the facts may be established. As he says, the responsibility rests in the last resort with the ministry and with parliament in order to make tariffs, but the exercise of the responsibility of parliament comes after and not before the investigation by the board. The board makes its findings; the ministry then decides whether or not it will act upon those findings and bring them down in the shape of tariff legislation. That is no argument against the proposal that the board may be set in motion in other ways than at the behest of the minister. My right hon. friend quoted the argument that was made by the present Minister of Justice (Mr. Guthrie). The present Minister of Justice of course has by this time learned very pat that quotation from Morley. He has had to use it on a good many occasions, and it has become pretty threadbare. He knows it as we used to know Pitt's reply to Walpole which we learned from the schoolbooks. I do not believe that the opinions which my hon. friend the Minister of Justice gave utterance to in 1912 have really been cast off by him.

Mr. GUTHRIE: Oh yes, they have.

Mr. RALSTON: I think they are simply put away in moth balls, and if the necessity arises he might bring them out again. The chances are that he probably will not, but I do not think they are cast off; I think he believes in them to-day just as much as he ever did. My right hon. friend reads the constitution of the tariff advisory board. He has been saying right along that board was not worth the paper the order in council was written on, but now he has to invoke the organization of that board as a reason for the fundamentals and the foundation and basis of the court which he is setting up to-day. As a matter of fact, they are two entirely different things. One was a tariff advisory board. One was a board to which matters might be referred, a board before

which—I do not believe any hon. member will contradict me in this—any man who asked that he might go was promptly allowed to go and present his case.

Mr. BENNETT: Only if the Finance Minister so directed.

Mr. RALSTON: And he always gave his consent.

Mr. BENNETT: He did not.

Mr. RALSTON: But what is the case today? I asked my right hon. friend yesterday if he would give an undertaking that before any change, any decrease or increase of duty were made, the case would be referred to the tariff board. His answer was in his usual dogmatic form: He will not. That means that it is going to depend altogether on the minister what applications shall go before the board, and that the minister does not propose to act in the way in which the previous advisory board was administered and permit people to go before that board when they desire to do so. That is the difference between the administration of the board to which he has referred and the administration of this new board.

May I say one thing more? My hon. friend from Labelle (Mr. Bourassa) has made the point clearly and distinctly that this house is now being invited to sanction the formation and organization, not of some tariff advisory board, not of any committee, not of any research council, but of something that is going to have the solemnity of a court of record, of something to which, to use the words of the Minister of Justice, men are to be appointed with handsome salaries, eminent men, he said, men of great dignity. That is the way he described them in 1912. He went on to say: After you have got all this splendid organization, what is going to happen? It is not going to start at all. Those were the words of the Minister of Justice in 1912, and I say that unless this amendment passes, that is exactly what will happen in this case. We will have all the trappings, all the dignity, all the solemnity, all the formalities, but after all, the board, with all respect to them, will be all dressed up and nowhere to go.

I submit, Mr. Speaker, that the amendment is absolutely necessary in order that this court, so called, may be useful in connection with tariff matters. I want to point out to my right hon. friend that the court, as he himself said, makes no finding. The court makes no tariff, the court does nothing which the ministry cannot correct if it pleases to correct it. So there can be no objection whatever to a man going before this court and saying: I want the facts investigated in this particular case. There is nothing binding on the government or on parliament, according to what my right hon. friend himself says about this court. But the amendment would give an opportunity for the public of this country to get information with regard to matters in connection with which they are paying money in the way of duties, paying money in the way of taxes and imposts, in order that they might see if those taxes were properly imposed. So I submit, Mr. Speaker, that the amendment is one which should receive the commendation of this house. The comparison which my right hon. friend has made with the tariff advisory board has nothing whatever to do with the question. If he will say now that he will follow the same policy in the administration of this new board as was followed in connection with the tariff advisory board, he will go a long way towards meeting our views. But he has negatived that; he has said absolutely the reverse of that. He proposes to exercise jurisdiction in regard to this board just as the present Minister of Justice described it in 1912: It begins with the minister and ends with the minister. I submit, Mr. Speaker, that that sort of board and that sort of court is not in keeping with the institutions of this country.

Mr. G. G. COOTE (Macleod): May I say, Mr. Speaker, that it is very difficult for some members of this house to get at the actual facts in this case because there has been so much of politics injected into it that it is hardly possible to know when members are really sincere and when they are playing politics. If the leader of the opposition had simply given his own opinion without quoting the remarks which the Minister of Justice made some twenty years ago, I would have attached a little more weight to the reasons he gave; and if the Prime Minister, in replying, had not taken the trouble to quote the policy of the Liberals with respect to the tariff advisory board, but rather had dealt with the merits of this bill, it would have been a little easier possibly to decide how much weight should be attached to the points that he made. I was, however, very much impressed with the remarks of the hon. member for Labelle (Mr. Bourassa). The Prime Minister, in putting this bill through its various stages, referred very often to the fact that the board was a court of record, and being a court of

record I am inclined to feel at the moment that it should be open to everyone to appeal to it. The Board of Railway Commissioners, which is a somewhat similar organization, may be appealed to by anyone direct. I can easily imagine many circumstances under which the people of this country might like to appeal to the tariff board with respect to different cases which the Minister of Finance would not agree to submit to the board. Although, as I say, I have very great difficulty in making up my mind how I should vote on the amendment, at the moment, unless some further argument is advanced to change my opinion, I feel inclined to support the amendment simply because as I understand British law and the British system of justice anyone may appeal to any court. On that fundamental ground I feel this act should be amended in the manner suggested.

The house divided on the amendment, which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Bertrand,
Bouchard,
Boucher,
Boulanger,
Bourassa,
Brasset,
Buckley,
Butcher,
Casgrain,
Chevrier,
Coote,
Donnelly,
Dubois,
Elliott,
Fafard,
Ferland,
Fiset, Sir Eugène,
Fraser (Northumberland, O.),
Garland (Bow River),
Girouard,
Hall,
Hanson (Skeena),
Howden,
Hurtubise,
Ilsley,
King, Mackenzie,
Lapointe,
Luchkovich,
Mackenzie (Vancouver Centre),
MacLean,
McKenzie (Assiniboia),
McPhee,
Mercier (St. Henri),
Motherwell,
Munn,
Neill,
Parent,
Perras,
Ralston,
Reid,
Rhéaume,
St-Père,
Sanderson,
Séguin,
Speakman,
Spencer,
Thauvette,
Vallance,
Woodsworth,
Young.—51.

NAYS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Baribeau,
Barrette,
Beaubier,
Belec,
Bell (Hamilton West),
Bell (St. John-Albert),
Bennett,
Beynon,
Bowen,
Bowman,
Burns,
Bury,
Campbell,
Carmichael,
Charters,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duguay,
Dupré,
Duranleau,
Edwards,
Ernst,
Fortin,
Gagnon,
Ganong,
Gordon,
Guthrie,
Hackett,
Hay,
Johnstone,
Jones,
Laflèche,
Larue,
LaVergne,
Loucks,
Macdonald (Kings),
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGillis,
McLure,
Maloney,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Myers,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Price,
Quinn,
Rhodes,
Ryckman,
Sauvé,
Senn,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Spankie,
Spence,
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stitt (Nelson),
Sullivan,
Sutherland,
Swanston,
Tétrault,
Tummon,
Turnbull,
Weir (Melfort),
White (Mount Royal),
Wilson,
Wright.—85.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Barber,
Bell (St. Antoine),
Black (Halifax),
Boyes,
Cahan,
Cantley,
Casselman,
Chaplin,
Cormier,
Dorion,
Embury,
Esling,
Fraser (Cariboo),
Garland (Carleton),
Geary,
Gobeil,
Gott,
Hanson (York-Sunbury),
Harris,
Kennedy (Winnipeg),
Laurin,
Lawson,
Lennox,
MacDonald (Cape Breton South),
McDade,
McGibbon,
Manion,
Matthews,
Murphy,
Nicholson,
Peck,
Perley, Sir George,
Porteous,
Robinson,
Factor,
Totzke,
Raymond,
Dubuc,
Deslauriers,
Rinfret,
Cardin,
Howard,
Beaubien,
Denis,
Verville,
Bothwell,
Lucas,
McMillan (Huron South),
Goulet,
Mercier (Laurier),
Fournier,
Rutherford,
Veniot,
Jacobs,
McIntosh,
Fontaine,
Gray,
Pouliot,
Urquhart,
Dupuis,
Power,
Euler,
Moore (Ontario),
Stewart (Edmonton),
Bradette,
Blair,
Marcil,
Macphail, Miss,
Desrochers,

Rogers,	Dumaine,
Ross,	Roberge,
Rowe,	Lacroix,
Ryerson,	Taylor,
Short,	Heenan,
Smith (Cumberland),	Duff,
Smoke,	Cayley,
Spotton,	Hepburn,
Stevens,	Malcolm,
Stirling,	Hanbury,
Stitt (Selkirk),	Weir (Macdonald),
Thompson (Simcoe),	Robitaille,
Thompson (Lanark),	Irvine,
White (London),	Gershaw,
Willis,	Brown.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted I would have voted against the amendment.

Mr. HEENAN: I was paired with the hon. member for Digby-Annapolis (Mr. Short). Had I voted I would have voted for the amendment.

Mr. SMITH (Cumberland): I was paired with the hon. member for Antigonish-Guysborough (Mr. Duff). Had I voted I would have voted against the amendment.

Mr. IRVINE: I was paired with the hon. member for Lanark (Mr. Thompson). Had I voted I would have voted for the amendment.

Mr. LUCAS: I was paired with the hon. member for Kootenay West (Mr. Esling) Had I voted I would have voted for the amendment.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted against the amendment.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted against the amendment.

Mr. McMILLAN (South Huron): I was paired with the hon. member for Cariboo (Mr. Fraser). Had I voted I would have voted for the amendment.

Mr. CARDIN: I was paired with the hon. member for Pictou (Mr. Cantley). Had I voted I would have voted for the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted for the amendment.

Mr. DORION (Translation): I was paired with the hon. member for Lotbinière (Mr. Verville). Had I voted I would have voted against the amendment.

[Mr. Coote.]

Mr. STEWART (Edmonton): I was paired with the hon. member for Neepawa (Mr. Murphy). Had I voted I would have voted for the amendment.

Mr. VENIOT: I was paired with the hon. member for York-Sunbury (Mr. Hanson). Had I voted I would have voted for the amendment.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the amendment.

Mr. SPEAKER: Mr. Bennett, seconded by Mr. Guthrie, moves that Bill No. 47, to provide for the appointment of a tariff board, be read the third time. Is it the pleasure of the house to adopt the motion?

Hon. ERNEST LAPOINTE (Quebec East): When this bill was before the house for second reading the hon. member for Hants-Kings (Mr. Ilsley) presented the objections held by hon. members on this side of the house and concluded by a motion concerning more particularly the method of appointment of the members of the proposed board and their tenure of office. When the bill was in committee some hon. members said that they opposed that motion because they were in favour of the principle of a tariff board and hoped and expected that in committee their objections to the bill woud be removed.

The bill has been considered in committee and many objections have been raised to some of the provisions in it. Amendments have been offered but have all been rejected. Not all, but the main objections we had have not been removed and some of the questions asked have not been answered. If my right hon. friend will forgive me, I will say that when he spoke, to use words which he has employed but which were used by somebody else before him, he supplied more heat than light to hon. members of the house.

Hon. members on this side of the house are opposed to the bill in its present form becoming the law of the country and being placed on our statute books. For these reasons I move, seconded by Mr. Motherwell:

That the word "now" be left out and the words "this day six months" be added at the end of the question.

Amendment negatived on division.

Mr. SPEAKER: Shall the original motion carry?

Mr. MACKENZIE KING: On division.

Motion agreed to on division and bill read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. MacDonald (South Cape Breton) in the chair.

Mr. MACKENZIE KING: Mr. Chairman, before the house rose last night I was protesting against the lack of information with respect to the various tariff items which are before the committee at this moment, also against the little time that is available by way of discussion of these amendments this session. I was pointing out that the proposed legislation we have before us is only part of the tariff changes the ministry has introduced since coming into office, and that it was understood at the close of the special session last year that full opportunity would be given at this session to discuss the tariff changes that were then made. Obviously that opportunity has not yet come, and I submit that at this late stage of the session it will not present itself. Similarly with regard to the proposed tariff changes, there has been no investigation before any body with respect to the items that are going to be considered. In former years, as I pointed out, either a committee of the cabinet had held public hearings, or some board had listened to representations of different parties with respect to the effect of proposed changes, and the house had before it the printed evidence taken at those hearings as a guide to enable it to make up its mind as to what in the public interest should be done with respect to them.

I also took very strong exception to the extent of the changes in the tariff, both in range and in revision upwards, and pointed out as well the arbitrary manner in which all these changes have been made. They have not been made as the result of any investigation whatever, but simply at the instance of the Minister of Finance without hearings in the past as to their effect, and from what he has indicated on the tariff bill, without any possibility of future hearings as to their effects unless he so consents.

I desire further to point out in particular that these changes at this time are likely to emphasize the depression under which the country is labouring, and make relief from that depression infinitely more difficult and prolonged. The changes are all in the nature of further restrictions upon trade. In that regard they are in accord with the policy of the administration. I have said over and over again—and the Prime Minister has not denied it—that his policy with respect to these matters is to prevent coming into this country all commodities which can be manufactured or produced in Canada. He believes that the ideal for Canada is to make of this country an economic unit which will produce and manufacture everything that is required for domestic consumption, and he hopes to effect that by putting up the tariff walls high enough to prevent importations from abroad.

That there may be no doubt about that being the point of view of the ministry—though some of my hon. friends opposite seem to differ from their leader in that regard—may I quote a very definite statement made by the member of the administration who holds the portfolio of Minister of Trade and Commerce (Mr. Stevens)? Shortly after the administration came into office the hon. gentleman gave an interview in Vancouver to a representative of the Canadian Press, in the course of which he outlined the ideal of the administration of which he is a member. The despatch is dated Vancouver, August 31, and on September 1 appeared in the different papers of the country, including the Ottawa Citizen, from which I am quoting:

> "The new government led by Hon. R. B. Bennett aims first to build up Canada industrially and agriculturally by suitable protective tariffs," said Hon. H. H. Stevens, who left for Ottawa to-day to attend the special session of parliament called for September 8. "Our ideal is that nothing hereafter will be imported except what cannot be grown or manufactured or otherwise produced at home."

Mr. BELL (Hamilton): Hear, hear.

Mr. MACKENZIE KING: And the Prime Minister says "hear, hear."

Mr. BENNETT: I beg pardon, I did not speak.

Mr. MACKENZIE KING: Some one opposite, one of his supporters said, "hear, hear"—I see it was the hon. member for Hamilton (Mr. Bell). I do not suppose the Prime Minister objects to the "hear, hear."

Mr. BENNETT: He does not.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: That clinches the matter. The Minister of Trade and Commerce is further quoted as saying:

> And if Canada cannot produce it, then we hope to get the goods from Britain or from our sister dominions.

May I again stress the quotation I have just read, and point out that the tariff changes which this committee is being called upon to consider at the moment have been made with the view of realizing the objective therein set forth. That objective, of course, is what will

be accomplished if and when hon. gentlemen opposite have had sufficient time to complete their program; but the tariff changes as introduced at the special session and at this session go a long way towards helping them to reach their objective by the method that they at present are adopting. Let me repeat, in part, the minister's words which I have already quoted:

> Our ideal is that nothing hereafter will be imported except what canot be grown or manufactured or otherwise produced at home.

Obviously the reason the administration has made these tariff changes as extensive and as high as it has is to further its policy of keeping out of Canada anything that can be produced or manufactured here. I wish to repeat that that is a policy of complete restriction of trade. If Canada is not to allow commodities to come in here from other countries, she cannot expect that other countries will purchase commodities from her. I need not go into the economic reasons why it is that in international exchange, imports ultimately must be paid for by exports, and that exports ultimately must be paid for by imports, but such is the undisputed fact; and I say that any policy which restricts trade to the extent of shutting off importations means that at the same time we are shutting off the possibility of exportations.

What necessarily is the effect of a policy of that kind? If effective at all, it will in a very short time bring about a condition of restriction of trade worse than any blockade in time of war. It will put an end completely to Canada's trade on the high seas, and will effect in a very material way our internal transportation as well. I pointed out last night that for years past this parliament has been seeking to improve the means for facilitating international trade by making large expenditures on our railways and our harbours and subsidizing steamships, in fact improving transportation and communication in all its branches at great expense, all with a view of extending our trade internationally. Now an administration comes into office which definitely declares it is going to prevent commodities from coming into this country if similar commodities can be produced or manufactured here, knowing when it makes that declaration of policy that unless we are prepared to admit imports from other countries they in turn will shut out our exports to them. It is for that reason we take very strong issue with hon. gentlemen opposite in connection with these proposed tariff changes. If they become effective and serve the object which hon. gentlemen opposite have in view we believe they will bring about in this country a very serious condition of stagnation so far as trade and business are concerned.

Hon. gentlemen opposite have an entirely erroneous conception of the means of enlarging the home market which they say it is their objective to promote by their policies. If the home market were a given locality a place, however large, one could understand the desire to further the purchase and sale of all goods within Canada itself, but a market is not merely a place where goods are sold; it is a place also where goods are bought. Unless there is purchasing power the fact that you have a locality in which men meet to exchange money for goods will not affect the situation very much one way or the other. What is needed is purchasing power, and that purchasing power in Canada will come in very large measure through what in the export trade of this country is sold abroad. As we develop the great primary industries of Canada, agriculture, manufacturing, lumbering, fishing and mining; as we conduct a large export trade in connection with the products of these industries, so there will flow into Canada from abroad the purchasing power which is necessary to create a market for the commodities which are manufactured here. May I make this further statement with respect to manufacturing. Canada has now reached the point where she is exporting manufactured goods to a very considerable extent; if I am not mistaken she is at the present time per unit of population with the exception of Great Britain in manufactures the largest exporting country in the world. If that is the case and this policy is carried into effect, what is going to happen to our manufacturers? Our manufacturers will be obliged to lose their foreign markets and to that extent, along with other industries and business generally in the country, that particular interest will suffer very greatly.

What I want to point out particularly to my right hon. friend is this, that he himself has indicated to this house that to-day international competition is such throughout the world that a very slight difference in costs may mean insolvency to particular interests, or may mean the total loss of markets. In order that I may do my right hon. friend no injustice I should like to quote his own words uttered in this house within the last two days. They appear in Hansard of July 7 at page 3473. At that time my right hon. friend said:

> I have had some little experience in business; at one time it was rather extensive. I was privileged to have some knowledge of almost every branch of business, whether it was the packing business, the paper business,

the insurance business, the electrical business, or what it might be, and I realized that the question of cost was an all-important one, because even if your profit be only $\frac{3}{8}$ of a cent per unit, if your volume is large enough you make an enormous fortune. I know of one case in which the profit on the single unit of production of the company amounted to less than $\frac{3}{8}$ of a cent, and yet the volume was so large that the return was magnificent and it looked as though it were too large a return upon the investment. Yet the individual unit return was small.

That relates to the profit side; a very small margin, if spread over a wide enough field, may bring in a very considerable profit. But a little earlier my right hon. friend spoke about the possibility of loss, the effect of costs on markets together with their relation to competition, and I direct the attention of my right hon. friend and of the committee to these words as deserving the most careful thought and consideration. In order that their full emphasis may be appreciated I would point out that not only are costs of production and manufacture being increased by the very high tariffs created at the last special session and proposed in the resolutions before the committee at the moment; not only is the cost of living and the cost of production being greatly increased by virtue of the range and extent of increase in the changes which are being made, but there is being added to the taxation this year, for the first time, a one per cent excise tax on everything coming into Canada. That one per cent tax is over and above the customs duties, which are also in the nature of a tax, and I venture to say that the effect of these two things combined will be such that the costs of production with respect to almost everything, particularly when we have regard to the extent to which the cost of living will play its part in determining the wages item in cost of production as well, will be so great as to occasion many of those exporting concerns of to-day the complete loss of their markets abroad. Here are the words of my right hon. friend, also at page 3473 of Hansard:

> Compare 1919 with 1931. I had occasion about a year and a half or two years ago to examine the cost sheets of a very large enterprise, and I was amazed to find that costs are no longer worked out in decimals of one-tenth of a cent, but down to four decimal places; that is, for example, to ·8716 of a cent. In these days of modern competition the question of costs has become the all-important factor, and the costs director of a company is the man who very often determines its solvency or insolvency. When it is said that you can compare 1919 with 1931, no regard is paid to modern accountancy and to the relation which modern competition has created between the cost side of a business and its resultant product.

Think of the portent of that pronouncement. My right hon. friend, out of his own experience in business in this country, has realized that the difference of .8716 of a cent in cost may mean insolvency to a business which up to that time had been solvent. Here are changes in tariffs of not a fractional percentage but of many percentages, and an additional one per cent excise tax as well. Consider what these vast changes in tariff are going to mean when they are reflected in the production and manufacturing costs of the country. My right hon. friend says:

> . . . . the costs director of a company is the man who very often determines its solvency or insolvency.

May I say that he to-day is the costs director, in his present position and with the powers he possesses, not merely of a company but of a nation, and in that position the costs director of a nation is the man who very often determines its solvency or insolvency. I am genuinely afraid that if my right hon. friend is permitted to continue with his tariff changes to the degree to which he proposes to go, and the further extent to which he may wish to go; if he is permitted to make still more rigid interpretations of existing legislation by orders in council, by special valuations, by bulletin appraisals and the like, conditions will become such that not for one industry alone but for many hundreds of industries there will be a difference in costs so appreciable as to change what is solvency to-day to insolvency to-morrow. That is my real objection to these changes as they are now proposed, and I think this of all times is the last moment at which experiments of this kind should be made.

May I say further that my right hon. friend is having considerable difficulty, in raising revenues. I do not think he has considered for one moment the revenue feature of the tariff which he has brought down. With discernment and care and previous investigation, he might have found means through the tariff of raising a very considerable amount of revenue. But in most cases he has put the tariff up to such a point that he has destroyed anything in the nature of a revenue producing feature. I think he himself will say that avowedly it is not tariff revenue he is considering at all; it is protection pure and simple, protection carried to the point of prohibition of all commodities coming into this country which can be produced or manufactured here.

Now, whatever views he may hold on that subject, I submit again that the present condition of the country should have caused the

Prime Minister to move very cautiously in regard to the extent to which he would go in seeking at this time to put his views into practice.

The extent of the change which at this moment my right hon. friend is making in the tariff structure of Canada is the more surprising in that it runs directly opposite to the trend throughout the world which it is becoming more and more apparent will for the future be the prevailing one. It is true that immediately following the war there was in different countries a strong nationalistic development which asserted itself by way of increased tariffs and other forms of trade restriction. But the world has had a few years' experience of the consequence of that kind of policy, and the leading economists and many of the leading statesmen of the different countries of the world are to-day not only recognizing but asserting that unless the world can free itself from these nationalistic tendencies on the part of the nations there will be nothing but loss for all concerned. They are pointing out that what is needed to-day is not an endeavour on the part of different countries to raise tariffs to such a point as to invite further reprisals, but rather so to lower tariffs as to make possible more in the way of international exchange.

May I in passing direct the attention of the committee to the praise which has been bestowed upon the President of the United States for his action in suggesting a moratorium in regard to the payment of international debts between the different nations. Why have the countries joined in that great movement, and why has it been so universally applauded? The reason is that it removes one more restriction to international trade. It recognizes the desirability, not of purchasing everything within the confines of any particular country, but of enabling the nations to purchase one from another those things which each may have a comparative advantage in producing.

If that is sound doctrine with respect to a great movement such as that which the moratorium suggests in relation to international debts, I submit that the same reasoning will apply to other forms of restriction in trade. I wish to place before the committee two statements which seem to me to be most significant in this regard. They come from widely different sources but they represent that point of view which is being more generally entertained by those whose immediate concern is with large business.

The first statement was made by Sir Arthur Balfour, who in 1930 was chairman of the British National Committee of the International Chamber of Commerce. Sir Arthur paid a visit to this country and he spoke in Winnipeg before the Canadian Club on April 23 of this year. I quote from the Canadian Press report as it appeared in the Gazette on the day following. These are his words:

"We have positively got to cease attempting to interfere with the laws of supply and demand," Sir Arthur Balfour, British industrialist and economist, said in an address to-day before the Canadian Club. "We have got to trade much more freely with one another if the world is to recover from its trade depression."

One of the greatest worries, said Sir Arthur, was that the agriculturist was receiving such low prices for his products, that he could not absorb the manufactured goods of the world. That was Canada's worry too.

"I think that tariffs have gone too far. They have their use and place, but when they are applied to inefficient as well as efficient industries they go too far."

That is from a British industrialist who was chairman of the British National Committee of the International Chamber of Commerce, and it gives his considered opinion, reflecting the views of that body. The International Chamber of Commerce held a meeting in Washington this year, and there were presented to the president of that body representations from a newly formed Council for Tariff Reduction which has come into existence in the United States. It is the representative character of this new Council for Tariff Reduction and the very representative character of this International Chamber of Commerce that give great significance to the paragraphs I am about to read. I am quoting from the New York Times of May 7, 1931, an article which appears under this heading:

Drive To Cut Tariff Started Here To End World's Depression
Economists, Editors, Lawyers, Manufacturers and Many Other Leaders Back Plan
Will Appeal to Congress
Reduction in Armaments is Called Second to Ending of Port Barriers
Letter Sent To M. Theunis
Council for Tariff Reduction Puts Case Before the International Chamber of Commerce

The article reads:

The Council for Tariff Reduction is being formed by a number of prominent economists, editors, lawyers and manufacturers, it was announced here yesterday coincident with the sending of a letter by the newly organized body to Georges Theunis, president of the International Chamber of Commerce, now meeting in Washington, informing him of the belief of the members of the council that tariff walls must be lowered if world trade is to be revived.

Despite the unwillingness of the political parties to press for tariff reform at the coming session of congress, the council declared in its

letter to M. Theunis the intention of the new body is to press upon congress "the absolute need of prompt action at its approaching session in the reduction of the tariff of 1930, the ill effects of which have been immediately evident both within our borders and in international relations."

Among the prominent professors of economics who signed the letter and the announcement were Edwin R. A. Seligman, F. W. Taussig, David Saville Muzzey and Irving Fisher.

These names are all well known. Professor Taussig was a member of the tariff commission in the United States, and has been referred to by the present Prime Minister as the leading economist in that country to-day.

Mr. BENNETT: One of the leading economists.

Mr. MACKENZIE KING: Yes; and I am proud to say that he was a professor of mine at Harvard while I was engaged in the study of economics. Perhaps I am reflecting some of his views at the moment.

Mr. BENNETT: They do not seem to have been very popular in the United States.

Mr. MACKENZIE KING: I think they are becoming increasingly so. The letter sent to Mr. Theunis I shall now quote. And here I am attaching importance not merely to the source from which this communication comes, as representative of this council, and to the body to which it is addressed; I regard it as important also because of the views themselves and the appeal which they make to the minds of reasonable men who are thoughtfully studying conditions as they are in the world to-day. The letter reads:

In view of the advocacy of tariff reductions throughout the world by the International Chamber of Commerce at its previous meetings, and of your own address at the opening of the current sessions, you will be gratified to learn that there is in process of organization here a council for Tariff Reduction, which already includes several hundred leaders in economics, ethics, trade and industry. Despite the unwillingness of our political parties to face frankly within our own country this foremost world question, this council proposes to press upon the congress the absolute need of prompt action at its approaching session in the reduction of the tariff of 1930, the ill effects of which have been so immediately evident both within our borders and in international relations.

The council has not yet advanced its formal organization to the point of official expressions, but the attitudes stated in the correspondence of the members are definite. While it is generally recognized that the reduction of armaments, military, naval and aerial, is an urgent requirement to keep down national expenses and avert recurring deficits, our members realize that the lowering of tariff walls is the paramount necessity to permit economic laws to act in restoring world trade and national prosperity, a necessity pressing upon the several nations, and especially our own country, which has, unfortunately, led in the enactment of skyscraping tariffs.

You may care to lay before the chamber or place upon its records the enclosed preliminary statement signed by the initiatory participants in the forming of the council. To these might be added the signatures of several hundred others, including many of the 1,028 economists who signed the protest to the president and the congress during the preparation of the Hawley-Smoot tariff

These signatures become the assurance that the opinions recently expressed in annual reports and public addresses by leaders in banking and industry have behind them the concurrence of an increasing number of our citizens, who recognize that to trade we must exchange and that to provide markets for our surplus manufactures, farm products, labour and capital we must be ready to remove the bars at our seaports which interfere so seriously with world trade. They are prepared to bring public opinion to bear upon our political leaders in favour of immediate tariff reduction and they desire to make known to those of liberal minds in other countries their sympathy and cooperation."

The statement of the organization of the council, with offices at 2 West Forty-fifth street, declared the tariff to be no longer a political, no longer merely a national, but a world-wide economic issue. It called attention to resentment engendered throughout the world by the Hawley-Smoot tariff, and declared that America, which has set the pace for high tariffs throughout the world, should now lead the way in tariff reduction.

Thus can our world market be extended, foreign customers increased, more home products demanded in exchange, unemployment decreased at home and abroad and a better home market developed through the increased purchasing power of our own workers in the wholesale round of economic progress promoting international goodwill and peace.

That statement, evidently most carefully prepared, sets forth as concisely and conclusively as any statement could, the argument for not increasing but decreasing tariffs if at the present time any change is to be made. I shall not repeat its arguments but allow the truth and force of them to speak for themselves.

May I conclude what I wish to say at this moment, by a further reference to the bearing of these tariff changes upon our own immediate pressing problem of unemployment? I feel that the government, by its action in making such extensive changes in the tariff, with their consequent trade restrictions, is pursuing a course which will not do other than increase unemployment. I know hon. members opposite sincerely believe their policies are going to result in stimulating manufactures and thereby increase employment. I am quite prepared to admit that at a certain stage of development in a country protection of a limited amount may under certain conditions with respect to particular

industries have that effect. But may I point out that Canada is at a stage of development very much beyond that of a country which is just beginning to take its place in manufacturing and in world commerce and competition. To-day the industrial life of this country is very widely and largely developed and there was not as recently as two years ago any pronounced demand even from the manufacturers themselves for further increases in the tariff. I venture to say that had it not been for the introduction of the Hawley-Smoot tariff bill, we would have heard practically nothing from Canadian manufacturers in the way of a demand for additional increases in tariffs. May I say this further: I do not believe Canadian manufacturers have made any demand or request for the extensive increases in tariffs which are being proposed by the government. I believe they are in fact being greatly embarrassed by them.

May I repeat what I said the other day: In proposing tariffs as high as those which are before us in these resolutions, my right hon. friend is going directly opposite to what his predecessors in office of his own party always declared should govern in matters of protection in this country, namely: that it was not high tariffs; that it was adequate or moderate tariffs that were required, tariffs which would contain, if you like, the element of protection but certainly not tariffs which would go the length of prohibition. That is where I think my right hon. friend has made his mistake, and if instead of bringing forward of his own accord all these changes, he had in the first instance had his proposed changes carefully looked into and studied from the point of view not merely of the needs of the industry of the country but from the point of view of the incidence of taxation—where the ultimate burden of these duties is going to fall as respects industries and as respects consumers, and the effect of that upon the question of trade and unemployment in Canada at present—if he had done all these things, I believe he would have proceeded in a much more statesmanlike way, and at the same time in a way that would have served infinitely better to solve the great problem of unemployment, and to advance the interests of Canada, an end which at heart I know he desires to achieve.

Mr. BENNETT: My right hon. friend has for the third time this session repeated the observations which he has made to-day and yesterday. I know he has strong convictions about the matters with respect to which he speaks, but I do not think what he said yesterday or to-day is any more forceful than what he said in the course of a two-hour speech a few days ago. Nor can it be said that what he stated on that occasion differs materially in its terms or substance from what he said on another occasion. It is his privilege to repeat these matters as frequently as he thinks desirable; for he must be given the widest latitude in the conduct of the fortunes of his party. He assumes the responsibility and he knows best what course to pursue in that regard. But may I remind him of just a few facts, the first being that we are confronted with conditions and not theories?

Mr. MACKENZIE KING: That is what I was saying.

Mr. BENNETT: The speech, however, was one dealing with theories and not with conditions.

When we came into power we found the trade of this country rapidly decreasing. During the seven months of 1930 it had very rapidly decreased, as regards both imports and exports, from the figures for the same seven months of the preceding year. During all of 1929 the warnings were given; the signals were set. Everyone who understands anything of economic signs realized that we were living in a world of increasing depression. I went so far as to point out what the net result of speculation would be in this country, and this, apart altogether from what I did with respect to balances of trade. The Minister of Finance of that time met the situation in a way which I think only accentuated its difficulties. Be that as it may, we came into power on the seventh of August confronted with the conditions to which I have referred: first, shrinking revenues; second, industrial depression; third, agricultural depression beginning because of lack of markets due to over-production and to the fact that one of the greatest world producers was throwing its products upon the market at a price which we had not at that time placed ourselves in a position to meet in the way of decreased costs of production. Under those circumstances we were faced with conditions and not theories.

I have recited very briefly the conditions at home; what were the world conditions? World conditions were somewhat similar. But remember this: in almost every country in the world tariffs were raised against our goods going into their markets. Those tariffs had been increased rapidly during the last few years, and we know on the authority of the League of Nations, as well as of the ex-Minister of Justice (Mr. Lapointe) and of the former Prime Minister (Mr. Mackenzie King) him-

self, that of all the countries in the world we were the only one in the last ten years that had reduced its tariffs. It therefore follows that while other countries were steadily enacting tariffs preventing to the point of prohibition the admission of our products into their markets, we were making it more easy and ready for their products to find a market in our country. Those conditions cannot be gainsaid. They are matters of record.

Now I put to my right hon. friend and his followers this question: Under those conditions what can be done for Canada? The supreme purpose of every government in this country must be to enact laws that enure to the welfare of Canada. Our international position may be talked of and glorified, but the government sitting on these benches owes primarily a duty to the Canadian people, and not to some other country; for the simple and obvious reason that the electors of Canada, not the electors of some other country, have selected a government to administer Canada's affairs. As long as that supreme purpose is the purpose for which this government exists—and when I say this government I mean any government of Canada—it follows that its legislation must be initiated first of all with regard to Canada, with regard to its growth and development, the employment and happiness and prosperity of its people. Confronted as we were with the situation to which I have briefly referred—a world of hostile tariffs about us, our markets for milk and cream lost during the few months previous, and lost because of tariffs against us—knowing that our agrarians had lost markets in that way and that our manufacturers had been absolutely prevented from selling their products in many countries where they had theretofore enjoyed a market, this government came into power. The right hon. gentleman is right in saying that we immediately took steps to place upon the statute books tariff legislation that would have the effect of more nearly according to Canadians an equal opportunity with their competitors than they had theretofore enjoyed. We did that in the only way I know of that it can be done. We gave to Canadians a measure of protection in a protected world. Having found this country admittedly with reduced tariffs, tariffs lower than those of the other country which was its chief competitor—men may shake their heads, but that is only an indication that they have not read the record. There is the record, and he who runs may read. There can be no gainsaying of it because it has been referred to time after time in this house and elsewhere.

Thus confronted with plain evidence of a world-wide depression and with plain evidence of what the other nations of the world were doing, and understanding clearly what our own country had done, this government, having a mandate clearly from the people of Canada if a government ever had; for in every part of this country as leader of the opposition I said to the people of Canada that if elected to office we proposed to enact tariff legislation that would give Canadians an equal opportunity with their competitors, that to do less would be to fail in one's duty, and that to do more would be to put a premium upon inefficiency—those were the words practically that I repeated in every part of Canada, in agrarian sections and in manufacturing centres—having thus received a mandate from the people to form an administration, and having done it, this government proceeded, when parliament was called together in September, to deal with unemployment.

Now, as one of the factors in unemployment it cannot be denied by any living man that if in area A, which happens to be the Dominion of Canada, you make it easier than in any other part of the world for the products of other countries to replace your own, you have to that extent denied your own people employment. Having found those conditions, having called parliament together, we proceeded to enact legislation of a twofold character; first, to deal on a national basis with the problem of unemployment, and second, by tariff legislation to give Canadians an equal opportunity with others in the development of our own country. That was our duty, and we did it by three methods, the only three that I know of: First, by tariffs that say to other countries with hostile tariffs that, while tariffs in themselves mean nothing, they being but an instrument to effectuate a purpose, we propose to use that instrument to effectuate a purpose, namely, to confer upon Canadians an equal opportunity with their competitors to develop Canada. That is number one. We did not ask that tariffs should be used for reprisals. We did not ask that tariffs should be used to punish others. But we said that tariffs shall be used to ensure to Canadians what tariffs are used for in every other country to ensure to their own people. That is all; nothing more and nothing less.

Mr. YOUNG: How is it working out?

Mr. BENNETT: I say that conditions in the Dominion as a result of the action taken are better than in any other part of the world to which reference can be made. Outside of the fearful havoc that has been

wrought by conditions over which man has no control, no country is better situated than Canada to-day, and I say with some degree of pardonable pride that had the action we took last September not been taken I do not know what would have been the result so far as industrial conditions in this country are concerned.

Let me proceed to the next proposal that I make. There never has been a time in the history of this country in which its industrial and manufacturing life was threatened as it is to-day, and by to-day I mean both the months that have just passed, the present, and the future that lies immediately before us.

Mr. McMILLAN (Huron): What about the country's agricultural industry?

Mr. BENNETT: I will come to that in time. I have endeavoured up to the moment to indicate what the conditions were and the action that we have taken. We used tariffs, I said, to deal with one phase; we used dumping legislation to deal with another, in order to secure fairer competition. Then we dealt with the situation in a third manner, and this refers to agriculture as well as to manufacturing. It refers alike to manufactured products and to the products which the agriculturists of this country, through their organizations and societies, have asked us to protect and have sought from us legislation to that end, as I shall show as we go through the tariff schedules.

What did we do? We said that where you have goods coming into Canada at a price that makes it impossible for Canadians to compete, and where the dumping legislation is useless, we will confer upon the executive the power to place a price for duty purposes upon those products so that Canadians may still have fair competition and an equal opportunity. And we did that. We did it with respect to agricultural products. We did it with respect to fruits and vegetables. We did it with respect to dairy products, and with respect to every product of every kind that sought a market in Canada when we found that its admission to this market would destroy or seriously embarrass Canadian industry, be it agriculture or anything else. Under the circumstances those three measures were absolutely essential for the national life of Canada. I ask seriously: Will any hon. member of this committee say that under the conditions which he knows existed last fall the whole industrial and agricultural structure of our life could have been saved had some action of that kind not been taken?

[Mr. Bennett.]

Mr. McMILLAN (Huron): I think the right hon. gentleman has taken action which will destroy it.

Mr. BENNETT: Having taken that action in the methods indicated, let us watch their operations. In a world of great depression we find that we are able at least to stimulate our industrial life and our national life, and we have improved agricultural conditions by giving to that industry some markets which it did not theretofore possess.

Mr. McMILLAN: (Huron): Would my right hon. friend tell us what he has done?

Mr. BENNETT: None so blind as those who will not see. Having eyes to see, see not, lest seeing they should believe; ears to hear, hear not, lest hearing they should understand.

Mr. McMILLAN: (Huron): Let us have the answer.

Mr. BENNETT: Under those circumstances, with that situation confronting us and having passed the legislation to which I have alluded, we now reach another session. Does any hon. member of this committee for a moment believe that it is an easy task to deal with these matters? Last night my right hon. friend said that he doubted whether or not the Minister of Finance had studied the items in the budget or knew what they meant.

Mr. MACKENZIE KING: Could my right hon. friend tell us the effect of them.

Mr. BENNETT: My reply is that not only once but many times the Minister of Finance has gone over those items, and—

Mr. RALSTON: Repetition.

Mr. BENNETT: Yes, repetition in industry, but not in speech. The Minister of Finance has gone over those items many times and endeavoured as best he could by calling upon every means at his disposal to ascertain just what could or should not be done to prevent the collapse of this country. When I say "collapse" I use the word advisedly.

Mr. MACKENZIE KING: Does my right hon. friend think that any one individual on earth is capable of taking upon himself so great a problem of interpretation?

Mr. BENNETT: While I make no professions of greater capacity than my right hon. friend opposite—

Mr. MACKENZIE KING: I would not profess anything of that kind.

Mr. BENNETT: It is not a question of mere profession. Throughout my life I have learned that what I have to do I am usually able to do; I make up my mind and proceed on that theory.

Mr. MACKENZIE KING: Is my right hon. friend always right?

Mr. BENNETT: No; I admit my own fallibility, and before I have concluded I shall say more in that regard.

My right hon. friend has said that this session of parliament was called very late; it was. It was called four days later than the first parliament called by my right hon. friend in the year 1922.

Mr. MACKENZIE KING: Yes, but that was within three not eight months of taking office. At that time there was only a moderate program of legislation, and there was no attempt to change the whole tariff.

Mr. BENNETT: My right hon. friend called ministers of experience; he had no change of governor general to contemplate, and there was no protracted vacancy of that office. As I have said, this session of parliament met at a date four days later than the first session of my right hon. friend after the year 1921. On that occasion Mr. Fielding delivered his budget speech on May 28; the budget speech of this administration was delivered on June 1. On the former occasion, however, the discussion did not last as long as it did at this session. There were no two-hour or four-hour speeches; there were no long reiterations of the same tale day after day, day after day. Those hon. members who care to look at Hansard will find there the evidence of what I now state.

Mr. MACKENZIE KING: Will my right hon. friend tell me the number of tariff changes made in the budget of Mr. Fielding, and the number now proposed?

Mr. BENNETT: As my right hon. friend will remember, there was a very substantial number of tariff changes made by Mr. Fielding in 1922.

Mr. MACKENZIE KING: On the contrary, there were very few.

Mr. BENNETT: We must remember also that Mr. Fielding as a practical man clearly indicated then and later that faced with certain conditions he must apply practical means, not theories, and he proceeded so to do. As a result there was placed upon the statute books of Canada taxation with respect to stamps, with respect to cheques, with respect to money orders, with respect to transportation, with respect to a sales tax which at one time was as high as 6 per cent and was later lowered to 5 and then to 4 per cent. He placed all these imposts upon the people, and did so because he was confronted with certain conditions. Being a practical man and applying a practical mind to the situation, he proceeded in the manner I have indicated.

To-day we are faced with what I conceive to be the most serious situation with which Canada has ever been confronted. Why? Because the depression has not been limited to Canada, but has been world-wide in its effects.

Mr. STEWART (Edmonton): My right hon. friend admits that now.

Mr. BENNETT: Yes, it has developed as I have indicated; there has been a gradual increase of depression.

Mr. STEWART (Edmonton): That was not what my right hon. friend said last year.

Mr. BENNETT: At that time it had not begun in some countries.

The depression to which I have referred being world-wide in character it followed that every country used its best endeavours to lessen it. That meant that every country was endeavouring to sell its surplus product to some other country in order that it might relieve its own financial situation. Canada retained its position among the nations of the world as the fifth greatest trading country. Canada's position however is more difficult than that of any other nation, for the simple and obvious reason that we live side by side with a nation of 120,000,000 people, separated from them by only an imaginary line, a people who are carrying on the greatest industrial development known to the world of to-day, and which has riches to compare with those of any other country in the world. What happened? For months and months and months they declined to release their inventories by selling at home at low prices, and sought a market in this country at almost any price they could secure. Let me illustrate. I have in mind competition which came not from that country but from a country across the water. The other day there came into my office the proprietor of a pin factory which has been doing business in the city of Montreal for thirty-five years and to a large extent supplying the entire requirements of this country. He had with him a small wire ring upon which were 144 safety pins of graduated sizes ranging in length from

two inches to about a quarter of an inch. That ring of pins manufactured in Germany was actually being sold retail for five cents a ring.

Mr. McMILLAN (Huron): Does not the Prime Minister think that the consumers of Canada would like to buy pins at that price?

Mr. BENNETT: I put this problem to the committee: Can you take the responsibility of saying that that small industry which had developed in thirty-five years to become one of a very substantial nature, giving employment to a substantial number of Canadians, should now be crushed and destroyed because of a world-wide depression which enabled a competitor to place 144 safety pins on the market for five cents.

Mr. RALSTON: We want to be practical, not theoretical. How many men did that industry employ?

Mr. BENNETT: I understand upwards of fifty people.

Mr. RALSTON: Oh, oh.

Mr. BENNETT: The hon. member laughs—fifty people are nothing to him. But I say to him that I am concerned about the welfare of one Canadian.

Mr. RALSTON: Will my hon. friend permit me?

Mr. BENNETT: I do not desire to be further interrupted. Now, Mr. Chairman, I will mention another industry that employs very many more hands, amounting to hundreds. For instance, pianos are no longer sold to the extent they once were, because phonographs and radios to some extent have displaced those instruments; but they are still manufactured in this country in a small way compared with the extensive production that once prevailed in the industry. To-day because of the economic depression to which I have referred and the keen intent and purpose of other countries to sell their products within Canada, foreign manufacturers are offering grand pianos at $180. We cannot buy the wood to make them at that price. Are you prepared to destroy that industry or not? Yes or no. That is the question I had to answer, and you will find in the schedules the answer to it—I am not prepared to do it.

I will give another illustration. We have invested in this country millions of dollars in the radio industry, but that industry is small and insignificant compared with the industry in—shall we say—the great republic to the south. Their inventories were enormous. They had manufactured and manufactured and manufactured; and they looked and looked for a market. Then it became necessary to get any price they could to reduce their inventories. Is this country's radio industry to be destroyed for that purpose or not? That is the question. Take fruit. Last fall I stood on the road at a small junction point in British Columbia and saw seven carloads of fruit that had just been brought in from Washington and Oregon. A few hours before I had been busy talking to those who have been trying to establish orchards in British Columbia and who are seeking only a fair return for their capital and labour. But they could not get a market for their fruit in competition with this imported product, because having obtained a high price for the requirements of their own people, the United States fruit growers had thrown their surplus upon the Canadian market to destroy Canadian fruit growers. Was that fruit growing industry a matter of importance to this country, or was it not? Was it important to develop in Canada a fruit growing industry, or was it not? Was it important that Canadians should or should not have fruit grown on their own land? That question had to be considered. It was considered. The answer was given in the seasonal tariff that we passed last September.

Go down to the eastern townships and ask the people there with respect to the application of the same principle. Take butter—about which there has been so much talk. The price of butter has been reduced throughout the world, but we said when we were in opposition that butter was a commodity which should and could be produced by Canadians because it is a natural product of a country such as Canada. In days gone by Canadians were exporters of butter to the markets of the world. Then what happened? Because of short sighted action on the part of the government that industry was destroyed, and we became importers of the commodity to the extent of $9,000,000 from one country alone. Because we made that treaty with that result it followed of course that the inevitable would happen, and the Canadian people so influenced the mind of the government of the day that they gave notice terminating the treaty, with results that are well known.

Now, those are facts. I could give other illustrations. I could start with the lowest form of agriculture, the small truck garden on the outskirts of our cities, and trace the in-

dustry up through the larger garden to the orchard and describe the great industry that is involved in canning fruit and vegetables, and finally deal with the manufacturing industries of various kinds such as I have indicated. I say that the government deliberately concluded that its duty was to pass such legislation as would prevent those who competed with us, whether they live far away or near-by, from destroying the national economic integrity of this country. By so doing we have added to the employment of our people; for every dollar's worth of goods brought in from abroad that might and could be made here, I repeat, means just that much less value in the way of work for a Canadian.

Mr. BRADETTE: I wish the Prime Minister could see the conditions in my own section.

Mr. SPENCE: Go behind a wailing wall somewhere.

Mr. BENNETT: The hon. gentleman is talking of the pulp and paper industry, over which this government could not have any control, this being an exporting industry. When we turn to our exports let us remember what they are and what they were. I took the trouble, just for my own satisfaction, to look at the figures. The agricultural and vegetable products of this country exported in 1929 represented a value of $255,307,675; in 1930, with decreased values, the exports of those products had fallen to $160,064,906—or a lessening of 37.2 per cent That was the net result of the depression to which I have referred and the reduction in value of our great grain products. The exports of animals and animal products decreased from $74,924,000 in 1929 to $52,779,000 in 1930, or 29 per cent. But during the first seven months of 1930 the exports of our wood and paper industry had decreased only to $150,000,000. The figure for the corresponding period in 1929 being $165,000,000. Then when the great overproduction of pulp and paper became apparent, through no fault of this government,—except with respect to one plant at least—because the provinces have sole control in regard to the matter, thousands of men who had looked to that industry for employment, small men who cut their pulpwood and sold it to the mills—mills that no longer were occupied in producing paper; the cost of production, lowered though it was in every possible way, did not compensate in any sense for overproduction, and there was no demand either for pulp or paper or for the pulpwood—those men found themselves without a livelihood, and so at once in Ontario and Quebec there was an increase of unemployment brought about by the creation of conditions over which the federal government, be it Liberal or Conservative, had no control. That is known to everyone. That is not a matter which touches upon our national life, except in so far as it touches upon our trade. I say to the right hon. gentleman that he must be aware of the fact that our exports—and I am coming to that phase of it in a moment,—are largely the natural products of this country, and in the very nature of things they comprise to a very considerable extent the raw materials of the industries of other countries. Look at the imports of paper into this country, made in many instances from our pulp.

Mr. YOUNG: What kind of paper?

Mr. BENNETT: Paper made from Canadian pulp in American mills for the production of Canadian magazines and farm journals. Does the hon. member want to know their names ? I shall be glad to give them to him privately at any time.

Mr. RALSTON: What are you going to do about it?

Mr. BENNETT: What we have already done; we have passed legislation by which that drawback has been removed, and Canadian magazines and papers are being printed on the products of Canadian mills.

Mr. RALSTON: Do we produce the magazines?

Mr. BENNETT: We produce the paper on which they are printed; that is what I am talking about. Does the hon. member forget what his Minister of Finance did with respect to a drawback on certain agricultural magazines?

Mr. RALSTON: I know exactly what was done.

Mr. BENNETT: Then my hon. friend knows that the net result was to give business to American mills to provide paper for those magazines, and that has been done away with.

Mr. RALSTON: Are those mills still buying Canadian paper?

Mr. BENNETT: They are doing so wherever possible, and before I finish I will come to that point. The necessity for other

countries to buy our raw materials ensures us a market. That is the position and will continue to be the position if we only observe the elementary rules with respect to the government of our own affairs.

Mr. YOUNG: Can they not get it anywhere else?

Mr. BENNETT: In many instances they cannot. I wonder if the hon. member does not know that Providence has been very kind to this country. We have more wonderful resources than almost any other country in the world. There are some forms of minerals necessary for the production of high class steel that can be obtained in this and no other country. It is true that other countries have small deposits not easy of access, but these things have not yet come to light nor are they known to the commercial world.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: When the committee rose I had about concluded the statement I was making. But I desire to answer one question that was raised, namely, with respect to export or external trade. I pointed out that our exports had consisted largely of natural products, partly or wholly fabricated, such as vegetables, animal products, wood pulp and paper and non-ferrous metals. The statistics of the country establish clearly that we sell the commodities we do because people must have them; and that is borne out by the fact that our sales of paper in the neighbouring republic are not curtailed except to such a normal extent, in the absorption of newsprint, as one would expect under the present depressed conditions. Its entry is free, and the total decrease in sales for the first seven months of 1929 as compared with the first seven months of 1930 was 8·9 per cent. The decrease in non-ferrous metals, which are produced in abundance in this country and exported in the condition I have mentioned, was only 6·6 per cent. This shows clearly that where the requirements of other countries are as I have indicated, we are still selling our commodities to them. And these commodities, in the main, consist largely of paper and pulp and non-ferrous metals. This is abundantly established by the evidence we have before us. It is also true that in some instances our lumber sales have been taken from us in other countries by the lumber of our competitors, and we have been forced out of those markets. That arises from the very circumstances to which I have alluded.

With respect to our export trade, it is idle for the right hon. gentleman opposite or anyone else to suggest that any government in Canada is not desirous of increasing that trade. But it might be well always to remember that every dollar of imports into this country represents, as I have said so often, the export trade of some other country; and to the extent to which we limit the export trade of another country into Canada, if we can supply the commodities ourselves, we enhance our own position. My hon. friend from Weyburn is constantly reminding us that tariffs can do nothing for agriculture—

Mr. YOUNG: Or anyone else.

Mr. BENNETT: I am glad the hon. gentleman adds, "or anyone else." He is fair enough to make his statement universal in its application—that tariffs can be of no benefit to anyone at any time, in any place or under any circumstances. The statement means, of course, that all the rest of the world is wrong and the hon. gentleman right, which I am sure must be gratifying to one possessed of such extensive knowledge.

And now may I make an observation with respect to the last statement of my right hon. friend opposite with reference to revenue tariffs. Henry George, in his book Protection and Free Trade, has something to say in this regard, and I could not help recalling it this afternoon. If you are to have protection, he says, you cannot justify a revenue tariff under any circumstances; for if you believe in the principle you must apply it and not use it as excuse for raising a revenue. That, most economists are agreed, is but a subterfuge; it is nothing better than hypocrisy. You apply the principle of protection and then disclaim it, arguing that it results in revenue. As Mr. George points out, by extracts from others who hold similar views, that is an unsound principle.

This can quite fairly be said with respect to agriculture: that while the wheat grower as such cannot reap benefits from tariffs, every small community in eastern Canada does, to the extent that industry may develop, creating a demand for the products of the farm.

Mr. YOUNG: May.

Mr. BENNETT: And do—indeed must. For example, I heard the other day something about the conditions that exist in the two provinces of Quebec and Ontario, where the communities producing garden truck and similar commodities are close to large industrial centres. To the extent to which you are able to develop an industrial community you create a local demand for the products of farm and field, the products of the dairy, and the fowl that are raised on the farm. In other words, you have a ready and profitable market. If required to do so, I could give illustrations to show where, as a government, we had to make a choice between assisting industry in some community employing 200, 300 and sometimes 500 workers, and allowing that community, on the other hand, to go without that assistance. We had so to adjust the tariff to the situation as to give the Canadian fair competition and an equal opportunity with his competitor, without increasing prices, or allow him to be driven out, with a consequent loss to those who supply the food requiremnts of the population engaged in industry.

Industrial life and agricultural life are correlated. This, it is true, is not so with respect to wheat. It is true that in a purely cereal producing country, whose business is export, it does not apply. And in order to provide compensating adjustments we have, in this very budget, allowed five cents per bushel to the wheat producer. That in itself is a compensating adjustment until such time as the growth of industry and the development of manufacturing may offer the western farmer a local market such as exists in older and more flourishing communities. I need not dwell on that point; it is sufficiently well understood by most.

The figures prepared by the coal industry in Alberta and British Columbia indicate that the food requirements to meet the necessities of the mining population, who have been benefited by the action which has been taken, is sufficient to provide a very considerable business to the farming communities of those provinces—obviously, of course, not as regards vast millions of bushels of wheat produced, but with respect to vegetables, fruit, field crops and fowl raised on the farm.

I have taken some time going into these matters because I thought, from his language, that my right hon. friend was of the opinion, having stated and restated and stated again his position with respect to the subject, that no good purpose was to be served by spending any great length of time discussing each individual item. I have indicated the principles that govern us, and I have indicated that we are prepared to carry out those principles. And when people charge me or the government with changes, I can only say this: that since the first day of June the changed economic conditions in this country, through pressure of competition, which did not appear until inventory values were affected, make it incumbent upon this government, if it is to discharge its trust and it obligations, to meet those changes with corresponding changes. And I rejoice that we have the legislation that enables us so to do. We propose to meet the necessities by making such changes and alterations, not in principle but in the application thereof, as will meet the situation as we see it. If of course, as suggested, our conception of that situation is erroneous, if we have the wrong view, then we must suffer for it. But holding the views we do, realizing the situation as we believe it to be, and as I have indicated it, we propose to go forward and carry into effect whatever changes may be necessary to make the application of the principle for which we stand more and more complete in every phase of our national life in this crisis of our existence.

I am sorry that so much complaint has been made as to the late date of calling parliament. But no one knows better than hon. members opposite the conditions under which we have had to meet that situation. And when I compare it with what was done by the right hon. gentleman when he first took office, considering the difficulties we had to overcome, difficulties which did not face him, we might be forgiven for being slightly later than perhaps the house thought we should be in calling parliament. If, however, it is the will of parliament that we should meet in January we shall endeavour to carry out that will. If parliament thinks that we should meet in February, we shall do so. But I think the country, without being generous but only being fair, will not make any criticism of the government under the circumstances having regard to the difficulties it had to encounter in connection with the meeting of parliament on the 12th March of this year, especially in view of the fact that this was only a few days later than the date my right hon. friend first met this house in 1922 as Prime Minister.

As the discussion on the items proceeds, I shall endeavour to answer such inquiries as may be made, but obviously I can only repeat that they represent the application of the principle to which I have alluded. If it be thought that in some instances that principle is applied with too much rigour, I can give only this answer that on the facts

as presented to us and on the analysis we have made of them, in no instance will it be found that protection has been used for the purpose either of increasing prices or of aiding exploitation, but only for the purpose of conferring upon Canadians what I conceive to be their right, the right of fair competition and of an equal opportunity with those with whom they compete.

Mr. YOUNG: Do not forget it.

Mr. BENNETT: I shall not forget it, because it is the basis of the right of Canadians to live; it is the right they have. That right we shall protect. I might say, if I were so minded, in regard to the observations that were made this afternoon, that with respect to export trade, we considered the matter from the standpoint of another country. That in itself concedes the soundness of our position. Go and ask any other country to give up part of its market to oblige the Dominion of Canada. Will it do so? Not one of them.

Mr. YOUNG: Is anybody asking us to do it?

Mr. BENNETT: I can say this: The only way in which that principle enunciated by the right hon. gentleman to-day can be carried out is just by doing that very thing. That is the difficulty in the world to-day. I have so often said that I am not tied to tariffs by any affection. Tariffs, I repeat, are merely the instruments that we use for our purposes, and as every other country is using them to the extent I indicated this afternoon, this country cannot remain unprotected in a protected world. Everyone admits that. When I talk to my friends from the other side of the line, they at once admit the soundness of our position, namely, to care for Canada and protect it in the midst of a protected world.

These schedules to which attention is now being directed we believe are prepared for the purpose of giving effect to the principles I have stated, and we have an assurance that prices will not rise by reason of their going into effect. We are confident, from our own experience and observation, that the competition which is created within our own borders will ensure us that measure of price-lowering which is essential for our development. Of that we feel certain. I cannot take time tonight, but I may do so before the session ends, to deal with some of the monstrously erroneous statements that have been made in connection with certain industries. In one instance it was indicated to the Canadian people that the loss by reason of prices which it is said they had been compelled to pay on account of the tariff is greater than an entire year's revenue of the company affected. This is a small detail, but it is important to bear in mind how easy it is to draw wrong conclusions from erroneous premises. I can only commend these schedules to the committee as an effort made by the government to advance the interests of the Canadian people as a whole, of agriculture, labour, the manufacturer, and every other interest within our borders.

Mr. YOUNG: I wish to protest on this occasion against the cold indifference with which the Prime Minister views any efforts on the part of hon. gentlemen on this side of the house to secure information. The very day his budget was brought down I placed on the order paper a resolution asking for the production of the briefs and representations made by the publishers in regard to tariff matters. Expecting that I might be refused that information, I at the same time wrote a letter to the publishers themselves, asking them if they would furnish me with copies of their briefs and if they had any objection to my using them in public. I received a reply from them stating that their representations had been given to the government; that they did not feel justified in giving them to me without consulting the government, but that they had no objection whatever to the government giving them to me or making them public. Nevertheless, although we wanted this information at this time in order to discuss these items intelligently, we have not got it.

Mr. BENNETT: I got the hon. gentleman's note after he had mentioned the question the other day. To what brief does he refer? The gentleman whom he mentions did not file a brief; he filed a short statement in connection with item 184 in the tariff schedules, the magazine schedule. I intended to ask my hon. friend just to what he did refer. I certainly did not quite understand him.

Mr. YOUNG: I have not seen all the documents that have been filed. I understand they have filed certain documents asking for particular considerations, and I wanted to know what they were. The gentleman referred to in the letter did not feel justified in giving me any information in confidence, but he told me to apply to the Prime Minister and he would ask his principals if they had any objection to giving it.

Mr. BENNETT: I do not know exactly to what document the hon. member refers.

If it is the one dealing with the magazine duties, the gentleman whose name he mentions in the letter is the one who saw me and gave me some memoranda with respect to the matter. If it is that—and I know of none other at the moment—there is no reason why the hon. gentleman may not peruse it as much as he likes. If the gentleman has a copy of it he can give it to my hon. friend. Is that what is meant?

Mr. YOUNG: I have also the impression they applied for certain things in regard to drawbacks; at least they were interested in drawbacks. I have not seen the documents, but I should like to get possession of them. I do not believe my right hon. friend is trying deliberately to keep us in the dark, but he has such a refined sense of honour in keeping things secret, I think he is overstraining it a little in not giving us information that would be really useful to us and that would not hurt anybody else if it were in our possession.

He told us this afternoon that when he came into power last fall unemployment was rampant in Canada. He did not say that it is better to-day, but he said that if we were in power, it would be still worse. I think he told the people he would end unemployment if he came into power.

Mr. BENNETT: And he will.

Mr. YOUNG: I have under my hand the bureau of statistics figures of employment for June of this year and every other year since 1921, and this is what I find for the manufacturing industries:

Month—	Index number
June, 1930	113.6
June, 1931	99.4

This year it is the lowest it has been for many years. The figures for all employment are as follows:

Month—	Index number
June, 1930	116.5
June, 1931	103.6

Again it is down in a month where normally one would expect employment to be at the peak. It is lower in June in the manufacturing industries, which are the industries of my right hon. friend's special consideration.

For May and June of this year the figures for the manufacturing industries are as follows:

Month—	Index number
May	100.7
June	99.4

We find that employment in June is lower than in May. In other words, unemployment is becoming worse instead of better in spite of the new tariff launched last fall by my right hon. friend, a tariff which he seems to think has saved the country.

He said a short time ago that by lessening the trade of other countries with Canada we could improve our own position. I cannot understand the mentality of a man who takes that view. I cannot conceive how anybody can think that by injuring his neighbour he can help himself. Trade is exchange for mutual benefit. If it did not pay us to buy the goods of foreign countries, we would not buy them.

Mr. MANION: Is not home trade good too?

Mr. YOUNG: Yes, it is good, and if it did not pay us to buy home-made goods we would not buy them.

Mr. MANION: If two Canadians trade between themselves, then according to my hon. friend's theory, there are two profits for the two Canadians, but when a Canadian trades with an American there is only one profit. But apparently home trade does not matter to my hon. friend.

Mr. YOUNG: My hon. friend has heard of the jack-knife policy, where you trade your knife from one hand to the other, and expect to grow rich by so doing.

Mr. MANION: The hon. gentleman said that trade profits both parties to it, and I agree.

Mr. YOUNG: I say that we exchange goods for mutual benefit. When we buy goods from foreign countries it is because they have something which we want more than they do, and when we sell to foreign countries it is because they want our goods more than we do. We make an exchange and both parties benefit. My hon. friend asks why we should not exchange all our goods between ourselves. Why cannot we sell all our wheat to Canadians? Simply because they could not begin to buy it. That is why we have to buy goods from other countries if we wish to sell our goods to them, and when you shut foreign goods out of this country you are denying the whole of our exporters a market. How are we going to be paid for our wheat, our copper, our nickel, our pulpwood, our paper, if we do not accept foreign goods in exchange? The trouble in this country is that for the goods we export we cannot get much, and then when we buy goods from foreign countries the customs officer steps in and says that on the things that we are to receive in exchange for our wheat he will

impose a duty of 25 or 35 or 40 or 50 per cent, as the case may be. When you shut goods out of this country you are simply saying to the exporters that they must take just that much less for their wheat, for their pulpwood, for their nickel, for their paper, and so on. How can anyone hope to benefit himself by adopting that dog-in-the-manger policy, by that beggar-my-neighbour policy, thinking he can benefit himself by hurting his neighbour?

The right hon. the Prime Minister has admitted that this protective tariff could not be of much benefit to the wheat farmer, but, he said, in this budget he has given the farmer a compensating adjustment to the extent of five cents a bushel on his wheat. Up to when? While this adjustment is being made, while the home market is being developed sufficiently to take care of the farmers' products. And this adjustment is to last for one year! Does my right hon. friend really believe that by giving the farmers of the west five cents a bushel on their wheat for this year, we shall at the end of that period have developed our manufacturing industries in this country and increased our population sufficiently to absorb the entire wheat crop? Surely he cannot believe that. I pointed out on a former occasion that this five cents a bushel on wheat amounts to about eight per cent of the price of the farmers' wheat, but the exploitation that he is made to suffer because of this tariff amounts to about 30 per cent of his entire income. And we are offering him what? Five cents a bushel compensation for 30 per cent spoliation, and you call that a compensatory adjustment to the wheat farmer.

My right hon. friend mentioned a number of articles this afternoon to illustrate what he had done for the people of this country. In the first place he mentioned safety pins.

Mr. BEAUBIEN: What does a bachelor want with safety pins?

Mr. YOUNG: Yes. My right hon. friend tells us that because somebody outside offered to sell safety pins in this country very cheaply he found it necessary to shut them out. I looked up the trade returns on pins, and I find that our import of pins last year amount to $128,000, on which a duty of $30,000 was paid. I could not find the domestic production, but looking up our exports I found that pins and needles were grouped together, and that we exported pins and needles to the amount of $502,000, and our imports amounted to $514,000. So our imports and exports substantially balanced. If we are doing ourselves harm by buying pins from abroad, surely we are benefiting by selling pins abroad, and as I said, our imports and exports are about the same. But my right hon. friend is going to shut out this $128,000 worth of pins, and in doing so he is going to lose some $30,000 of revenue.

Some hon. MEMBERS: Hear, hear.

Mr. YOUNG: That is right. He tells us that by so doing he is going to keep in employment some fifty men. He could pretty nearly pay them their wages out of the revenue he is losing. I wonder if my right hon. friend has any idea how many women in this country, with children around them, find even such a cheap thing as pins very scarce and hard to get. It is all right for hon. gentlemen to laugh, but I know. Go into almost any house where there are children and you will find how scarce pins are. In order to carry out his policy, my right hon. friend will actually steal the pins from the little babies in the cradle.

My right hon. friend also spoke of what his government had done to encourage the piano industry in this country. He told us that the development of the radio and the phonograph had nearly ruined the market for pianos, that there was not much demand for pianos now, and the result was that other countries were offering to sell pianos in Canada cheaply, and he proposed to increase the duty to keep them out. Imports of pianos last year amounted to $288,000, and our exports to $218,000, so there is not very much difference. Here again my right hon. friend proposes to sacrifice revenue to the amount of $86,000 in order to encourage the making of pianos in Canada. Why are there not as many pianos sold in this country as formerly? Radio and the phonograph may account for it in part, but not entirely. There are thousands and thousands of people in this country who would buy a piano to-morrow if they could. Why do they not do so? Because the price of a piano is just beyond their reach. It is for no other reason on earth. If my right hon. friend wants to create a market in Canada for pianos, let him bring down legislation that will bring the price of pianos within the reach of the people. Let him introduce legislation reducing the price of pianos, and immediately he will bring new buyers into the market for pianos, thereby increasing production and giving more employment. But by increasing the duty on pianos he puts them out of the reach of just so many more people, and ruins the market that he is trying to create.

My right hon. friend also spoke of book and magazine paper which he had shut out. I am speaking from memory, but I believe that the history of book paper coming into this country is this. It carried a certain rate of duty. Then some two or three years ago a rebate was granted to the Canadian publishers on book paper, printing ink, the machinery that they use, and generally on the articles that enter into their production. The result was that our Canadian publishers were able to effect a saving in the production of their magazines, which saving they put into improvements and betterments in the magazines. By improving their magazines they increased their sales to such an extent that they multiplied by three the amount of book paper which they required to use in producing Canadian magazines. My right hon. friend told us that our Canadian publishers must use Canadian paper. I understand that it actually costs the Canadian publisher 10 per cent more to print a magizine on Canadian-made paper than on American-made paper, because the Canadian-made paper is of inferior quality. So my right hon. friend is compelling the Canadian publishers not only to buy paper at a higher price, but also to use an inferior product which adds 10 per cent to the publishers' production costs.

My right hon. friend also spoke of certain metals which we have, and which no other country has, and he thinks we can force the rest of the world to buy them at our own price. Let us take nickel, for example, which possibly my right hon. friend had in mind at the time. We own 85 per cent of the world's nickel.

Mr. GORDON: Ninety per cent.

Mr. YOUNG: All right; we will say ninety per cent. We can more than supply the entire world demand for nickel. The development of the nickel industry in Canada has reached the point where it is necessary not only to supply the present market but to create a larger one. The problem confronting nickel companies to-day—and I think hon. gentlemen opposite will agree—is how to find new uses for their product.

An hon. MEMBER: How about a five cent piece?

Mr. YOUNG: They have to find new uses—and in answer to my hon. friend I will say the five cent piece is to be given to the wheat farmer. If the policy of my right hon. friend is carried out, the cost of producing nickel will be increased, the cost on the world's market will be increased and the use of that commodity will be thereby limited.

Mr. GORDON: How does he do that, if he adopts the reverse policy?

Mr. YOUNG: If the reverse policy is adopted nickel will come into use for different things; more buyers will come into our markets; there will be a greater demand for nickel; there will be more men employed in its production, its refining, its transportation, and thus many other industries will be assisted.

An hon. MEMBER: Rot.

Mr. YOUNG: It is not rot—these are actual facts. However sincere my right hon. friend may be, his policy is having the very reverse effect. The other night I tried to explain that the production of manufactured goods per capita is much greater measured in dollars and cents than the production of primary products per capita. When manufactured goods are shut out to the extent my hon. friend the Minister of Trade and Commerce (Mr. Stevens) would sugest, namely $800,000,000 a year, you are shutting out goods and creating employment for 147,000 men, who will be required to produce those goods at home, but you would be throwing out of employment twice that many men because those $800,000,000 worth of imports must be paid for by $800,000,000 worth of exports. Those exports would be of primary products the production of which requires twice as many men as the production of manufactured lines. Therefore by increasing the prices in this country my hon. friend's policy is bound to restrict still further the buying power of the people, cause a further slackening up of business, and create more instead of less unemployment.

Mr. FRASER (Northumberland): Will the Prime Minister assure this committee that he will apply impartially to all branches of Canadian industry the policies he has so often emphatically announced to this assembly?

Mr. BENNETT: So far as it is possible to do so, he will.

Mr. EULER: Mr. Chairman, I should like to submit a question to the Minister of Finance, and I hope he will answer it more fully than he answered a question I directed to him a few days ago. I am sure he must have known that his reply at that time did not constitute an answer at all.

He has repeatedly stated, and said again to-night, that he wants such a tariff as will give a fair opportunity and ensure equal competition to Canadians. When I spoke on the budget I said that I had no fault to find with that kind of tariff. On that occasion I stated

that the Prime Minister had repeatedly expressed his desire to have such a tariff as would ensure that all commodities possible of production in Canada would be made in Canada. If I am misquoting him I should be pleased to be corrected, because I find a difficulty in reconciling those two principles. I should like to ask the Prime Minister to make an explanation, because if he enacts such a tariff as will provide fair competition and give an equal opportunity to Canadians, he does not imply exclusion. If there is competition at all, goods must be coming into the country; if it were not so there could be no competition whatsoever. To my mind such a condition does not agree with his other principle, namely the imposition of a tariff which will shut out such goods as can be produced in Canada. I am honestly asking for information on this point and I would appreciate an attempt on the part of the Prime Minister to reconcile those statements and make his position clear.

Mr. BENNETT: May I remind my hon. friend (Mr. Euler) that I said all the Canadian required was an equal opportunity and fair competition, and I added, as has been my habit, that no Canadian asks more, if he is certain that he will at least have a market for his product.

Mr. EULER: Does my right hon. friend think that that necessarily follows?

Mr. BENNETT: Yes. Give any Canadian an equal chance with his competitor; give him fair competition, as distinguished from unfair, and he will get the business.

Mr. EULER: All the business?

Mr. BENNETT: He may not get it all, but he will get all he wants. The reasons are quite obvious. I have said nothing about prohibitions, but did say I was anxious that the Canadian should manufacture everything he required if it could be produced in this country under conditions of fair competition and equal opportunity. To do more than that might mean on the one hand exploitation and on the other hand putting a premium on inefficiency. If you gave him less, it would be unfair; if you gave him more, you would be placing a premium on inefficiency. Unfairness and destruction would result in the first case and exploitation in the latter.

Mr. EULER: I thank my right hon. friend for the explanation he has given, but I think he will find, as most business men admit, that where there is equal opportunity and fair competition both competitors will sell some goods. I am not objecting to that, but I think the inference thrown out by the Prime Minister that if the Canadian has an equal opportunity he will get all the business is perhaps a little more complimentary to Canadians than I would care to be,—and at that I have a very good opinion of the Canadian people.

Mr. MOTHERWELL: Mr. Chairman, as no item has been called this would appear to be a sort of supplementary budget debate. I am not going to prolong it, but I think it has some value inasmuch as at least it gives us an opportunity of understanding each other's viewpoints. We look upon the protection policy of our hon. friends opposite—especially their efforts of last fall—as something in the nature of a disease which will have to run its course before any remedy can be effected. My hon. friends opposite look upon low tariff men or no tariff men as those afflicted with another sort of disease. If at least we can reach the point where we respect each other's viewpoints the present discussion will not have been without some purpose.

May I point out to the Prime Minister that it is one thing to put up a tariff such as that of last fall, especially on farm implements, and it is quite another thing to make the farmers buy those implements, to buy implements they do not want to buy, or to use implements which they find are not best adapted for their particular purposes. Surely the Prime Minister remembers the reciprocity struggle and the bitterly disappointing effect it had on the farmers in the west. Although the reciprocity pact provided for a lowering of tariffs, western farmers were so disappointed because of losing the American market for their farm produce that many of them deliberately bought more farm machinery from the United States than they had ever done before. That may have been shortsighted, it may have been in some cases foolish, but it was very natural.

I do not think however that the experience at the time of the reciprocity pact will be repeated on this occasion. I have two reasons for making that statement. Although the tariff has gone up tremendously and we do not know where it will end, I do not think that the tendency to buy more farm machinery from the United States will grow. In the first place just now, the farmers have nothing to buy with; their purchasing power is lower than I have ever known it to be. They are tinkering up their old harness, patching up their machinery and making it operate as long as they can. If the tendency to which I referred does not revive—that is the buying

of more American farm machinery, no thanks are due to this government because they have done everything in their power to encourage it. But it will not be done for another reason. During the eight or nine years that the King government was in power we believe our gradual reduction of duties all along the line—increasing the British preference and decreasing the duties on farm equipment and many other commodities—had the effect of promoting a better feeling between the west and the east, particularly between our western farmers and our eastern manufacturers. I wonder if anybody will deny that? That good feeling still largely prevails unless my hon. friends opposite have already driven it away entirely by their tariff policy. But, as I said before, no thanks to this government. They are inviting the west almost to do it, and when we think of the other things that the government have done, especially to the wheat pool, it will be surprising if there is not resentment shown in that or some other way—possibly by the ballot. I suggest to my hon. friends opposite their careful consideration of what I have stated before they go too far with their high tariff policy—they have gone pretty far already.

Since the Prime Minister has referred to butter, let me also refer to it. Why did he double the duty on butter that the farmers themselves asked for? The national dairy council asked for a duty of only four cents a pound when they appeared before the tariff board, and they got it. On more than one occasion in my presence they were advised by the late hon. Mr. Robb to take their case before the board. They did not do so at the time because they felt they had not sufficient evidence to justify an application; later on they presented their case for a four cent tariff, and, as I have said, their request was conceded at once by the tariff board. That was all the protection they wanted, and yet my right hon. friend went twice as high—he placed the duty at eight cents. I wonder if that is what he did with the manufacturers? When our administration went out of office I did not know any manufacturer who wanted a higher tariff. I was not around the year before, and they may have come to the government for higher protection. but I do not think they did. If the present government dealt with the manufacturers as they did with the dairymen, then they must have given them twice as much as they wanted. That is what we object to. We should like to know why the government did it. Perhaps the Prime Minister will tell us now why he gave the dairymen twice as much duty on butter as they asked for. The dairymen actually objected to that duty of eight cents per pound. If the right hon. gentleman carries out that policy all along the line in connection with other commodities, he might tell us so. We have been criticized for adopting a tariff for a revenue, because such a tariff embodies a certain amount of protection.

Mr. HACKETT: Will the hon. gentleman permit a question?

Mr. MOTHERWELL: When asked in a nice way like that, certainly.

Mr. HACKETT: What duty did the Dunning budget impose on butter?

Mr. MOTHERWELL: Four cents.

Mr. HACKETT: Against the United States?

Mr. MOTHERWELL: Whatever the countervailing duty was.

Mr. HACKETT: It was twelve cents.

Mr. MOTHERWELL: I think so, but it did not matter very much—there was no butter coming from there anyway. For the past forty years our main source of butter supplies when we are short has been the Antipodes. When other Conservative administrations have been in power on more than one occasion our butter imports rose as high as 7,000,000 pounds a year, but this excited no comment until recently. My hon. friends opposite do not seem to know yet the difference between a protective tariff and a revenue tariff. A protective tariff is primarily for protection, the revenue factor being so incidental that it often almost disappears. That is why this government is short of cash and will continue so as long as it persists in its policy of higher and still higher protection. On the other hand, a tariff for revenue is primarily for revenue, with such protection as incidentally goes with it. That is all I desire to say. If my hon. friend from Stanstead (Mr. Hackett) wishes to ask another question I shall be glad to answer it if I can.

1. Resolved, That it is expedient to amend the Customs Tariff, being chapter forty-four of the revised statutes of Canada, as amended by chapter thirteen of the acts of 1930 (first session), and chapter three of the acts of 1930 (second session), by repealing sections two to eighteen, inclusive, thereof and by substituting the following therefor:

(2) In this act, and in any other act relating to the customs, unless the context otherwise requires,

(a) "free" in any one of the said tariff columns means that the goods opposite which the word appears, and to which the tariff in the said column applies, may be imported and taken out of the warehouse for consumption in Canada, without duty;

(b) "gallon" means an imperial gallon;

(c) "hoop, band and strip" when applied to iron or steel mean flat forms not more than fourteen inches in width and less than ·1875 inch in thickness;

(d) "in diameter" when applied to pipe and tubes means the actual inside diameter;

(e) "iron" includes "steel";

(f) "M ft." represents and has the meaning of the words "one thousand feet board measure";

(g) "n.o.p." represents and has the meaning of the words "not otherwise provided for";

(h) "p.c." in any one of the tariff columns in schedule A to this act represents and has the meaning of the words "per centum", ad valorem;

(i) "plate" when applied to iron or steel means a rectangle, circle or sketch as cut in a plate mill, more than fourteen inches in width and ·1875 inch or more in thickness, with variations from such thickness not exceeding ·015 inch;

(j) "proof," "proof spirit" or "proof spirits," when applied to wines or spirits of any kind, means spirits of a strength equal to that of pure ethyl alcohol compounded with distilled water in such proportions that the resultant mixture shall at a temperature of sixty-two degrees Fahrenheit have a specific gravity of 0·9187 as compared with that of distilled water at the same temperature;

(k) "rolled iron" or "rolled steel" means iron or steel hot rolled only;

(l) "sheet" when applied to iron or steel means a rectangle more than fourteen inches in width and less than a plate in thickness;

(m) "ton" means two thousand pounds avoirdupois.

Paragraph agreed to on division.

2. The expressions mentioned in section two of the Customs Act, whenever they occur herein or in any act relating to the customs, unless the context otherwise requires, have the meaning assigned to them respectively by the said section two; and any power conferred upon the governor in council by the Customs Act to transfer dutiable goods to the list of goods which may be imported free of duty or to reduce the rates of duty on duitable goods is not hereby abrogated or impaired.

Paragraph agreed to on division.

3. Subject to the provisions of this act and of the Customs Act, there shall be levied, collected and paid upon all goods enumerated, or referred to as not enumerated, in schedule A to this act, when such goods are imported into Canada or taken out of warehouse for consumption therein, the several rates of duties of customs, if any, set opposite to each item respectively or charged on goods as not enumerated, in the column of the tariff applicable to the goods, subject to the following conditions, viz:

(a) The rates of customs duties, if any, set forth in column (1), "British preferential tariff," shall apply to goods the produce or manufacture of the following British countries when conveyed without transhipment from a port of any British country enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada:

(i) The United Kingdom,

(ii) The British colony of Bermuda,

(iii) The British colonies commonly called the British West Indies, including the following:

The Bahamas,
Jamaica,
Turks and Caicos Islands,
The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat and the Virgin Islands),
The Windward Islands (Grenada, St. Vincent and St. Lucia),
Barbados,
Trinidad and Tobago,

(iv) British Guiana,

(v) British India,

(vi) Ceylon,

(vii) Straits Settlements,

(viii) New Zealand,

(ix) Union of South Africa,

(x) Southern Rhodesia,

(xi) any other British colony or possession admitted to the benefits of the British preferential tariff in Canada, in the manner hereinafter provided;

Provided, however, that goods entitled to the benefit of the British preferential tariff shall be accorded such benefits when such goods are shipped on a through bill of lading consigned to a consignee in a specified port in Canada when such goods are transferred at a port in a British possession, and conveyed without further transhipment into a sea, lake or river port of Canada;

(b) The rates of customs duties, if any, set forth in column (2), "intermediate tariff," shall apply to goods the produce or manufacture of any British or foreign country to which the benefits of such intermediate tariff shall have been extended in the manner hereinafter provided, when imported direct from such foreign country or from a British country;

(c) The rates of customs duties, if any, set forth in column (3), "general tariff," shall apply to all goods not entitled to admission under the intermediate tariff or under the British preferential tariff;

(d) Proof of origin, as prescribed by the minister shall be furnished with the bill of entry at the custom-house for goods admitted to entry under any of the tariffs in schedule A: and the decision of the minister shall be final as to the tariff or surtax applicable in any case to imported goods by reason of their origin;

(e) Goods for which entry is claimed under the intermediate tariff must be bona fide the produce or manufacture of a country which has been admitted to the benefits of the intermediate tariff;

(f) Every manufactured article to be admitted under the British preferential tariff must be bona fide the manufacture of a British country entitled to the benefits of the British preferential tariff, and a substantial portion of the value of the manufactured article must have been produced by labour in one or more of such countries.

(2) The governor in council may make such regulations as are deemed necessary for carrying out the provisions of the several tariffs mentioned in this section.

Mr. RALSTON: We will have an opportunity of discussing the items later?

Mr. BENNETT: Yes, these are the administrative clauses. In the main they are just as they were before; for instance, in No. 3 we have in subsection (a) the words, "sea, lake or river port of Canada," instead of as formerly "sea or river port." Each item will have to be considered.

Mr. YOUNG: Referring to clause 1 (b)—

The CHAIRMAN (Mr. Bury): That has been carried.

Mr. YOUNG: No matter; we did not have our copies before us. Clause 1 (b) reads:

"gallon" means an imperial gallon;

In a bulletin issued by the customs department it is said that with respect to gasoline "gallons" shall mean wine gallons. Why is a gallon an imperial gallon except when we import gasoline? If we went to a filling station and found the man filling up our tank with wine gallons of gasoline we would have him arrested. Yet when paying duty on gasoline we have to pay it on the wine gallon.

Mr. BENNETT: I think the hon. gentleman is in error. The same standard sized receptacle is used in the main for the handling of gasoline. My memory is that forty-two wine gallons are equivalent to thirty-five imperial gallons, but I am speaking subject to correction.

Mr. RALSTON: One-sixth more, roughly.

Mr. BENNETT: At any rate the imperial gallon is defined by our standards and is fixed as the measurement. In order that there may be no misapprehension we insert in this statute that "gallon" means an imperial gallon.

Mr. YOUNG: Why does the customs department issue a bulletin saying that when importing gasoline for duty purposes the gallon shall be the wine gallon?

Mr. BENNETT: I think my hon. friend is wrong in respect to that. I apprehend he has in mind the question of the fixing of price for duty purposes where the gallon of the country of origin is the wine gallon; that is, the gallon measurement in the United States is the wine gallon, and as it is referring to that country's production the wine gallon may be used in that regard. I will ask the commissioner.

Mr. YOUNG: And does not that have the effect of still further increasing the duty?

Mr. BENNETT: I am informed that the imperial gallon is the standard for duty purposes.

Paragraph agreed to on division.

4. The governor in council may, by order in council,

(a) from time to time, extend the benefit of the British preferential tariff to any British country not named in paragraph (a) of section three, and from and after the publication of such order in council in the Canada Gazette the British preferential tariff shall apply to goods the produce or manufacture of such British country, subject to the provisions of this act;

(b) from time to time, withdraw the benefit of the British preferential tariff from any British country, other than the United Kingdom, which has received the said benefit, and from and after the publication of such order in the Canada Gazette, the general tariff or the intermediate tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such British country, subject to the provisions of this act;

(c) from time to time, extend the benefit of the British preferential tariff to any territory administered under a mandate of the League of Nations by any British country, to which British country the benefit of the British preferential tariff has been extended; and from and after the publication of such order in council in the Canada Gazette the British preferential tariff shall apply to goods the produce or manufacture of such territory, subject to the provisions of this act;

(d) from time to time, withdraw the benefit of the British preferential tariff from any territory administered under a mandate of the League of Nations which has received said benefit; and from and after the publication of such order in the Canada Gazette, the general tariff or the intermediate tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such territory subject to the provisions of this act;

(e) from time to time, extend to any British country the benefit of rates of customs duties more favourable than those of the British preferential tariff, and from and after the publication of such order in the Canada Gazette, the rates of duties so ordered shall apply to goods the produce or manufacture of such British country, subject to the provisions of this act;

(f) from time to time, withdraw from any British country to which they have been extended rates of customs duties more favourable than those of the British preferential tariff, and from and after the publication of such order in the Canada Gazette, the British preferential tariff or the intermediate tariff, as directed in the said order, shall apply to goods the produce or manufacture of such British country, subject to the provisions of this act;

(g) from time to time, extend the benefit of the intermediate tariff, in whole or in part, to any British or foreign country the produce or manufactures of which have previously been subject to the rates of customs duties set forth in the general tariff, and from and after the publication of such order in the Canada Gazette, the rates of duty set forth in the intermediate tariff, so far as they are men-

tioned in the said order, shall apply to goods the produce or manufacture of such British or foreign country, when imported direct from such foreign country or from a British country, subject to the provisions of this act;

(h) from time to time, withdraw the benefit of the intermediate tariff from any country to which it has been extended, and from and after the publication of such order in the Canada Gazette the rates of customs duties set forth in the general tariff shall apply to goods the produce or manufacture of such country, subject to the provisions of this act.

Paragraph agreed to on division.

5. The importer of goods entitled to the benefits of the British preferential tariff shall be entitled to a discount of ten per centum on the amount of duty computed under such tariff, when such goods are conveyed without transhipment from a port of a country enjoying the benefits of the British preferential tariff inta a sea, lake or river port of Canada.

(2) Goods entitled to the benefits of the British preferential tariff shall be entitled to the discount authorized by this section, when shipped on a through bill of lading consigned to a consignee in a specified port in Canada, when such goods are transferred at a port in a British possession and conveyed without further transhipment into a sea, lake or river port of Canada.

(3) The discount mentioned in this section shall not apply to duties on any of the following articles, viz., wines, malt liquors, spirits, spirituous liquors, liquid medicines and articles containing alcohol; sugar, tobacco, cigars and cigarettes.

(4) The said discount shall not apply in the case in which the duty does not exceed fifteen per centum ad valorem, or, in the case of a specific duty or a specific and ad valorem duty combined in which the computed rate does not exceed fifteen per centum ad valorem, or to goods admitted into Canada which have the benefit of reductions provided for in the Canada-West Indies Trade Agreement, 1926.

Paragraph agreed to on division.

6. In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, or is less than the fair market value or value for duty thereof as determined under the provisions of section thirty-six of the Customs Act, or is less than the fair market value thereof as fixed by the governor in council under the provisions of section thirty-seven of the Customs Act, or is less than the value for duty thereof as determined by the minister under the provisions of paragraphs (a) and (e) of section forty-one of the Customs Act, or is less than the fair market value thereof as fixed by the minister under the provisions of section forty-three of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special dumping duty, equal to the difference between the said selling price of the article for export and the said fair market value thereof or value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such article although it is not otherwise dutiable.

Provided that the said special duty shall not exceed fifty per cent ad valorem in any case, and the following goods shall be exempt from such special duty, viz:

Goods of a class subject to duty under the Excise Act.

Provided, notwithstanding, that on importations from Australia under the Australian Trade Agreement Act, 1925, the said special duty shall not exceed fifteen per cent ad valorem in any case.

Notwithstanding anything in this Act contained the levying and collection heretofore of special or dumping duty in cases where the fair market value of goods was determined by the minister, acting or purporting to act under the provisions of section forty-seven A of the Customs Act, as enacted by section three of chapter eighteen of the statutes of 1922 (section forty-three of the Customs Act, R.S., 1927), is hereby ratified and confirmed.

(2) Excise duties or excise taxes shall be disregarded in estimating the market value of goods for the purposes of special duty when the goods are entitled to entry under the British preferential tariff, intermediate tariff, or any tariff more favourable than the general tariff.

(3) Customs duties of the United Kingdom shall be disregarded in estimating the market value of wines for the purposes of special duty when the same are entitled to entry under the intermediate tariff or any tariff more favourable than the general tariff and are bottled in bond in the United Kingdom and imported direct therefrom.

(4) "Export price" or "selling price" in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

(5) If at any time it appears to the satisfaction of the minister that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the minister may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(6) If at any time it appears to the satisfaction of the minister that any person owning or controlling or interested in a business in Canada and also in any other country, or any person carrying on a business in any other country and owning or controlling or interested in a business operating in Canada, and by reason thereof is enabled to import goods for further manufacture or assembling or for resale, and while complying with the legal requirements on importation disposes of such imported goods, whether in the form as imported or as further processed, assembled or manufactured, at prices below the duty paid value thereof as entered at customs plus or including all charges upon the goods after shipment from the place whence exported directly to Canada, including sales, distribution and advertising costs, and plus, if any, the cost of processing, assembling or further manufacturing in Canada, the minister may declare that goods of such class or kind were and are on importation subject to an additional

special or dumping duty not exceeding fifty per cent and authorize such action as is deemed necessary for the collection thereof.

(7) If the full amount of any special duty of customs as herein provided has not been paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector.

(8) The minister may make such regulations as are deemed necessary for carrying out the provisions of this section and for its enforcement.

Mr. RALSTON: Is there any change in this?

Mr. BENNETT: Yes, the one subsection has been slightly changed, though perhaps it has not been changed from what was the practice under the regulation. The duty paid value is now defined as the cost plus or including all charges upon the goods after shipment from the place whence exported directly to Canada, including sales, distribution and advertising costs. In practice I believe that rule has been followed, and it is now embodied in the statute itself.

Paragraph agreed to on division.

7. Goods imported into Canada the product or manufacture of any foreign country which treats imports from Canada les favourably than those from other countries, may be made subject by order of the governor in council in the case of goods already dutiable to a surtax over and above the duties specified in schedule A to this act, and in the case of goods not dutiable to a rate of duty, not exceeding, in either case, thirty-three and one-third per centum ad valorem.

(2) Goods the product or manufacture of any foreign country imported into Canada in vessels admitted to registration under the laws of such foreign country may, if such foreign country imposes higher duties of customs upon goods imported into such country in vessels registered in Canada than upon the like goods when imported in vessels of such country, be made subject by order of the governor in council in the case of goods already dutiable to a surtax over and above the duties specified in schedule A to this act, and in the case of goods not dutiable to a rate of duty, not exceeding, in either case, thirty-three and one-third per centum ad valorem.

(3) Within the limitations in this section hereinbefore prescribed any such goods may by such order in council be made subject to a surtax or rate, as the case may be, differing from the surtax or rate to which another class of goods may be thereby, or by any other such order, made subject.

(4) The governor in council may make regulations for carrying out the purposes of this section and may by order in council suspend the surtax or rate in whole or in part from application to the goods of such foreign country or any class of such goods.

(5) The decision of the governor in council shall be final on any question which may arise regarding the application of a surtax or rate imposed pursuant to this section.

Paragraph agreed to on division.

8. Notwithstanding anything in this act, fish and other products of the fisheries of Newfoundland may be imported into Canada free of customs duty until otherwise determined by the governor in council, by order published in the Canada Gazette.

Paragraph agreed to on division.

9. Fish caught by fishermen in vessels registered in Canada or owned by any person domiciled in Canada, and the products thereof carried from the fisheries in such vessels, shall be admitted into Canada free of duty. The minister may make such regulations, if any, as are demed necessary for carrying out the provisions of this section.

Paragraph agreed to on division.

10. Notwithstanding anything in this act, goods other than tobacco, cigars, cigarettes, spirituous or alcoholic liquors and articles specified in schedule A of the West Indies Trade Agreement Act, the produce or manufacture of British Honduras, Bermuda, the Bahamas, Jamaica, Turks and Caicos islands, the Leeward islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat and the Virgin islands), the Windward islands (Grenada, St. Vincent and St. Lucia), Barbados, Trinidad and Tobago, and British Guiana, when imported direct therefrom shall not be subject at any time to more than fifty per centum of the duties imposed on similar goods as set forth in the general tariff under regulations by the minister.

Paragraph agreed to on division.

11. 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.

Paragraph agreed to on division.

12. On the materials set forth in schedule B to this act, when used for consumption in Canada for the purpose specified in that schedule, there may be paid, out of the consolidated revenue fund, the several rates of drawback of customs duties set opposite to each item respectively in that schedule, under regulations by the governor in council.

Paragraph agreed to on division.

12 (2) If pig iron imported into Canada mixed with pig iron made in Canada has entered into the manufacture of mowing machines, reapers, harvesters, binders and attachments for binders, the drawback payable in pursuance of this section, under regulations by the governor in council, may be computed on the total quantity of pig iron, including pig iron made as aforesaid entering into such goods; provided, however, that the total drawback payable shall not exceed ninety-nine per cent of the duty paid on all the pig iron imported and used by the manufacturer of such goods in manufacturing such goods and other goods.

Paragraph agreed to on division.

13. The importation into Canada of any goods enumerated, described or referred to in schedule C to this act is prohibited; and any such goods

imported shall thereby become forfeited to the crown and shall be destroyed or otherwise dealt with as the minister directs; and any person importing any such prohibited goods, or causing or permitting them to be imported, shall for each offence incur a penalty not excedeing two hundred dollars.

Paragraph agreed to on division.

14. The governor in council may, from time to time, prohibit the importation into Canada of any goods originating in and exported directly or indirectly from any country not a contracting party to the treaty of Versailles, executed at Paris, France, on the 28th day of June, 1919, and any order of the governor in council prohibiting the importation into Canada of any goods from any such country shall be published in the next following issue of the Canada Gazette. Any goods imported in violation of the terms of this section shall be forfeited to the crown and shall be dealt with as the minister directs.

Mr. BENNETT: The language of this section is somewhat more ample than it was previously.

Paragraph agreed to on division.

15. Whenever the governor in council deems it to be in the public interest to inquire into any conspiracy, combination, agreement or arrangement alleged to exist among manufacturers or dealers in any article of commerce to unduly promote the advantage of the manufacturers or dealers in such article at the expense of the consumers, the governor in council may commission or empower any judge of the supreme court, or of the Exchequer Court of Canada, or of any superior court or county court in Canada, to hold an inquiry in a summary way and report to the governor in council whether such conspiracy, combination, agreement or arrangement exists.

(2) The judge may compel the attendance of witnesses and examine them under oath and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the governor in council for the purpose of such inquiry.

(3) If the judge reports that such conspiracy, combination, agreement or arrangement exists in respect of such article, the governor in council may admit the article free of duty, or so reduce the duty thereon as to give to the public the benefit of reasonable competition in the article, if it appears to the governor in council that such disadvantage to the consumer is facilitated by the duties of customs imposed on a like article.

Paragraph agreed to on division.

16. The governor in council may from time to time, as he deems it expedient, order that goods of any description or class specified in such order, imported into Canada, shall be marked, stamped, branded or labelled in legible English or French words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin; and said marking, stamping, branding or labelling shall be as nearly indelible and permanent as the nature of the goods will permit.

(2) All orders made by the governor in council under this section shall have effect from and after the day on which the same are published in the Canada Gazette, or from and after such later day as is appointed for the purpose of such orders, and during such time as is therein expressed, or if no time is expressed for that purpose, then until the same are revoked or altered.

(3) All such goods imported into Canada after the date of the coming into force of any such order of the governor in council which do not comply with the requirements of such order, shall be subject to an additional duty of ten per centum ad valorem to be levied on the value for duty purposes, and in addition such goods shall not be released from customs possession until they have been so marked, stamped, branded or labelled under customs supervision at the expense of the importer.

(4) If any person shall violate any of the provisions so established relating to the marking, stamping, branding or labelling of any such imported goods, or shall deface, destroy, remove, alter or obliterate any such marks, stamps, brands or labels, with intent to conceal the information given by or contained in such marks, stamps, brands or labels, he shall be liable on summary conviction to a penalty not exceeding one thousand dollars, or to imprisonment not exceeding one year, or to both fine and imprisonment.

(5) The minister may make such regulations as are deemed necessary for carrying out the provisions of this section and for the enforcement thereof.

Paragraph agreed to on division.

17. In the event of producers of goods taking advantage of any duty imposed under this act to increase the price of such goods to the consumer, or using any such duty to maintain prices at levels deemed by the governor in council to be higher than should prevail, having regard to general economic conditions in the country, the governor in council may reduce or remove such duty.

(2) In the event of any one such producer violating the provisions of this section, the governor in council may impose upon all the products of such producer, or any of them, an excise duty equivalent to the amount of customs duty which would be paid by such goods if the same were imported into Canada under the provisions of the general tariff, and the same shall be collectible as a tax, and the provisions of the Income War Tax Act as to the collection of taxes shall be applicable hereto.

Provided, that neither subsection of this section shall apply to agricultural products.

2. Resolved, That schedule A to the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1930 (first session) and chapter three of the acts of 1930 (second session), be further amended by striking thereout tariff items 2, 6, 7, 8, 10, 15, 16, 17, 20a, 28a, 29a, 35, 39, 48, 55, 63, 67, 69, 71, 71a, 72, 72a, 72b, 73, 74, 75, 76, 89, 90, 99a, 99c, 99d, 101, 105d, 106, 120, 139, 168, 184, 192, 195, 199b, 207, 210, 210b, 230, 238a, 265, 282, 296b, 296c, 296d, 305, 306, 306a, 306b, 307, 308, 318, 326b, 327a, 348, 348b, 348c, 356, 366, 368, 380, 386 (f), 386 (g), 386(m), 386 (n), 386 (o), 402a, 403b, 409e, 409q, 412, 422a, 427a, 438a, 438c, 438d, 440c, 440j, 445a, 445e, 446a, 451a, 451d, 461, 476b, 479, 506a, 507, 507a, 511, 516, 519, 521a, 536, 550d, 560a, 564, 569c,

578, 586, 588, 597, 604, 605, 605a, 606, 607, 608, 609, 613, 624, 651, 651a, 652, 653, 655, 665a, 670, 688a, 711, 796, 798, the several enumerations of goods, respectively, and the several rates of duties of customs, if any, set opposite thereto, and by inserting the following items, enumerations and rates of duty in said schedule A:

Mr. HEENAN: I should like to move an amendment, adding the following subsection to section 17:

The governor in council may direct from time to time that any industry, the products of which receive protection under this act, shall demonstrate to the satisfaction of the governor in council that freedom of association for employees for all lawful purposes is permitted in the operation of such industry, and that the hours of labour and rates of wages are observed consistent with the provisions of the labour part of the treaty of Versailles, concluded at Paris, France, on June 28, 1919.

Mr. BENNETT: I hardly think that would be in order on this section.

Mr. HEENAN: That is the amendment I intend to move. I might say that when the question was brought up at the regular session of 1930 the present Prime Minister suggested an amendment in similar terms, and after a good deal of discussion the then Prime Minister stated that he was willing to deal with the whole tariff measure rather than with any single industry, so it was left at that. The then leader of the opposition, the present Prime Minister, acquiesced in that decision. Again at the special session of 1930 I had the honour of proposing this same amendment. During the discussion the Prime Minister accepted the amendment at one stage—

Mr. BENNETT: Perhaps it would assist the hon. gentleman if I were to say that we will let section 17 stand, because in any event it involves the numbering of the sections that are dealt with. While I think the hon. member is not strictly in order in proposing his amendment to this section, he might proceed if he wishes to do so, though it will be observed that in subsection 2 the various items dealt with are mentioned, and we will leave that in the event of some of them being slightly changed.

Mr. SULLIVAN: I did not exactly understand what the hon. gentleman was proposing. Had it something to do with the unions?

Mr. HEENAN: Did I understand the Prime Minister to say we might proceed with this discussion now? I will not detain the committee at any great length. In 1930, during the special session, I had the honour of proposing practically the same amendment, and the Prime Minister stated that he saw no reason why it should not be accepted after some changes were made in the phraseology A little later in the discussion the Prime Minister thought it would be reasonable if we left this matter over until this session, when we would be dealing with the whole tariff. This is the first opportunity we have had since that time, and consequently I offer this as a suggestion to the government.

I do hope the Prime Minister will take this opportunity of seeing to it that these industries which are protected by the people of Canada will be forced to treat their employees properly. I realize that there are different scales of wages in different parts of the country, and that different hours of labour are maintained in different industries and different localities, but the Prime Minister says it is wrong in many ways to have unfair competition from other parts of the world. It is equally unfair that industries in certain parts of this country should have an advantage over industries in other parts, through a different in the treatment accorded to the employees. I have in mind at the moment the province of British Columbia, where they have a minimum rate of wages for workmen in all industries and where they have the eight hour day. Yet we have industries in other parts of the country that will not pay a decent wage and that are working their employees long hours. It is just as bad for an industry in one part of the country to treat its employees unjustly as it is for one country to treat its citizens unjustly.

In addition, as has been stated, we are a party to the treaty of Versailles, to which we have affixed our signature. One of the provisions of the treaty of Versailles, with the conventions arising out of it, was that we should adopt an eight hour day. I had thought until last session that this was purely a provincial responsibility; I had never dreamed of associating it with tariff measures. But the present Prime Minister and some of his colleagues showed how it could be carried into effect by making it obligatory on the part of those industries that are receiving protection from federal legislation to apply the principle in their operations. If I recall rightly, the Prime Minister at the time twitted me, as Minister of Labour, for not taking part in the discussion. I may confess that I could not take part in the discussion because I was bewildered. For many years I had been led to think that questions of hours and wages were provincial responsibilities, and I could not understand all at once how the principle

could be made to apply in connection with federal legislation with respect to the tariff. So that I could not take part in the discussion under those circumstances. But I agreed with what the Prime Minister, at that time leader of the opposition, said, speaking from this side of the house.

This matter has now been two years before the house. I submit that it will not work hardship on any industry which is treating its employees fairly to have this principle recognized, and it will in a measure equalize the conditions that obtain in industry throughout Canada. I make this suggestion in the hope that the government will now accede to it.

Mr. BENNETT: It is obvious that the hon. gentleman's reason for not engaging in the discussion to which he refers was not that he was bewildered at what had been suggested; it was his long attachment to the administration with which he was associated. However, I can only say, with reference to the measure which we have just passed, that we have endeavoured to meet the situation under the tariff board. It would be idle to add the provision to the customs tariff without having some machinery whereby the facts might be ascertained; and as the law now stands direction will be given to have inquiry made. The hon. gentleman himself will be the first to realize that no action could be taken unless an inquiry were made. Any action taken would have to be based upon the findings of that inquiry. Knowing that the hon. gentleman and the hon. member for Winnipeg North Centre would have something to say about the matter, I did give it consideration, and I say again that the provisions under the tariff board with respect to inquiries meet, in our judgment, the case that has been indicated.

Mr. WOODSWORTH: The statement of the Prime Minister is satisfactory only in part. We took the matter up the other day when the section in the tariff board bill relative to this subject was under discussion. In so far as provision is made for inquiries, that would seem to me to be satisfactory. But I note that in clause 17 now before us the Prime Minister is attempting to safeguard the consumer. Conceivably, clause 17 might not be necessary in view of the tariff board regulations as they were expounded to us the other day. Yet that clause appears in this measure, definitely providing that if any producers take advantage of the tariff to maintain prices at levels which the governor general in council deem to be higher than are warranted, then the protection may be removed. As I understand the remarks of the hon. member (Mr. Heenan), he is arguing that similar provision should be made with respect to the employees. If it is necessary in this legislation to insert a clause providing for the protection of consumers, it does not seem unreasonable to ask that the protection to be accorded to the employees should be definitely and explicitly stated. I have all along maintained that so-called protection of industries was no guarantee that the workers in industry would be protected, and it seems to me that if the Prime Minister is in earnest in his desire to protect Canadians—he has so frequently said that Canadians must be protected—there is no reason why, definitely and explicitly, Canadian employees should not be protected and provision be made guaranteeing that protection. We have machinery for inquiry, but we have no guarantee whatever that if wages are found to be insufficient, or if working conditions are not desirable, there will be any action to redress these conditions. It would seem to me that if this matter were entrusted to the governor in council and if it were stated definitely that, should the general conditions of labour not comply with a certain standard, then the protection shall be removed, that would give us something to work upon. The Prime Minister himself made a clear-cut statement in this regard when the steel schedules were being discussed a year ago. In fact, it was he himself who suggested a clause of this kind. He said that if a year went by and changes were not made he would see, if he were returned to power, that such provision would be made. As a matter of fact only modified changes have been made. In one of the factories under discussion the men, it is true, are not working eleven and thirteen hours they are working, some of them, ten hours. They should be working only eight hours. I have no information as to whether the hours have been reduced in the other factory in Algoma. I submit that the principles which were enunciated at that time by the Prime Minister, then leader of the opposition, apply to-day, especially now that the right hon. gentleman has the power in his own hands. I urge him to insert such a clause.

Mr. BENNETT: Clause 17 is not the appropriate place to take it up. I suggest that 17 be passed, the hon. gentleman reserving his right to take the matter up again by way of amendment or otherwise. I will afford him facilities for discussing it.

Mr. RALSTON: The Prime Minister's suggestion that the bill already passed provides for an inquiry of this kind is futile in con-

nection with this tariff, because this tariff has been made without the intervention of the tariff board. It is not likely that there will be any inquiry on the part of the tariff board so far as these particular items now before us are concerned. Whatever inquiry was thought necessary has already been made and the matter has been disposed of, and therefore the benefit of such a section as has been suggested is lost in connection with these items. The Prime Minister suggests that there is no machinery. As I understand the matter, the amendment suggested by the hon. member for Kenora-Rainy River is that the governor in council shall have power to make an inquiry or shall make an inquiry, and there is sufficient provision in the Inquiries Act for that purpose.

Mr. BENNETT: The hon. gentleman who has just spoken will perhaps realize that many of the applications now being made to the United States board are for reductions, and reference of particular items has been made to that board notwithstanding the fact that the tariff items were adopted by congress and approved by the president about a year ago. I have no reason to believe but that items in the tariff as it now stands will frequently be referred to the tariff board. I say that for this reason: I do not know whether the hon. gentleman was in the chamber or not all the time that I was speaking this afternoon, but I endeavoured to suggest —and I think my suggestion is warranted by the facts—that an emergency condition such as now prevails is the justification for the action that was taken; that in some instances mere tariffs are not ample for the purpose, and that in order to cover the situation regard must be had to the third measure that I mentioned, namely, the fixing of a price for duty purposes. I can assure the hon. gentleman that I contemplate that the Minister of Finance of the day will frequently refer matters of this kind to the tariff board—

Mr. LAPOINTE: He may.

Mr. BENNETT: Yes; I give it as my opinion that he frequently will do so for the purpose of ascertaining just what the President of the United States has been able to ascertain recently in connection with several matters when the duty has been reduced all the way from 4 to 50 per cent. That at any rate is my hope.

Mr. RALSTON: That is only the exception rather than the rule.

Mr. BENNETT: That is true.

Mr. HEENAN: I do not want to indulge in political talk or I could very well quote what some hon. members on the other side said, indicating the enthusiasm they displayed in connection with this very same matter in the regular session of 1930. I remember quite well some of the present ministers of the government then taking the position that we could say to the industries: Yes, we shall give you protection provided you protect the workingman of the country, and only on that condition. Their enthusiasm seems to have died down since that time. I do not, however, want to go into that. I would much rather let the government or any party take the credit of doing what I wish, so long as it is done. We have in Canada industries—and I have experienced this myself—that will not permit their men, under penalty of dismissal, to join a labour organization, and this notwithstanding the fact that Sir Robert Borden on behalf of the Dominion of Canada appended his signature to the Treaty of Versailles giving these men freedom of association. We have United States companies establishing industries in this country and telling our Canadian workmen: No matter what the laws of your country are; no matter what the treaty of Versailles has to do with the matter, we are going to run this industry and you will work the hours we proclaim or you will leave this job. I think the Prime Minister himself would be the first to say that it is not fair for one industry in a province to make its employees work ten hours a day while another industry of a similar character in the same province is making its employees work eight hours a day. I do not think that is fair. The proposal that I make is not ambiguous. It says simply:

> The governor in council may direct from time to time that any industry, the products of which receive protection under this act, shall demonstrate to the satisfaction of the governor in council that freedom of association for employees for all lawful purposes is permitted in the operation of such industry.

All the government has to do is to ask the industry if they are allowing their employees the right to organize. If we had something like this, we would not be confronted with what I was up against when I was Minister of Labour, because I had nothing back of me except that I could say that Canada was a signatory to the Peace treaty. I had no law, not a sentence in the whole of Canada that I could find, to say to employers of labour that they should maintain freedom of association. If we had a clause like this in the tariff legislation, the Minister of Labour or the Prime Minister could say to those concerns that are discriminating against their employees: This is the law of Canada, and if you will not abide by

the laws of this country, we shall have to take other steps to see that you do. This is all this clause will do, and I think if the Prime Minister will only consider my amendment, he will accept it.

The CHAIRMAN (Mr. Bury): I understand the hon. member is not pressing this as an amendment to section 17, but submitting it as section 18, an additional section.

Mr. HEENAN: I want to insert it where the Prime Minister thinks suitable.

Mr. BENNETT: The hon. gentleman will perhaps recall the language of the then Prime Minister after he had taken time to confer with his legal advisers as to what the position was. Only the other day I had this matter looked into. The judgment of the privy council which stated that this parliament had acted ultra vires in declaring that to solicit insurance under certain circumstances was a criminal offence, and which carries the law to an extent that had not formerly been thought possible, has been looked upon by some as indicating that that power to solicit exists. I am bound to say I thought the difficulty the then Prime Minister pointed out was less than subsequent investigation would indicate would be the case.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Yes, that is perfectly frank, for you cannot single out a particular industry.

Mr. LAPOINTE: The difficulty has become more weighty now.

Mr. BENNETT: Well, the then Prime Minister had the advice of the Minister of Justice at that time, and I have the same. The hon. gentleman will find that you cannot select one particular industry. I have endeavoured under section 17 to provide for the selection of an industry, that is one of many that is exploiting the consumer. The hon. member for Shelburne-Yarmouth expressed some doubt about the value of the section. All I am endeavouring to do is to say that quantum valeat, for what it is worth, we are endeavouring to enact it.

Mr. WOODSWORTH: Whatever difficulty may have prevailed last year when a particular industry, that is the steel industry, was singled out, would not prevail in the insertion of a clause of this character in the schedule.

Mr. BENNETT: Yes, it would.

Mr. WOODSWORTH: This would apply generally.

[Mr. Heenan.]

Mr. BENNETT: The difficulty is of industries being in different provinces. The hon. member pointed it out frankly a moment ago, but perhaps the hon. member for Winnipeg North Centre did not hear him. The difficulty was in applying it and the method by which it could be enforced.

Mr. WOODSWORTH: It still remains true that if special consideration is given to any industry, whether located in British Columbia alone or in all the provinces, this is a special grant by the Dominion government or by the people of Canada, and the government has a perfect right to state the conditions under which the grant shall be given. I think that is true.

Mr. BENNETT: This is not a grant.

Mr. WOODSWORTH: We would be laying down a general rule that would provide if any industry were seeking in any way to obtain special consideration from the government—and I do not think the leader of the opposition would say there is anything in the constitution to prevent a general provision of this kind—the Dominion government is competent to determine the conditions which must prevail. The government is already taking that power with regard to the fixing of the price of goods. If they are fixed too high, the government says they must be reduced or else the special privilege will be withdrawn. If the Dominion parliament has authority to do that, it has also authority to impose other conditions; all I plead for is that in making the general provisions the working men be not left out. Clauses protecting him ought to be as explicit as the provisions with regard to the protection of the consumer.

Mr. GUTHRIE: I think my hon. friend does not realize that the matter of imports into Canada is one that comes especially under the jurisdiction of this parliament. The levy of a customs duty is not in the nature of a grant in any way, shape or form. It is a provision under which goods are admitted into this country, and the fixing of prices, which my hon. friend mentioned, is not the fixing of the price at which goods shall be sold in various provinces of Canada, but the fixing of a price at which they shall be valued for the purposes of customs duties. The difficulty in regard to hours of labour, joining associations and matters of that kind, is that these are not matters over which this parliament has any control or jurisdiction. If it were a money grant I assume conditions could

be attached, but it is not a money grant. It is a matter affecting imports into this country, which is especially placed under the jurisdiction of the Dominion authority.

Mr. HEENAN: The hon. member for Bow River said the other day that he noticed that sometimes lawyers disagreed. That was a revelation to me. I always thought that they agreed. The present Prime Minister when he was leader of the opposition in 1930 said that we had the power to attach conditions. He said, at page 2374, of Hansard of May 21, 1930:

> I confess, Mr. Chairman, that there is only one question in my mind: Have we the power? The answer must be in the affirmative. Having the power, then should we not exercise it? I put that to my hon. friends opposite, because here we have no division of opinion; we are all committed to it.

After the Prime Minister and the leader of the opposition talked the matter over they decided that it had better stand over to a later date, when they might apply that provision to all the tariff measures. I remember that the hon. member for Winnipeg North Centre asked the present Prime Minister if he would support a move along that line at a later date, and at page 2740 of Hansard of that date the present Prime Minister said:

> The question is not an unfair one, and I have no hesitancy in saying that unless a reasonable excuse is offered I propose to do so.

I could quote from several other hon. gentlemen who took the position that we ought not to grant either a bonus or tariff protection.

Mr. BENNETT: It was a bounty in that case.

Mr. HEENAN: I know it was a bounty, but it is the same thing as a bonus.

Mr. GUTHRIE: A bounty is in the nature of a grant, and when we make a grant we can attach conditions.

Mr. HEENAN: I was coming to that. I heard someone behind the minister whispering that it was a bounty that was being dealt with at that time. I say that we were not dealing with a bounty at that time, but with a tariff measure. The trend of the whole debate in 1930 was that we could attach any conditions we liked with respect to any industry that was given tariff protection. I believed then that we could, and I believe so now. If we do not do it, it is because we have not the wish to do it.

Mr. WOODSWORTH: I fail altogether to follow the argument of the Minister of Justice. Let me read section 17.

> In the event of producers of goods taking advantage of any duty imposed under this act to increase the price of such goods to the consumer—

I ask, what producers? The Minister of Justice would seem to imply that it is producers in the United States or in Belgium or in some other foreign country. If his argument is worth anything it must be producers outside Canada, but as a matter of fact the producers which this clause has in view are the producers here in Canada, the producers of competitive goods produced in Canada, and if the producer in Canada takes advantage of his opportunity to raise the price above the level that is deemed proper, then the governor in council may act. I submit that the proposal made by the hon. member for Kenora-Rainy River is in principle very similar to this. If the producers in Canada undertake to produce goods under unfair conditions the governor in council shall have the right to cancel the tariff privileges that are being granted. Now if we have the right to cut down the price of goods, I think we have also the right to protect the people who are engaged in making them. It seems to me that the principle is the same, and I would hope that the Prime Minister would see the necessity of protecting the large body of workers who are involved in a matter of this kind. He has so definitely and emphatically stated that the idea underlying the government's tariff policy is to protect Canadians that I cannot understand why he should refuse to undertake definitely to protect that large body of Canadians known as labour men.

Mr. BENNETT: Surely the hon. gentleman realizes just what the issue is. He certainly has beclouded it. Last year the issue was the question of a bounty, the grant of a sum of money, and I expressed certain opinions with respect to it. To-day the hon. member for Kenora-Rainy River endeavours to say that the governor in council can deal with specific industries. There are in this country, we will say, nine industries in nine provinces. In four of them every detail of the treaty of Versailles is observed; in the other five it is not. What are you going to do about it? That was a different case altogether from the one before us. In that case a bounty was given to an industry. There is an additional reason why you could not attach any such provision here. The

defence of anyone affected would be that he was complying with the laws of the province, and that the province has complete control, as the supreme court said.

Mr. WOODSWORTH: Might I ask if the right hon. gentleman considers that an adequate defence?

Mr. BENNETT: It is a complete legal defence, because this is not a grant.

Mr. WOODSWORTH: It is not a money grant, I will admit, but is it not the grant of a certain privilege? I shall not call it a special privilege if the Prime Minister objects to that phrase.

Mr. BENNETT: It is not a privilege. If there are nine industries, one in each province, and in four every rule and regulation of the treaty of Versailles is observed, how can we deal with the other five?

Mr. WOODSWORTH: On that very same basis, on the ground that the industry is asking for a "special favour," if I may use that phrase, although I will put a question mark after it if the Prime Minister prefers. Here is a certain concession which this industry is seeking. I would say that the general provision should be that all industries benefited must live up to the requirements of the Versailles treaty. It does not make any difference if only some of them are living up to it. We simply maintain the position that no one can have this privilege unless he lives up to the treaty.

Mr. SULLIVAN: It is not a favour that we are asking, but a favour that the government is giving to the people of Canada.

Mr. WOODSWORTH: That is the same thing, and I say that the government of Canada which is granting the favour has a perfect right to say under what conditions that favour shall be granted. That is my point.

Mr. SULLIVAN: The government of Canada is not asking for favours, but it is asking for the opportunity to give favours to the people of Canada. They were elected for that purpose and they are living up to their promises.

Mr. McMILLAN (Huron): They are giving the benefit to the manufacturers.

Mr. HEENAN: In order that there may be no mistake concerning the discussion which took place in 1930 I wish to make some further remarks. The Minister of Justice said that at that particular time we were not talking about bounties, and I think the Prime Minister has just made a similar statement. I said I could refer to several statements made by members of the present government to indicate that when the question was raised in 1930 we were not talking about bounties. I wish to quote from the remarks of Mr. Stevens as they are to be found at page 2371 of Hansard 1930. At that time that hon. member was taking some of the ministers to task because they had not taken part in the discussion. In that connection he is quoted as follows:

> I was referring to the three sitting in the front row. Not a minister has offered an explanation, not a minister has offered any sympathy or shown any interest in this matter. I am not sufficiently an expert to say that items 377a, 377b and 377c cover the ambit of this particular industry, but I imagine that they would

In that instance he was not speaking about bounties. The quotation continues.

> In connection with these items we have an opportunity of saying to this industry, "Yes, the parliament of Canada is prepared to give you protection sufficient to enable you profitably to produce these articles"—the minister could do that just as easily as sitting there lolling in his seat.

On that occasion he was referring to the then Minister of Finance. The quotation continues:

> —"but before such tariff will apply you will satisfy the governor in council that the conditions of labour, the hours of labour and the wages paid are such as will afford a decent living." That is what the government could do; that is what parliament could do, and I say right now that that is what parliament should do before it goes a step further.

We were not dealing with a bonus at that time; we were dealing with tariff items. At page 2374 the present Prime Minister said:

> I think it should be done. It may mean great differences, but an amendment such as this, I think, would meet the situation.
>
> "Provided, however, that the rates of duty set out under items 377, 377a, 377b, 377c shall apply only when the industry producing the articles enumerated therein have demonstrated to the satisfaction of the governor in council that there is maintained in the operation of such industry, hours of labour and rates of wages consistent with the provisions of the labour conference held under the treaty of Versailles.

That is not talking about bounty, but about a specific item.

Mr. BENNETT: And those two items were the bounty items.

Mr. HEENAN: No, they are tariff items.

Mr. BENNETT: I thought one was a bounty item.

Mr. HEENAN: No doubt my right hon. friend has forgotten about it.

Mr. LAPOINTE: There was a discussion on the bounty and the tariff items.

Mr. BENNETT: Yes, that is correct.

Mr. HEENAN: In fact, I think the hon. member for Cape Breton South (Mr. MacDonald) brought up the question about the bounty, and Mr. Mackenzie King said:

> We have not yet reached the bonus resolution. The leader of the opposition has been speaking of the Versailles treaty. That treaty is applicable throughout the whole Dominion and will be made applicable all along the line, or not at all.

Now we have the opportunity of dealing with it all along the line, and I submit the present is the proper time. Any industry treating its employees in a proper manner will not be dealt with harshly.

The CHAIRMAN: Shall section 17 carry?

Some hon. MEMBERS: Yes.

Mr. BENNETT: Yes, and my hon. friends may revert to it if they wish.

The CHAIRMAN: Shall it stand?

Mr. BENNETT: No,—carried.

Mr. WOODSWORTH: Is it understood that a section along this line will be introduced?

Mr. BENNETT: No, it is not. The hon. member may propose another section as No. 18, but we will not accept it.

The CHAIRMAN: Section 17 carried.

Mr. NEILL: Is section 17 carried?

Mr. BENNETT: We are passing section 17.

Mr. NEILL: The chairman said it was carried.

Mr. BENNETT: Yes, it is carried.

Mr. NEILL: I thought section 17 involved the items in the schedule?

Mr. BENNETT: No, that is contained in the next resolution.

The CHAIRMAN: Resolution No. 2 is now before the committee.

Mr. BENNETT: Mr. Chairman, instead of dealing with the first paragraph of that resolution, owing to the Australian treaty I suggest that we go on to item 54a, if the committee pleases. In that way we may proceed without interfering with the questions mentioned in the Australian treaty.

The CHAIRMAN: Very well, we shall go on to item 54a in the schedule.

> Customs tariff—54a. Indian corn, imported by manufacturers of starch or of cereal foods prepared for human consumption, for use exclusively in their own factories in the manufacture of starch or or such prepared cereal foods: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: In order to simplify that item it has been split up, and the Minister of Justice moves that the following be substituted for tariff item 54a—

> 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: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Except for distillation purposes, Indian corn has been free. This amendment makes it clear that Indian corn used for breakfast foods and corn meal still continues to be free.

In reference to tariff item No. 55 I move that the following be substituted therefor:

> 55. Indian corn, n.o.p.: British preferential tariff, free; intermediate tariff, free; general tariff, free.
>
> On and after August 1, 1931, per bushel: British preferential tariff, free; intermediate tariff, 20 cents; general tariff, 25 cents.

In connection with this amendment the date of August 1 was set because evidence was submitted to show that certain corn was on the ocean bound for the port of Montreal and other places. After August 1, 1931, it is proposed that the British preferential tariff shall be free, the intermediate tariff 20 cents and the general tariff 25 cents. For other purposes it will be free. I just wish to make that clear.

Mr. RALSTON: In the maritime provinces Indian corn used for feeding purposes is a very important item. Do I understand that Indian corn for feeding purposes will be free instead of having imposed upon it a 20 cent or 25 cent duty such as was mentioned in the item when the budget was brought down?

Mr. BENNETT: The answer to my hon. friend's question is that for feeding purposes and except for human consumption Indian corn will be dutiable.

Mr. RALSTON: That is an increase, is it not?

Mr. BENNETT: Yes.

Mr. RALSTON: I know my right hon. friend has decided what to do and I am afraid what I may say will be of very little use. But I wish to go on record as strenuously protesting any increase of duty on corn used for feeding purposes. Something like 700,000 bushels are imported annually into the maritime provinces.

Mr. BENNETT: Yes, that would be about the correct figure.

Mr. RALSTON: This increase means an additional tax of something like $140,000. Already the price has been raised. I have received information from one of the leading centres in the province of Nova Scotia to the effect that a farmer who has been paying $26 to $27 a ton for barley and $25 to $26 a ton for corn was quoted new prices, just after the bringing down of the budget, of $31 for barley and $32 for corn. I can only say that this is a very heavy tax on the primary producers in the maritime provinces. I think the suggestion is that possibly they may be able to use some other feed. My information is that barley cannot be used for the purposes for which they are using corn, particularly in connection with feeding poultry.

An hon. MEMBER: The corn used is mostly Canadian.

Mr. RALSTON: A good deal of corn is imported from the Argentine. I do not think this is a very good beginning in view of the mission we sent to Argentina for the purpose of promoting closer trade arrangements with that country. I understood from the newspaper reports that there had been an extremely fine reception given to the Canadian representatives. I read in the Free Lance of Pictou, a newspaper published by one of the gentlemen who was a member of the delegation from Canada that:

> He had had conferences with gentlemen holding high places in the governments of the Argentine and Brazil in regard to closer trade arrangements, and in both instances he was accorded a joyous welcome and given assurances that closer trade arrangements with Canada would find them ready at the halfway mark to deal in a sympathetic way with proposals form the Canadian government.

Nova Scotia sells fish and coal to the Argentine. This affects Nova Scotia particularly. My right hon. friend is not only shutting off that trade with the Argentine and making it more difficult for us to sell our fish and coal there, but at the same time he is imposing a heavy tax of 20 cents a bushel on the feed used by our farmers.

Mr. HACKETT: Is it not admitted that the coarse grains of the west are equally as good as corn for all purposes, with the exception of poultry feeding and starch making?

Mr. RALSTON: My information is that barley is not nearly as satisfactory as corn for the particular purposes for which our farmers down there use it.

Mr. HACKETT: Is that limited to poultry feeding?

Mr. RALSTON: They simply have to pay the additional tax.

Mr. REID: I rise, Mr. Chairman, to protest against the duty on corn. I am afraid this is going to be a great blow to the poultrymen of British Columbia. We of British Columbia, particularly on the Pacific slope, are peculiarly situated in that we are far removed from the grain fields, and we have great areas of land not adapted to general agriculture. We have the climate, however, and the soil is well adapted to the raising of poultry and small fruits. I do not believe any other province has specialized in the poultry industry to such an extent as has British Columbia. Ours is the only province that has gone into the poultry industry in a large way. Really it has become an industry pretty much along the same specialized lines as a manufacturing plant. Our poultrymen have specialized to such an extent that to-day British Columbia hold the highest records for egg production in Canada. But the poultrymen of British Columbia have to purchase all their grain from practically outside sources. As I say, the British Columbia poultry plants can be considered as being something like manufacturing plants—men go into the business with the sole object of producing eggs and poultry as a means of livelihood. This tariff tax is going to be an added cost on our production and we are now faced with a very serious state of affairs indeed. I believe I am right when I say some of our grain merchants have increased the cost of corn already. However, this duty will mean a difference of about fifty cents a sack or nine dollars per ton. I have heard it said in this house by many members that barley is as good a feed as corn for poultry. I hold in my hand the latest bulletin issued by the Department of Agriculture under the authority of the minister (Mr. Weir),

entitled Canadian Grown Grains in Poultry Feeding. I am going to deal with only one or two items in this bulletin in an endeavour to bring to the attention of the Prime Minister that barley cannot be substituted for corn for poultry feeding. There is no one grain adapted for the production of eggs; we must have a variety of grains, and barley cannot be wholly substituted for corn. To begin with barley is not as palatable as corn, and it contains much more fibre. Barley is deficient in what is known as vitamin A. This bulletin says:

In so far as vitamins are concerned all four grains are good sources of vitamin B, considering this to be the antineuritic vitamin the presence of which prevents the occurrence of a deficiency disease known as polyneuritis in fowl, and corn is the only one which contains the growth-producing antiophthalmic vitamin A, which is of importance in poultry work particularly where growing stock is concerned and in the prevention of ophthalmia, a deficiency eye disease not uncommon to poultry.

According to the chemical analysis—and here may I point out for the benefit of the Minister of Agriculture that it seems strange to me that we have to go across the line to get an analysis of our grains, as in this bulletin the analysis is taken from a United States bulletin—I find the chemical analysis shows that the fibre content of barley is just double that of corn. As to suitable poultry rations this bulletin says:

Experiment has shown that the early stage of the chick's life, or that during which what are known as "starter feeds" are fed, is the critical period in so far as nutrition is concerned. Consequently the compounding of rations for this period, ordinarily the first eight to ten weeks of the chick's life, requires great care.

As pointed out above, owing to ahe chick's comparatively tender digestion at this stage the caution as to keeping down fibre in the ration applies particularly at this time.

I ask hon. members to note this:

As a consequence it is suggested that barley should not be substituted for corn meal to any extent in the starter ration.

Mr. MULLINS: Was that written by an agricultural student or by a practical man?

Mr. REID: You must ask the Minister of Agriculture for that information, this is his bulletin. It is true that the poultrymen in British Columbia did use a little more barley some time ago, but there were reasons for that: first, the farmers in Manitoba were practically giving their barley away so that it was much cheaper than corn; second, the poultrymen were practically giving their eggs away and were looking around for some grain at a price that would enable them to produce eggs much cheaper than had been possible before. I think they would have use anything had it been practicable.

The other day I was noticing our importations of corn from the Argentine. Last year we exported to the Argentina over $19,000,000 of goods, and we imported from them over $10,000,000 worth of goods, but I ask the committee to note that nearly half of our importations represented corn. I am afraid our good-will mission won't sound so good to the people of the Argentine when they learn that this duty has been placed on practically half of our importations from their country.

Mr. BENNETT: No, this does not touch importations of corn for distillation, for starch or for glue.

Mr. RALSTON: The farmer has to pay twenty-five cents a bushel, but for purposes of distillation—liquor—the duty is only seven and a half cents.

Mr. HACKETT: But it does not come into competition with barley.

Mr. RALSTON: We are talking about the farmer using the thing he can use, to the best advantage, and I do not think anything could be a more definite answer to the question of the hon. member for Stanstead than the statement which has just been read from the bulletin issued by the Department of Agriculture.

Mr. HACKETT: No, the hon. member for Shelburne-Yarmouth is speaking to a point which I conceded, namely that corn might be useful to the poultry industry. I was suggesting that the large amount of corn imported into the part of the country from which the hon. member for Shelburne-Yarmouth comes could not be and is not used in its entirety by the poultry industry and that in consequence barley, which is a substitute as far as cattle are concerned, might be used, and to that extent, its use might help the people of the west who wish to market a large quantity of barley for which there is no other market.

Mr. RALSTON: With all due respect to the hon. member for Stanstead and the Prime Minister, I think the farmers of Nova Scotia had better be consulted as to what they are going to use for feed rather than to have a tax and penalty placed on them for using the feed they think is best adapted to their purpose.

Mr. LAPOINTE: Why should my hon. friend advertise barley?

Mr. HACKETT: Simply because it is a Canadian product, though I believe my hon. friend would not appreciate that argument. Corn is not grown here in quantities.

Mr. BENNETT: I should like to say to my hon. friends, that the difference between the distiller and the other users is that in the one case we get $9 a gallon in excise tax, so therefore the rate is much higher than 7½ cents.

Mr. RALSTON: But the $9 per gallon has nothing to do with the duty.

Mr. BENNETT: It has to do with the revenue. In the one case we get 20 cents a bushel, or 25 cents a bushel, and in the other case we get 7½ cents per bushel plus $9 a gallon on the finished product.

Mr. RALSTON: Then I will let my right hon. friend go down and tell the farmers of Nova Scotia that because the distiller has some other tax imposed upon him he has only to pay a duty of 7½ cents a bushel on corn while the farmer pays 25 cents a bushel for the same thing.

Mr. RYCKMAN: What would the farmers of Nova Scotia say if they were told that there are other farmers in Canada who would like to sell something to replace corn?

Mr. RALSTON: It is not corn we are talking about in particular. The government are trying to tell the farmers of Nova Scotia that they must use barley rather than corn, because the Minister of Finance and the hon. member for Stanstead know better what they should use than they know themselves.

Mr. REID: On behalf of the poultry farmers of the Fraser valley I am only asking a fair chance to compete. We now compete in the world markets with our eggs; there are more eggs being produced in Canada than can be consumed here. We are looking for markets abroad, and on behalf of the poultrymen I am only asking that they be given a fair opportunity. Even if corn were grown in Canada the Pacific slope is too far removed from the corn area for that to be of much help. We are even far removed from the barley of Manitoba, and with the high freight rates barley costs between $26 and $30 a ton. This year we are able to buy greater quantities of barley because the farmers of Manitoba have been practically giving away that grain.

Mr. HACKETT: Would the hon. gentleman permit a question? What would the poultry farmers of British Columbia think if the protection on their product were removed? This measure only extends to the farmers of the prairies the protection already given the poultrymen of the Fraser valley.

Mr. REID: I do not think the poultrymen would be very agreeable to that, but I assure my hon. friend that the protection given the poultrymen did not in any way hurt the purchaser of eggs on the prairies, because eggs have been cheaper there than ever before. The purchaser of eggs has been able to buy them for much less than ever before, even with the protection. The situation in the Fraser valley is almost pathetic this year. We have great areas of costly land there adapted only to this use, and I believe that since the first of January almost 100,000 birds have been slaughtered by men trying to meet their bills and others who have been forced to liquidate. This duty will be an additional burden, because corn cannot be entirely dispensed with. The four grains are required, and corn is a far more suitable ration than barley which, as I said before, contains too much fibre. I could go on at greater length and give further statistics, but I do not think it is necessary. If we in British Columbia are to be denied corn I think the Prime Minister should consider very carefully a reduction in freight rates when that question comes before the house. If we are to be compelled to use Canadian grains only surely we on the Pacific slope should be able to purchase those grains as cheaply as they can be purchased in Japan or China. I must protest as strongly as possible against the imposition of this 25 cent duty.

Mr. ILSLEY: I should like to associate myself with the protests expressed by the hon. member for Shelburne-Yarmouth and the hon. member for New Westminster. I realize that if the Prime Minister has set his heart on the imposition of a 25 cent duty on corn that duty will be imposed; I hardly expect my protest to have any effect, but in justice to my constituents who have written me in large numbers protesting against this duty on corn, I must say what I am now stating to the committee. I think there is nothing that has caused a greater outcry in my constituency than this proposed duty. The people who are raising poultry and producing beef and pork are up in arms against the government on this matter, and I wish to convey that message to the Prime Minister and ask him to reconsider his action.

Mr. WILLIS: Replying to the remarks of the hon. member for New Westminster, I want to speak particularly in regard to the

efficacy of feeding barley rather than corn. The hon. member says that in the first place it is more expensive. I dealt with this matter earlier in the session, and I think I proved to the satisfaction of the house that barley is cheaper on the Pacific coast than corn. If the hon. member wants the exact figure I would say barley is 20 per cent cheaper than corn on the Pacific coast, and that statement also applies to the Fraser valley.

Mr. REID: If you take the hull off the barley would it be as cheap? Corn is a whole grain.

Mr. WILLIS: You can feed it as it is. In the first place I want to put this point before the committee, that barley is cheaper than corn, and in the second place I want to submit that barley is equally as good as corn for the feeding of poultry. I want to tell you why I make that statement. I refer to a series of pamphlets issued by the Department of Agriculture; if my hon. friend will turn to No. 128 of the new series he will find the material which on a previous occasion I placed before the house. In the second place I would refer him to experiments which have just been concluded at the Manitoba agricultural college, which have proved that for feeding purposes barley is better than corn. Those experiments were carried on over a period of two years.

Other hon. members have said that they cannot feed barley, that they must feed corn. That is a matter for experimentation; they do not feed barley because they have not done so previously. It is not because they cannot do so or because it is not equally good. Remember that the world's champion hen came from Saskatchewan, and it never had a bit of corn.

Mr. REID: It came from British Columbia, not Saskatchewan.

Mr. WILLIS: That is quite correct, but some three years ago the world's champion hen came from Saskatchewan, and it was not fed corn at all. So far as statistics are concerned, expert testimony can be given on both sides. But what the hon. member forgets is that on the coast he is getting protection for his fruit and his lumber and for everything which he produces and we are buying these things on the prairies. But when the tables are turned and we have something to sell which is cheaper than corn then he objects.

Mr. NEILL: What protection is there on lumber?

Mr. WILLIS: You get protection on various articles, particularly on fruit and vegetables; and there is also the question of freight rates. I say however that no one can prove, under any circumstances, that barley cannot successfully be fed as well as corn. Remember that there are in the west 100,000,000 bushels of barley which cannot be sold except to the Canadian people. Let the hon. member bear in mind that there are other provinces besides British Columbia which he must help, just as the rest of Canada helps his province. This is one of the best measures we have had proposed in this country looking to the creation of a market for barley.

Mr. HACKETT: I do not wish to enter into the controversy about the origin of the old hen. Whether she came from Saskatchewan or from British Columbia is a matter which history will undoubtedly record. The farmers in the eastern townships have always used corn and no doubt this duty will upset a very well established usage and trade in that area. I believe however that the farming community of the eastern townships, in the spirit in which they receive protection for their commodities, will be willing that the grain growers on the prairies receive like benefits for their products. I think I know my own people well. I believe that, despite any inconvenience they may experience, they will be willing at least to make the attempt to use Canadian barley as a substitute for American and Argentine corn. I wish in passing, however, to say that they are somewhat concerned lest the grain merchants who have imported corn duty free attempt to avail themselves of the duty with respect to corn upon which no duty was paid. I ask that the departments charged with inspection in these matters keep an eye on any who might attempt to make an unfair profit.

Coming back to poultry, I can assure my hon. friend from New Westminster that not all poultry are chickens—

An hon. MEMBER: Nor all chickens poultry.

Mr. HACKETT: Nor all chickens poultry. There are several very respectable members of the poultry family which do not glory in the name chicken. There are some that can swim. I am told that at Knowlton in the province of Quebec, in the county of my hon. friend from Brome, there is a duck farm on which there are raised from 60,000 to 100,000 ducks each year; I am sure it will be of consolation to the hon. member from New Westminster to learn that these ducks have been so well educated that they regale themselves on barley and yield a handsome profit without knowing the taste of corn. I make bold to suggest to the hon.

member that he initiate an educational campaign among the chicks of the Fraser valley and cultivate in them a habit beneficial to the barley growers of the prairies.

Mr. REID: You are speaking about a bunch of quacks.

Mr. WILLIS: The hon. gentleman is not speaking in either of the official languages.

Mr. RALSTON: We always enjoy the felicitous remarks of the hon. member for Stanstead, and I am glad that he is able to speak for his constituents when he says that they are satisfied with this tax which is being imposed upon them. I am sorry I cannot say the same for the farmers of Nova Scotia, judging by the protests I have received. This tax on Nova Scotians will amount to about 30 cents for every man, woman and child in the province, which is rather a heavy tax in connection with one commodity.

Mr. BENNETT: This is importation for all purposes. There are four cornmeal mills in one county.

Mr. ERNST: Is the hon. member assuming that the farmers will continue to use corn?

Mr. RALSTON: I am assuming that they will use corn. The Prime Minister might as well decide to put an embargo on tea because we produce milk, and so compel everyone to drink milk instead of tea. That would be just as logical. You could produce analyses to show that milk is an excellent food product and a good beverage, and on the strength of this my right hon. friend might compel us all to drink milk instead of tea. There is, I say, just as much logic in that as in compelling those engaged in a certain industry to use something else than the commodity which they require for their purposes. By the duty which he is putting on corn he is going to try to compel the farmers to use barley. In Nova Scotia we did think that the poultry business might survive. We have a water freight rate from the Argentine and we have an opportunity of selling to that country goods which we cannot sell to the central provinces, such as fish and coal. There must be food products imported into Canada against which my right hon. friend could impose an embargo, insisting that everyone eat fish, in order that fish produced in the maritime provinces might be sold.

Mr. HACKETT: There is a duty on fish.

Mr. RALSTON: The hon. gentleman knows we do not import fish.

Mr. HACKETT: Yes, we do.

[Mr. Hackett.]

Mr. ERNST: Is the hon. member willing, as a Nova Scotian, to declare in this house that he would like to see the duty on fish and coal abrogated?

Mr. RALSTON: I should not worry so much about the duty on fish so far as its benefit to our fishermen is concerned. There are a few items in the way of fish that are imported, and most of them do not compete with us. But I do not wish to see any abrogation such as the hon. gentleman suggests in connection with this industry which is already overburdened, not only as regards the conditions under which it works, but in connection with the duty on its implements of production. Now, I submit once more to the Prime Minister that he is going altogether too far in the policy on which he is embarking. Let us deal first with articles which people have used and are accustomed to using. Do not let us start in so early in this parliament to tell people who are engaged in an industry, who have been using certain products in the belief that they are the best, and whose judgment is backed up by the Minister of Agriculture in his bulletin, that they must use something else and impose a penalty or tax of this tremendous amount on them if they do not obey.

I do not know the price of corn, but 25 cents a bushel, it seems to me, must be nearly a fifty per cent duty on that commodity. This is a pretty high tax to impose on people in connection with farm products. The farming industry in the maritimes provinces is not in a condition to-day to stand a tax of this kind.

Mr. BOWMAN: Is the hon. member speaking for the party opposite?

Mr. RALSTON: I am speaking for the farmers in the maritime provinces.

Mr. BOWMAN: Is the hon. member not speaking then as the financial critic of the opposition?

Mr. RALSTON: I have answered my hon. friend.

Mr. ELLIOTT: Can the Prime Minister state the total number of bushels of corn shipped into Canada last year?

Mr. BENNETT: Approximately 10,000,000 bushels valued at $7,000,000, or seventy cents a bushel, the wholesale invoice cost.

Mr. ELLIOTT: Corn has been duty free in this country for, I think, twenty-five or thirty years.

Mr. BENNETT: The distillers' rate has been seven and a half cents, but otherwise it has been free.

Mr. ELLIOTT: At the time corn was made free in this country, it was regarded as a great boon to the farmers who were feeding dairy and beef cattle as well as to the poultry raisers. It is much more of a boon to-day owing to the fact that on account of the ravages of the corn borer we have not been able in recent years to raise corn in many sections of Canada. I want to say to the Prime Minister that it will be a distinct disappointment to many farmers who have been feeding cattle for both beef and dairy purposes to know that in the future a duty of 25 cents per bushel is to be imposed upon corn shipped into this country. The hon. member for Stanstead referred to the ducks and he referred to the chickens.

Mr. HACKETT: Not to the chickens.

Mr. ELLIOTT: He seemed to think for both barley was just as good feed as corn. He is quite wrong in regard to both chickens and ducks. There is no question that for poultry corn is much better feed than barley.

Some hon. MEMBERS: No.

Mr. ELLIOTT: Yes; no matter what my hon. friends opposite may say, I prefer to take the statement of the Minister of Agriculture in his bulletin to that of some of those who sit behind him.

Mr. HACKETT: Will the hon. gentleman permit a question?

Mr. ELLIOTT: Just in a moment. My hon. friend has had the floor two or three times. For dairy cattle corn is much better than barley. I want to urge upon the Prime Minister that in view of the difficulty of raising corn to-day in many portions of Canada—and it is at present practically impossible to raise it in many sections of Ontario—

Mr. VENIOT: And also in New Brunswick.

Mr. ELLIOTT: —and I believe also in the east—to impose this duty means a prohibition of the importation of this commodity and this is going to cause hardship to those engaged in the poultry and cattle business.

Mr. GOTT: I have been waiting to hear a voice from western Ontario, the section of the Dominion of Canada which this duty particularly helps. I am absolutely surprised to hear an ex-minister condemn something that means an increase from 22,000 to 130,000 acres of corn in the counties of Essex and Kent alone, which are close to where my hon. friend resides.

Mr. RALSTON: It means $140,000 from Nova Scotia.

Mr. GOTT: I may say to the hon. member for Shelburne-Yarmouth that we purchased 69,000 bags of potatoes from his section and paid forty-nine and a half cents freight per bag to have them come into our county. We can sell the maritimes all the corn they want if they will pay the freight to haul it there, and we can produce 10,500,000 bushels of corn, enough to supply the whole Dominion.

I am sorry to see an hon. member from western Ontario rise in his place and protest against a duty of twenty-five cents on corn. I think he will live to regret doing so.

Mr. NEILL: It is curious to note that this debate regarding corn and hens has been carried on almost exclusively by members of the legal profession, with the exception only of the last speaker, whose name is generally more associated with onions than with corn; and the hon. member for New Westminster who really knows what he is talking about.

Mr. HACKETT: Will the hon. member permit me to say that with regard to ducks —and I may tell the hon. gentleman I know nothing about chickens and made no pronouncement regarding them—I happen to know something of them and any information I gave to the committee rests upon experience.

Mr. NEILL: I do not quite catch the idea.

Mr. HACKETT: I did not think you did.

Mr. NEILL: The hon. member says he knows nothing about chickens, but the ideas he gave to the committee were founded upon experience. Experience of what?

Mr. HACKETT: Experience of ducks.

Mr. NEILL: I am not dealing with ducks at the present time.

Mr. HACKETT: The hon. member is not. I was.

Mr. NEILL: He did refer to chickens, and I will quote him presently. I just want to join with the hon. member for New Westminster in protesting against the imposition of this duty. People from the east do not perhaps realize the extent of the industry in British Columbia. In the old days hens were things that were generally kept around a farm in order to dirty up the machinery. When the farmer saw somebody coming, he grabbed one and killed it for lunch. I am told. We

are sometimes told: If the egg market is low, why do you not keep a few cows? But it must be realized that these egg farms number up to 5,000 or 6,000 birds which are kept on five acres of land that, on account of their being suitable for chickens, are not adaptable for growing grain or potatoes. Such land, being high and dry, is good for chickens, but not suitable for any other form of agriculture, and indeed, it is quite impossible to go into dairying or mixed farming on such a limited area as five acres. If people in the east could get that into their minds, they would see how important this matter is. The hon. member for New Westminster said that egg producing had reached the basis of an industrial proposition. That is exactly the case and a difference of a cent a dozen in the cost of the eggs means the difference between loss and profit.

I spoke on this subject on the budget, and therefore I shall not detain the committee. I made the remark that there were three things you could not deceive: mother nature, a laying hen and a milking cow. I have seen people who have tried to do that and they made a dismal failure of it. I have in mind a man who got control of a farm. He was one of your patent expert book farmers; he did it all out of a book. He decided, according to the analysis of certain foods, he had to feed his stock only certain things. This worked beautifully on paper until the animals began to starve and die. If I recollect right, one of his book doctrines was that hogs should fatten on cabbages. It was all laid out according to the analysis that with cabbages and some other addition, the hogs ought to do beautifully. The trouble was that they did not do beautifully; they died, or at least starved. He had proceeded along certain lines laid down in a book, without having the practical knowledge of the farmer. You cannot deceive a milking cow. You may talk of expert knowledge and technique all you like, but the cow's milk will go down if you do not feed her the feeds adapted to a big flow of milk. The same with eggs. You cannot miss even a couple of hours in feeding a flock of chickens without it being recorded in a day or so in the egg basket. They are very sensitive, and fussy, if I may use the word.

It is ridiculous to suggest that you can substitute barley for corn. You can, of course, but at the expense of the eggs. Certainly you can substitute barley to a certain exent, but you always must have a certain quantity of corn, not only for the reasons given by the hon. member for New Westminster, but also because in winter there is a heat-giving property to corn that is not possessed by barley. Experience has shown that hens must have a certain quantity of corn.

We have heard again and again, almost to the extent of being tired of it, that the policy of the government is to give Canadians an opportunity of competing with their competitors on even terms. I presume that the proposition of Euclid holds good in this case, that the greater includes the less, and that the term Canadians would also extend to Canadian hens. What we are asking is that Canadian hens shall have an equal opportunity to compete with those hens that get their corn at a much lower price.

The hon. member for Souris claimed that barley was cheaper than corn. Probably it is; but it is the relative value that counts. Because a thing is absolutely cheaper, it does not follow that it is really cheaper to use it. There are plenty of things that are cheaper than corn, oats or potatoes, for instance, but you must take into consideration their relative value. Apart from the relative value, corn must be used no matter what the price is. My hon. friend from Souris spoke of a duty on fruit helping British Columbia fruit growers, and said that that ought to compensate us for the heavy duty on corn. I would suggest that some of the other members from British Columbia deal with that and say if it will appeal to the poultry raisers as a satisfactory argument.

We have also been told, and we have just passed a resolution to that effect, that if there is any rise in price in consequence of the duty, the duty will be taken off. Then better not put it on in the first place. This particular item is not to come into force for one month, but immediately notice of the duty was given the price of corn went up about $9 a ton.

The hon. member for Stanstead said that the members from British Columbia representing the poultry raisers should be content because we would fix our minds on the increased duty on the product we raise, on eggs. There is some logic in that, I admit. It was superior to all this talk about trying to cheat the hen by trying to feed it barley when it wants corn, but the answer to my hon. friend is this. It was very much thrown up at me during the campaign that I was standing for the Dunning budget, which I adhered to then and still believe in, although it is not so popular now as it was a year ago. I said in the campaign that I was adhering to the Dunning budget, which imposed, under the countervailing duties, ten or twelve cents a dozen on American eggs. They pointed out that my opponent advocated the fixed in-

creased tariff that would be imposed by the party that he represented if it came into office, and in the budget of last September we find that the Prime Minister gave expression to that principle. But there was this difference. He did not raise the duty on eggs any higher than it would have been under the countervailing duties. I think he himself said that that was true, speaking generally, with respect to the whole budget. He took the figure as it would have been arrived at under the Dunning budget and made that a fixed rate, and pointed out that there was an advantage in having it fixed and known, that people could count upon it, that that was better than under the countervailing duties of Mr. Dunning's budget, where the rates were liable to go down at times. But there was this great difference, and this is the answer to the hon. member for Stanstead, that the Dunning budget did not ask the poultrymen to pay through the nose for this privilege. Under the countervailing duties of the Dunning budget they were given a duty of ten or twelve cents a dozen, as the case might be, against American eggs, and it might go higher if necessary, but the Dunning budget did not say that those duties were to be accompanied by a huge increase in the duties on everything that the poultryman had to buy, on his boots, his clothes, his incubators, and above all, on the feed that he feeds his hens. That is the answer to the suggestion that we ought to be satisfied with this duty. Under the Dunning budget we got the same duty against American eggs, and we did not have to pay this enormous tax—because it is an enormous tax—on the products that we use. When you remember how largely these feeds bulk in the cost of raising poultry, you will appreciate what a big difference it makes.

It is also correct what someone has already suggested, that in buying barley we are heavily handicapped by the excessive domestic freight rates on grain from the prairies to British Columbia. If the government would take cognizance of the case that has been put up in this house again and again this year for reducing the domestic rates to the same level as the export rates, a thing like this would not hit us so hard. Still the fact remains that we must buy corn even if the duty was one-half as much again as it is now. The person who has to pay this new duty is the poultryman, and he is already at his wits' end to know how he is to make a living.

Mr. MOTHERWELL: How much of this corn is expected to be displaced by the barley? Approximately ten million bushels of corn are imported. Will that be reduced to about five million bushels?

Mr. BENNETT: I stated to the committee that ten million bushels of corn were imported for all purposes, including distilling, starch making, and for other purposes. The returns in the department do not indicate the quantity imported for each specific purpose, so I cannot very accurately answer the question. But we know that the production in Canada last year of Indian corn was roughly six million bushels. The corn used for dairy purposes in the silos of course is grown in Canada, and will continue to be grown for dairy purposes. I cannot answer with respect to the other. I need hardly say to the hon. gentleman, who knows far better than I of the emergent condition existing with respect to coarse grains in Canada, that owing to conditions that need not be referred to again their value is practically nil except the product is sold in Canada. It is believed that this will assist to that end without placing any undue burden on those engaged in the production of chickens, upon which an extra valuation for duty purposes of thirty cents a pound has been given to protect the industry from unfair competition. The corn mills, which was the one thing urged on behalf of Nova Scotia, where small mills still continue to grind corn, will continue to require their raw material free of duty. So will the breakfast food producers, and, as I said, the starch makers and distilleries. The distilleries pay 7½ per cent. That may not sound very good in some counties of Nova Scotia, but it is a fact at any rate.

Mr. MOTHERWELL: This duty is imposed to encourage the barley growers, but the question arises, how much of an additional market will it give them? If it will give them an additional market for only three or four million bushels, and even that is problematical, is it worth while disturbing the whole poultry business for that amount? I appreciate the purpose of this duty on corn. There is no question as to what it is meant for. The question is what effect will it have? How many poultry producers will stop feeding corn to feed barley? Mighty few. For the reason that they want corn, and are going to have corn even if it is 25 cents dearer. Again, if barley is not substituted for corn you are just upsetting the whole apple cart with respect to the poultry growers for an infinitesimal advantage to the barley growers. I do not think the proposed duty will affect the price of barley one iota. It will merely give an additional market of three or four million bushels—a very small item when we consider that Manitoba alone produced 100,-

000,000 bushels of barley last year. I think it would be well to look into the advantages as compared with the disadvantages of the poultry industry. There would be some advantage in getting a market for probably 5,000,000 additional bushels of barley at most if it materialized.

An hon. MEMBER: Is the hon. member opposed to a tariff being placed on corn?

Mr. MOTHERWELL: I am opposed if it does more harm than good.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: If it does more good than harm I am supporting it.

Mr. MANION: We are having another exhibition of fencing.

Mr. BENNETT: A great deal of the corn from Nova Scotia comes from the Argentine. On that corn the duty is not 25 cents, but 20 cents less 10 per cent because of the treaty, making 18 cents.

Mr. NEILL: What about the Pacific coast?

Mr. BENNETT: The same thing applies. Purchases have been very considerable from ships coming to Vancouver.

Mr. NEILL: From the Argentine?

Mr. BENNETT: Yes, through the canal.

Mr. NEILL: Do we not get a large quantity from Manchuria?

Mr. BENNETT: A very limited amount.

Mr. NEILL: A few years ago there used to be ship-loads of it.

Mr. BENNETT: The rate is 18 cents because under the treaty there is an intermediate rate of 20 cents less 10 per cent for direct shipment.

Mr. BROWN: I am afraid that statement shatters the hopes of some of the men on the prairies who have been thinking of 25 cents.

Mr. BENNETT: Twenty-five from the United States.

Mr. McMILLAN (Huron): My appeal to the Prime Minister would be that this is a very serious matter for the farmers of the province of Ontario. Over fifty years ago there was a battle royal on the part of those farmers to import feeding corn duty free. After years of fighting not only throughout the country but in this House of Commons that commodity was placed on the free list. I think that took place in 1897 and from that day to the present irrespective of what government has been in power, they have always seen fit to allow Indian corn to come into this country free of duty. I may say in the locality from which I come, throughout my life time we have fed a mixture of corn and grains to fat cattle and dairy cows.

Mr. BENNETT: The corn fed to the dairy cows would be ensilage, would it not?

Mr. McMILLAN (Huron): No; we have grown that corn, forty acres at a time, for silo purposes. We do not think however that it pays us in our section of the country to grow corn for grain purposes. There are some farmers who grow a small quantity for the feeding of poultry, and if they were not allowed to purchase it they might grow enough for their hogs. I would say to the Prime Minister however that this is a very serious matter. Hon. members who are engaged in agriculture know that we are looking to the British market for disposition of our beef animals and dairy products, and in that market we have to compete with the Irish and British farmers and the farmers from Denmark. All those men get their corn duty free, and they have always looked upon that commodity as one of their main grain foods. One of my cousins who was engaged in the grain business and the business of supplying feed to the dairymen of Paisley and Glasgow almost always made a practice of cutting up hay and straw and mixing grain with them. The manner in which they mixed those grains was determined by very careful feeding experiments which had been conducted for years by the experimental tables of the Rothamsted Experimental Station in England. That station has always been considered one of the most reliable in the world. Not only has that been the result of experiments conducted at that station but it is also the result of experiments conducted for many years by the farmers of Ontario.

With respect to the importation of corn I may say that owing to the very emergent conditions existing among the farmers of the province of Ontario importations were somewhat less during the last year. The following table will give an idea of the importations:

Year	Number of bushels
1928	14,999,000
1929	14,128,000
1930	14,839,000
1931	10,055,000

I may say that those figures are given for the fiscal years ending March 31.

Without exception in years gone by we have had imported into the constituency from which I come many carloads of corn for feeding

purposes, and it will be a distinct disadvantage to the farmers of that section of the province of Ontario—

Mr. BENNETT: Would the hon. gentleman allow a question?—he is always most courteous in that regard. How many bushels of Indian corn did he purchase in the year for his farm and cattle? I should like to have an idea of an average purchase.

Mr. McMILLAN (Huron): I may tell you, sir, that until ten years ago I conducted my farming operations as vigorously as possible. However at the end of that year my eldest son passed away. For years before that time we used to buy two carloads of corn or about 2,000 bushels per year. Previous to the time Indian corn was allowed in free we purchased corn from the counties of Essex and Kent. For two years those purchases were made but were never a success because the corn of those counties had so much moisture in it that in large quantities it would not keep. After purchasing that corn for two years we discontinued the practice.

Mr. GOTT: The hon. member has spoken about moisture in Essex and Kent county corn. I should like to tell him there will be no moisture this year because in each county a drier has been installed.

Mr. McMILLAN (Huron): I wish to plead further with the Prime Minister. As farmers we should like to have the privilege, concerning which he has spoken many times in this house, of equal opportunity and fair competition. If this privilege is withdrawn from the province of Ontario it is withdrawing one of the greatest privileges the farmers in that province have enjoyed for many years in the business of live stock feeding.

Mr. SENN: I would suggest that the hon. member speak for his own county.

Mr. DONNELLY: I have been very much interested in this discussion in regard to the relative feeding values of barley and corn. We western farmers are interested in the duty because no doubt we have lots of barley to sell, and we are anxious to get our coarse grains on the market. But for the life of me I cannot see how this duty on corn is going to help us one iota. The member for South Essex tells us the farmers in his constituency are going to supply us with our corn and that this duty will boost the price.

Mr. GOTT: I did not say that.

Mr. DONNELLY: The economic condition of the farmers in western Canada and indeed throughout the country is so serious today that they want to get their barley cheaper. We want to get our barley down to eastern Canada cheaper. We want to lower freight rates so we can sell our barley and displace corn in the eastern markets. This duty will not enable us to do so. Many a farmer throughout the country believes firmly in his heart that nothing can take the place of corn when you come to fatten cattle. You cannot get the fat interwoven between the lean by feeding barley, you can only do it by feeding corn. Many of our farmers know this, and the abattoir men also know it. That is why so many of them believe that corn is better than barley for feeding cattle. This duty will not do the farmers of eastern Canada one particle of good, nor will it help the farmers of western Canada to dispose of their barley. We want reduced freight rates so we can get our barley down here to displace corn.

Mr. MULLINS: I have listened with a good deal of attention to these professional men, and I wonder how many of them have used barley and corn for feeding purposes. The Prime Minister is absolutely correct in placing a duty on corn in the interests of the farmers of this country. In my constituency of Marquette barley is selling at eight and ten cents a bushel, and the farmers all over Manitoba have been appealing to us to get a duty placed on corn. As to the relative feeding values of corn and barley, I have fed barley and I have fed corn, and I have made better gains feeding barley to my cattle than I ever did feeding them corn. I prefer barley to corn any time, if it is handled by a proper feeder.

I wonder if some hon. gentlemen ever think of any other part of Canada but just their own little home circles—there are other parts of the dominion. Western Canada pressed for this duty to be placed on corn to help the western producer of coarse grains, that is, the man struggling on the land.

Mr. NEILL: You were feeding big three or four year old steers were you?

Mr. MULLINS: I was feeding mature cattle outside the city of Winnipeg and made a gain of two and a quarter pounds a day feeding barley; when I fed corn that I imported from the United States in carload lots I made a gain of only two pounds a day.

Mr. DONNELLY: You were not giving them enough.

Mr. MULLINS: I can make better gains on barley than on corn; so can anybody if he handles the feed properly.

Mr. LOUCKS: As a farmer of western Canada I know something of the feed value of barley. I think hon. members from Saskatchewan will at least endorse what I am going to say in connection with the feed value of barley for poultry. We have heard a good deal about chickens—I am going to mention turkeys. I think the flavour of the turkeys that we raise in Saskatchewan is unsurpassed, and we feed them on barley.

Mr. CASGRAIN: Except those of the county of Charlevoix.

Mr. LOUCKS: I endorse what the hon. member for Marquette (Mr. Mullins) has said. I have fed barley to feeder steers. I think hon. members from Saskatchewan will also endorse what I am going to say, unless they have had no experience, and it seems to me that some of them have not.

Mr. DONNELLY: Do you mean to say I am not a farmer?

Mr. LOUCKS: You cannot have had much experience feeding cattle or turkeys.

Mr. DONNELLY: I farm three times the amount of land you do.

Mr. LOUCKS: I am not a doctor, I am a farmer, and I am talking from practical experience as a farmer.

Mr. DONNELLY: So am I.

Mr. LOUCKS: I think the hon. member for Willow Bunch (Mr. Donnelly) will have to acknowledge that we in the west more than hold our own in the feeding of cattle for export. It is surprising to me that hon. members on the opposite side take such an antagonistic attitude with respect to this duty on corn, especially after the speech which the hon. member for Willow Bunch made on the address, in the course of which he criticized the hon. member for Rosetown (Mr. Loucks) for not taking the active part he should take in endorsing what he had said in favour of protecting the agriculturist all along the line. Now he is opposing the very thing I endorsed in my speech on the address. At that time I said I had a mandate from my constituents asking for protection. I do not know what the people of Saskatchewan will say to the hon. member for Willow Bunch and his friends when they go back home.

Mr. DONNELLY: We will take a chance.

Mr. LOUCKS: I am glad we have a sufficient number of members on this side of the house to ensure the passing of these tariff increases. I know that in the constituency of Rosetown I will get a lot of credit for supporting the duty on corn. Last year during the campaign the Prime Minister said that portection meant protection for all, and I think his statement is being verified by the putting of this duty on corn. I should like hon. members from Ontario and from British Columbia to give us a little cooperation on these lines. We in the prairie provinces did not howl our heads off when British Columbia asked for protection for her fruit. We were willing to help them in that direction even if it cost us a little more for the fruit we consume on the prairies. I can assure my hon. friends from British Columbia that when once they get educated to feeding barley to their stock they will not go back to feeding corn. We have had such success in Saskatchewan in feeding barley to steers, turkeys and chickens that we are well satisfied.

We should have a uniform policy on the tariff. In my speech on the address I said I was confident that what I was recommending would be given consideration in due time, and here we are now given an opportunity to support this duty on corn. It will be a great pleasure to me to go back to my constituency and tell the farmers that, as the Prime Minister said during the campaign, protection means protection for all for farmers as well as for manufacturers. We have heard much from hon. members opposite against the various tariff items. As a farmer from Saskatchewan I should like to repeat that the western farmers are not all opposed to increased duties, as one might imagine after listening to members opposite representing western constituencies. As I have said before this session, in my constituency, I think I was up against one of the greatest free traders in Canada, although my hon. friend from Weyburn (Mr. Young) might compete with the gentleman who opposed me, Mr. John Evans, who I understand is quite a free trader. At any rate I am glad to say that we are well satisfied to give this change a trial to see what the result will be. Most of us in the west are still big enough to cooperate with the other parts of the dominion, and we only ask for fair play from the people of British Columbia. If we have a chance I think we will be able to educate the people of that province, so they have nothing to fear from the tariff on corn. The hon. member for Souris has spoken of the tests which have been carried on, and I hope the Saskatchewan members particularly will see their way clear to support this measure. We admit that things are bad in Saskatchewan; we would

like an outlet for our barley. We are going to have that outlet now, and we are glad to receive the support of the east. I am not criticizing the hon. members from British Columbia; their opposition is due to lack of education and nothing else, and we will overlook that.

Mr. REID: I think too much has been said about British Columbia, particularly with regard to our lack of education; I cannot let that go by. No one could be more patriotic in buying Canadian products than the poultrymen of British Columbia, but they believe in fair play. When they see people in foreign countries purchasing Canadian grain for less than we in British Columbia can purchase it, naturally they protest against any imposition of this kind. With reference to the feeding of turkeys I can tell my hon. friend that in British Columbia turkeys fed on wheat and corn command a price much greater than that paid for turkeys from Saskatchewan. If hon. members do not believe that statement I can get the figures.

Mr. STEWART (Edmonton): I think our farmer friends are unduly alarmed about this duty. The poultrymen will have to pay a little more for their corn, but the price of barley will not be increased. If it is any comfort to my Conservative friends in western Canada they can go home and tell their constituents they have put a duty on corn which they hope will increase the price of barley, but their constituents will have to be very gullible to believe that this will help them in any way. Hon. gentlemen opposite told the people of Canada that by putting a duty on butter the price would be increased, and that the same thing would happen in connection with beef, but we are exporting these commodities and will continue to do so, and the prices in foreign countries will continue to fix the prices at home. So I am not very much alarmed about the duty on corn. The poor old poultryman will have to pay the duty, that is all; the Ontario farmer who of necessity must use some corn will pay the duty also. As far as we are concerned in western Canada it is just so much eyewash with regard to getting an increased price for our barley.

Mr. YOUNG: Could the Prime Minister tell us about how many bushels of barley he hopes to be able to market by this measure?

Mr. BENNETT: I intimated to the committee that since there was no separation of items I could not give any accurate information in that regard. That question was asked by the former Minister of Agriculture. Professor Grant of the Manitoba agricultural college gave a great deal of study to this matter. It will be remembered that he was employed as an expert by the former advisory board, and I am indebted to one hon. member of the house for a copy of the report he made upon the use of barley instead of corn. He closes his report with these words:

> The necessity for these imports in the light of our present knowledge may be seriously doubted. Evidently the traditionary practice or the aping of "corn belt" feeding outweighs other considerations. The Canadian wheat pool, backed by authorities and experiment station records is, at the present time, putting on an intensive educational campaign to sell the merits of Canadian barley to eastern feeders of live stock.

He deals with the question at some length. This is rather an interesting document to the layman who is neither a chicken fancier nor an agriculturist. All I can say is that I believe the result of this effort will be at least to ascertain with certainty the relative values of barley and corn for the purposes indicated. Other governments have had this matter in mind on previous occasions, when the emergency was not so great and conditions were not so bad. I believe this will stimulate the use of barley for the purposes indicated by the report.

Mr. YOUNG: Rather a costly experiment I think.

Mr. BENNETT: I think not.

Mr. McMILLAN (Huron): I was pleased indeed to hear the remarks of my right hon. friend the Minister of Finance but when he speaks of the results of experiments with regard to the feeding of barley in comparison with corn I am satisfied that those experiments have not been conducted for a sufficiently long period to give a justifiable result. I may tell hon. members of this house that I was brought up at the feet of men such as Doctor Mills, Professor C. A. Zavitz, Professor Panton and Professor George E. Day, and those men—

Mr. QUINN: They are all dead now.

Mr. McMILLAN (Huron): No, they are not, but those who have passed away, Professor Mills and Professor Panton, will be remembered as long as agriculture continues to exist in this country.

Progress reported.

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

Friday, July 10, 1931.

The house met at three o'clock.

PRINTING OF PARLIAMENT

Mr. W. C. S. McLURE (Queens) moved concurrence in the second report of the joint select standing committee of both houses on the printing of parliament presented to the house on Thursday, July 9, 1931.

Motion agreed to.

STATUTE OF WESTMINSTER

JOINT ADDRESS TO HIS MAJESTY THE KING

Right Hon. R. B. BENNETT (Prime Minister) moved:

That it be resolved that a message be sent to the Senate informing Their Honours that this house doth agree in the address to His Excellency the Governor General praying that His Excellency may be pleased to transmit our joint address to His Most Excellent Majesty the King, relative to a measure to be submitted to the parliament of the United Kingdom, and more particularly set forth in the said joint address; and have filled in the blank space therein with the words "and Commons."

Motion agreed to.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 118, to incorporate Service Loan and Finance Corporation.—Mr. Lawson.

Mr. STIRLING (for Mr. Lawson) moved that the bill be referred to the committee on banking and commerce.

Motion agreed to.

AUSTRALIAN TRADE AGREEMENT

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with, I think I should inform the house that the cable arrangements with Australia contemplate a statement being made on Monday with respect to the trade agreement made between Canada and that dominion. Owing to the difference in time it will suit the convenience of the ministers there if the statement is made here about nine o'clock in the evening, and I trust that the house will afford us an opportunity for such a statement to be made on Monday evening at nine o'clock or thereabouts. I have not yet received the agreement. The mail apparently has been delayed, and if anything should intervene to prevent its being received between now and Monday the statement might be deferred, but I promised the house that I would advise it as soon as I received word as to the time at which the statement would be made.

BRITISH AMERICAN OIL COMPANY

MEMORANDUM WITH RESPECT TO COMPANY'S LABOUR POLICY

Right Hon. R. B. BENNETT (Prime Minister): I think I should direct attention to the fact that a few days ago the hon. member for Kenora-Rainy River (Mr. Heenan) made a statement regarding labour conditions, and the attention of the president of the British American Oil Company, Limited, having been directed to his statement, quoting a statement which appeared in a newspaper not published in Canada, a memorandum was sent to me which reads as follows:

On page 3465 of Hansard, July 7th, are remarks dealing with the labour policy of The British American Oil Company Limited. These remarks are misleading and untrue.

The construction of the refinery at Montreal is, in the main, under contract to various firms, and such work as is being performed by the company is being paid for at rates prevailing for similar work in the city of Montreal.

No labour organization, or individual, for that matter, has made complaint to the company as to rates of wages being paid according to testimony of the Montreal office of the company.

The policy of the company has, since its incorporation in 1906, been very favourable to labour.

Employees, after two years' service have their lives insured in favour of their estate, or such beneficiary as they may name, the total expense being borne by the company; this insurance continued in force so long as the worker remains in the employ of the company.

The company contributes 50 per cent (the employees the balance), to a sick benefit fund which gives employees income during illness and carries with it payments in connection with funeral expenses to worker or any member of his family.

The present rates of wages are not below those effective during the war period, or subsequent thereto.

Employees have a works committee which meets with management, and never once has there been a demand for increased wages, and consequently there has never been a strike in any of the company's plants.

It is significant that the subject matter to which reference is made appeared in a United States labour publication, namely "Labor," Washington, D.C., June 30, 1931. If there were foundation for the charges then, why did not one, at least, if not all, of the Canadian labour papers deal with the matter? Canadian labour is not unmindful of the fact that through the construction of refinery at Montreal The

British American Oil Company is contributing in this item alone over $1,000,000 directly to the workers.

Mr. Heenan mentions The Toronto Iron Works Limited as a close ally of The British American Oil Company. There is no connection between The Toronto Iron Works and The British American Oil Company. A. L. Ellsworth, the president of both companies, established The British American Oil Company in 1906, and The Toronto Iron Works in 1907. While A. L. Ellsworth and P. W. Binns are officers of both companies, yet they are inactive in The Toronto Iron Works Limited, and the companies have no community of interest through stock ownership.

The Toronto Iron Works Limited has done much work over the past years in the eastern provinces, including Quebec, and is paying today rates of wages at Montreal no lower than paid in the past. The maximum rate is 83 cents per hour, and the minimum rate for unskilled labour is 35 cents per hour.

The company, in common with most contractors, employs its men nine hours per day. No Sunday work.

There is not one iota of excuse for the use of the words, "bludgeoning, bullying and discriminating," as used by Mr. Heenan based upon the matter contained in the Washington publication.

I make no comment on this memorandum in any way, shape or form, but I think in all fairness I must, as minister, communicate it to the house in the same sense in which it was forwarded to me by the president of the company concerned.

Mr. LAPOINTE: May I say that apparently the right hon. gentleman does not agree with the ruling of the Deputy Speaker that we are not allowed to read in the house communications from outside reflecting on statements that have been made in the house.

Mr. BENNETT: I was not present, I think, Mr. Speaker, when that ruling was given. All I can say is this, that a sense of fair play must always govern deliberative bodies.

Some hon. MEMBERS: Both sides.

Mr. BENNETT: When a statement is made to this house by a member who has been a former minister, surely the people affected have a right to direct the attention of the government to it in order that equal publicity may be given to their side of an issue as was given by the minister.

Mr. LAPOINTE: I am quite willing to agree, provided that my right hon. friend sides with us in future when the Deputy Speaker prevents us from doing the same thing.

Hon. PETER HEENAN (Kenora-Rainy River): I sincerely welcome the remarks of the Prime Minister with respect to this matter because it is only fair that both sides of any question should be put before the house. I would remind the Prime Minister, however, that there was no statement made by me with respect to this matter. I was simply quoting from a labour paper.

Mr. BENNETT: Not published in Canada.

Mr. HEENAN: The conditions were reported upon by a Canadian corespondent, who is a very prominent man in this country. When he was making the investigation he had labour men associated with him. I propose when the labour estimates are discussed to bring up on the floor of the house that very same question.

CRIMINAL CODE AMENDMENT

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I am surprised to see in the votes and proceedings, at this late stage of the session, a notice for the introduction of a bill amending the criminal code. I do not know whether the measure is of an emergent character to cover a special situation, or whether the amendments proposed are extensive or important.

Hon. HUGH GUTHRIE (Minister of Justice): There are no radical provisions in the proposed change, with the exception of one concerning Doukhobor parades in western Canada. The other amendments are of a simple nature.

Mr. POULIOT: The Ku Klux Klan should lend their nightshirts to the Doukhobors.

BUSINESS OF THE HOUSE

INQUIRY WITH RESPECT TO BRINGING DOWN OF FURTHER LEGISLATION

On the orders of the day.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before we proceed to further business may I ask my right hon. friend if this bill will be the last of the legislation to be brought down with the exception of that which is to deal with unemployment relief?

Right Hon. R. B. BENNETT (Prime Minister): No.

Mr. MACKENZIE KING: My right hon. friend says "No." I do think it is about time he had a little appreciation for the

position of hon. members in this house. Instead of acting as a Prime Minister he behaves as a dictator—and a disagreeable dictator, at that. All through this session he has been indifferent to the convenience of hon. members and has not seen fit even to bring down the proposed legislation in a manner which would enable it to be properly discussed. When, on repeated occasions, we have tried to accommodate him, all we have received by way of thanks has been a lecture or some rude remark.

I am speaking very plainly to my right hon. friend; he may continue to run the business of the house in the way he considers best, regardless of others, but it may be well for him to remember that there are two sides who have to do with and will have a say in the handling of it.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. LaVergne in the chair.

The CHAIRMAN: When the committee rose last night it was considering item No. 55 of the schedule. Shall the item carry?

Mr. DONNELLY: Mr. Chairman, when we were speaking about corn last night I referred to the fact that the western grain growers would like to have cheaper freight rates for grain and fodder so that their coarse grains may be shipped at lower rates to the markets throughout Canada. I wish to substantiate what I said by reading an extract from a publication by the National Dairy Council of Canada following its meeting of March, 1931. On page 76 I find the following:

> Cheaper feeds are essential if there is to be an expanding production of dairy products. These are attainable through:—
>
> (a) Cheaper distribution of grains and mill feeds. This involves lower freight rate to the extreme eastern and western parts of Canada in addition to bulk shipments and storage. The operations of the coarse grain pool promise to materially assist in this regard.

In other words the National Dairy Council is urging that there should be cheaper freight rates for coarse grain. I maintained last night and repeat to-day that the proposed duty on corn will mean added expense to those people who are carrying on the dairy industry, trying to fatten cattle or to raise poultry. My suggestion to the Prime Minister would be to leave the duty on corn as it is, namely, to leave it free for feeding purposes. As he has seen fit to allow a five cent freight rate on wheat I would suggest that he should make the same rate applicable to barley and coarse grains for domestic feeding purposes in order that the farmers in eastern Canada may be able to obtain barley at a cheaper rate. Either he should do that or cut the freight rates. It is absolutely essential however, if we are going to continue as a dairy producing and mixed farming country, that we should have our feeds distributed at cheaper rates throughout the Dominion. Either our farmers in western Canada must have assistance to bring their coarse grains at cheaper rates to eastern Canada and into British Columbia or assistance must be given either through cheaper freight rates or by the five cents which is being given to the wheat growers. In my opinion that should apply also to the barley growers so that their coarse grains may be delivered at cheaper rates. I should like to know whether or not the Prime Miinster will take into consideration the wishes of the National Dairy Council and the farmers throughout Canada.

Mr. BENNETT: Freight rates will not be dealt with by this legislation, because the government does not make them. They are made by the Board of Railway Commissioners. In my view the matters referred to by my hon. friend are not relevant on these tariff items. The remarks of my hon. friend with respect to freight rates have been repeated frequently, and sometimes I wonder whether hon. members realize the deficits with which the railways are faced at the present time and where those railway companies will find themselves if such deficits continue.

Mr. DONNELLY: What about five cents a bushel?

Mr. BENNETT: That is to help the wheat growers.

Mr. MacLEAN: If I may be permitted to say so, about the only way that coarse grains from the western provinces can be brought to the maritimes is by some change in the freight rates. A couple of years ago I thought I had made a good case concerning mill feeds and course grains before the railway commission on behalf of the farmers of eastern Canada. Despite that fact however we received no reduction and no benefit. The condition of maritime farmers in regard to mill feeds and coarse grains is this: The

farmers of Denmark and other European countries can procure their feeds cheaper than the farmers of the maritime provinces. I would like the Prime Minister to say whether or not he thinks that is fair either to the producers of coarse grains in western Canada or the farmers in the maritimes. The export rate on grain and mill feeds is so low that they can be brought to the seaports in the maritimes, shipped to Europe and our friends in Denmark can get their feed cheaper than we can. That is the competition we have to meet on the markets of the world. I do not think any government in Canada should tolerate such conditions as that. Canadian farmers should be given a fair chance with the farmers of other parts of the world. If the party in power is a Canada-first party I think they should endeavour to see that all parts of Canada are treated fairly in this matter. I have no objection to five cents on wheat for export, but I think it should apply to coarse grains as well so that bran and millfeeds may be brought more cheaply to the farmers of the maritimes. As to the duty on corn increasing the sale of coarse grains in the maritime provinces, I do not think it will have this effect unless there is a revision of the freight rates. The fox ranches of Prince Edward Island use large quantities of corn meal, and if the price of furs continues to drop we may have to resort more than ever to corn meal, as it is the cheapest feed available. I understand the corn is imported and ground in Canada and shipped all over the Dominion.

An hon. MEMBER: Educate them to eat barley.

Mr. MacLEAN: I do not think there would be any chance in the world of the prairie provinces finding a market for their barley in Prince Edward Island, for our farmers already grow enough of this grain for their own use. I understand that the barley crop is not as large in Nova Scotia as it is in Prince Edward Island, and consequently there is a larger market there for the sale of barley than in my province. The only grain we bring in is corn, and naturally we would be opposed to the imposition of this duty.

Mr. McMILLAN (Huron): Mr. Chairman, while I have no intention whatever of holding up this item, I wish to make another appeal to the right hon. Minister of Finance (Mr. Bennett) to allow corn for feeding purposes to come in free of duty. When the committee rose last night I was saying that in my boyhood days I had been brought up at the feet of such men as Doctor James Mills, Professor Panton and Professor Day—men who did so much to make the Ontario Agricultural college and experimental farm the famous institution that it is to-day, for its reputation extends throughout the world. I have under my hand a pamphlet issued by the animal husbandry division of the dominion experimental farm which strongly advises the feeding of barley to our stock.

An hon. MEMBER: How about a little barley corn?

Mr. McMILLAN (Huron): It will take me just that much longer if my hon. friends of the opposition wish to interrupt.

Some hon. MEMBERS: We are not on the opposition side.

Mr. McMILLAN (Huron): Although my friends are sitting on the government side they are in opposition to what I am saying at the present time. I would remind the committee that the men who direct the Ontario Agricultural college would not think of publishing a bulletin unless it were based on experiments carefully conducted over a period of years. May I call the attention of older members of the committee to a fact, which no doubt they will recall, that a certain variety of two-rowed barley was given to the farmers all over Ontario to test out on experimental plots. In those days I was conducting experiments on my father's farm. We experimented with that grain for four successive years and then considered it sufficiently good to recommend it to our fellow farmers. The second year, however, we found that grain was a dead failure, and I may add that after four or five years' further experiments by many farmers in Ontario as well as by the Ontario Agricultural college, that grain went out of use much more rapidly than it came in. In the light of that experience I am strongly of the opinion that a bulletin such as this should not be distributed until the experiments in the use of barley as a feed for stock had been conducted over a sufficiently long period to remove all doubt regarding its merits as a stock food ration. I notice a section of this bulletin headed Barley as a Feed for Horses. Let me quote:

> Another reason is the general impression that barley is a dangerous grain for horses, in that its use is frequently conducive to a scurfy condition of the skin and to itching, scurfy legs, —"too heating," the horseman says. Possibly a third reason is the comparative lack of palatability of barley compared with oats.

So far as the section comprising Ontario and eastern Canada is concerned, I am satisfied that barley in its raw state is a dangerous feed for our horses; boiled it is much more palatable and safe; although I do believe from information I have received that barley may safely be fed to horses in the United States on the Pacific slope. But for our dairy cattle and young growing animals, it is a grain which no one with any experience would recommend except as forming a very small percentage of the ration.

Speaking from my own experience and in view of the fact that corn is eagerly sought after by the farmers of the western section of Ontario, particularly in my own county, I would plead again with the Minister of Finance to allow this grain to come in free. I ask him to allow the farmers of Ontario to use their own judgment. They will not bring in corn if they do not think it pays them to do so. As I said last night, it was only after they had agitated for years that corn be put on the free list for feeding purposes that the government of that day, some thirty-five years ago, saw fit eventually to do so, and from that day to this corn has been allowed to remain on the free list. As my last word I would urge the Minister of Finance to allow corn to remain on the free list and so permit our farmers to exercise their own judgment as to whether they will purchase this grain or not.

Mr. BENNETT: I should be sorry to think that this was the last word of the hon. gentleman—

Mr. McMILLAN (Huron): On the matter of corn.

Mr. BENNETT: Oh,—or would I be deprived of a very great pleasure. I think I forgot to say to the hon. members for New Westminster (Mr. Reid), Comox-Alberni (Mr. Neill), and Hants-Kings (Mr. Ilsley) that South African corn, which is now a very important factor in the world's production, will come in free, and therefore reach the ports of Halifax and Vancouver as heretofore under the British preference. I should also state, what possibly is fairly well known to some hon. gentlemen, that there was a time when we produced 15,000,000 bushels of corn, but the advent into this country of the corn-borer reduced our production to less than 5,000,000. Last year it was approximately 6,000,000 bushels. It was said last evening by the hon. member for South Essex (Mr. Gott) that it is believed the production will reach 10,000,000 or 12,000,000 bushels this year, and the area is being increased by thousands of acres during the present season. It is not improbable therefore that to some considerable extent the requirements of Ontario will be met by Ontario production, but to the extent to which it is not in other parts of Canada, having regard as I pointed out to transportation costs, there will be the opportunity for the use of coarse grains which will not bear the cost of export. Under these circumstances I do not know that I can add anything to the very laudable desire of the hon. gentleman, whose ripe experience and rich fund of humour contribute so greatly to the happiness of the government.

Mr. ROBINSON: I do not wish to prolong the debate, but I am anxious to relieve the mind of the hon. member for South Huron (Mr. McMillan). Last night the hon. gentleman spoke of getting Essex corn in his boyhood days, which would not keep because of the moisture content. In recent years Essex and Kent counties have been carrying on experiments, and now are growing a very high grade of corn, which is only 10 per cent greater in moisture content than Kansas corn, which is supposed to be the hardest and dryest corn on the continent. So I do not think the hon. member for South Huron should worry over a corn famine in Huron county because of this duty, since the county of Essex will be able to take care of their requirements, either by shiploads or carloads. In past years Essex county has shipped thousands of cars of corn to all parts of western Ontario, and personally I have never heard any complaint with regard to its quality. It is not the fault of the government if a shipment happens to be too moist; that is the fault of the inspector who ships the corn. I believe the 25 cents a bushel duty will help the farmers of Essex, Kent and Elgin counties very materially, since corn is one of the most profitable crops they can grow, therefore, I am heartily in favour of the proposed rate of duty.

Mr. BROWN: If the Prime Minister makes another speech probably he will shatter completely the hopes of the farmers of the west. Last night when he indicated that under the treaty with the Argentine corn would come in at 18 cents instead of 25 cents I thought I saw a look of dismay come over the faces of some of my hon. friends from Manitoba. Now he tells us that corn may come in from South Africa free, so I think the hopes of the farmers of Manitoba will be down 100 per cent by now.

I am not going to discuss this matter from the standpoint of the "dietetic eccentricities"

of a chicken—and if Hansard will put those words in quotation marks I will not be robbing my hon. friend from Souris (Mr. Willis) of that very choice phrase—but I do wish to discuss it from the standpoint of common sense. Before coming to this house, and since I have been here, I never pleaded for protection on any farm products, and I do not intend to begin now. In my judgment the farmer who links himself up with the principle of protection completely destroys his own position when seeking relief from the burdens which the protective system imposes upon him. I can well understand the attitude of some of the hon. gentlemen from the west, and in a measure I sympathize with them. They realize that they must go home carrying very little in the way of spoils and with very little to show in the way of the fulfilment of the promises made during the last election, so they are very anxious to have this little bit of a duty on corn which, in my judgment, really will amount to nothing as far as the western farmer is concerned.

Mr. STITT (Nelson): Will the hon. member permit a question? Is he opposed to this duty on corn; yes or no? Do not hedge, now; what is the answer?

Mr. BROWN: That is a question I do not object to answering, but before doing so I should like to ask another question of hon. members opposite; if I answer questions they should be willing to answer questions also. Before answering that question I should like to ask hon. gentlemen from the prairies if they are in favour of the 25 per cent duty on agricultural implements; if they are in favour of what has been done in regard to the raw material for the manufacture of binder twine; if they are in favour of what has been done in regard to barbed wire and a host of other things. I can put questions to hon. gentlemen opposite which will be just as embarrassing as questions they may put to me. I am going to answer that question, and I can do it with no embarrassment at all. I am opposed to the whole policy of this government in regard to tariffs. I am opposed to a duty on corn for the reason that I do not propose to hamstring myself when I come to advocate a reduction of the duty on those things which I use. In my judgment this proposition to put a duty on corn will be of very little, if any, advantage to the grower of western grain. When hon. gentlemen opposite from the prairies will answer the questions I have put to them as candidly as I have answered their question, we will have an interesting exhibition in this house.

Mr. MULLINS: Will the hon. gentleman permit me to answer his question? We gave a pledge to the electors in that country that we would support protection as long as the prices were not raised. • The prices of machinery and all other commodities have gone down under the policy of the right hon. Minister of Finance.

Mr. BROWN: I said I could sympathize with hon. gentlemen opposite. They know they must go home with very little to show in fulfilment of the promises they made during the last election, so they want to carry home this little duty on corn and the five cent rate on wheat.

Mr. WILLIS: Are you in favour of that?

Mr. BROWN: That is another question of the same kind. I want to tell hon. gentlemen opposite that what they will have to show their constituents as a result of their labours will be but as dust in the balance compared with the duty on agricultural implements, the imposition in regard to barbed wire, the action of the government in regard to the raw materials entering into the production of binder twine, and a host of other things. For my part I am going to take good care that the eyes of the farmers are not blinded by these little things to the neglect of the many more important things in this budget.

Mr. BOYES: I should like to add just a few words to what has been said with regard to corn. Last night the hon. member for West Middlesex (Mr. Elliott) spoke on this matter and opposed the duty on corn. I am from the eastern portion of the same county, and I wish to say that I am decidedly in favour of the duty. Our people in the county of Middlesex can raise corn in abundance, and I am sure that they will strongly favour this duty. I believe the farmers of our country should receive protection on a great many commodities, and the duty on corn is one of the ways in which we can protect our farmers to some extent.

Mr. PERLEY (Qu'Appelle): As one of the members from the eastern part of Saskatchewan I think it is my duty to make just a few observations as to my position with respect to this duty. During the campaign last year one of the issues was the placing of

a duty on corn and it met with favour. I have had many letters from my electors and they are very much in favour of the government's action in placing a duty on corn. In the eastern part of Saskatchewan we have been growing more and more barley, and, as the hon. member for Souris said last night, we have great quantities of this grain in storage.

As regards the comparative feed value of barley and corn, I do not think it is necessary to say anything further. Statistics have been given, and the hon. member for Souris in his first speech made a very good case in favour of barley. At any rate, the difference, if any, is so slight that it is not worth considering. Practical feeding tests have proven that you can get as large a percentage of gain on the average animal with barley as with corn. With respect to the feeding of poultry, a good deal was said in the house last night, and I would direct attention to the evidence given before the committee on agriculture on June 9 by Mr. Brown, chief of the poultry division of the Department of Agriculture, in which he stated that eggs from the western provinces had a premium in the Montreal market. He stated further that prairie extras on the Montreal market were a product to be proud of. At the present time hens in the west are not being fed corn.

I wish to refer to a point that has not yet been discussed in this house with reference to corn. I think hon. members will agree with me that the area in which corn is produced on the North American continent is gradually extending north. I think it was three years ago—the ex-Minister of Agriculture will bear me out—that we held a corn show in the town of Indian Head. We showed corn that was produced in all parts of the western provinces of Alberta, Manitoba and Saskatchewan, and the exhibition proved conclusively that corn grown in the prairie provinces is equal in qualty to any corn produced in the states to the south of us. A representative from that corn area in the United States attended the show and he said that our corn was of equal quality with any corn grown in the United States. This spring farmers have had inquiries for corn grown in the western provinces for seeding purposes in the states south of us as far as Texas.

I venture to say that under normal climatic conditions we can produce a large quantity of good corn in western Canada. It would not take a very great amount of corn to supply even the demand for feeding purposes. Take British Columbia, for instance: two hundred thousand acres of corn would supply the demand. Under favourable climatic conditions, therefore, that industry could be developed right in our own country so that there would be no need for us to worry about corn coming from other parts of the world.

It has been suggested on the other side that it would be better to have a reduction in freight rates. I think the placing of a duty on corn is a very good argument in favour of an adjustment of domestic freight rates, and it would appear to be necessary. And if the extreme east and west would come in on it, that would be a great argument in support of such an adjustment. I am surprised to observe that many hon. members on the opposite side from the western provinces are quibbling on this question. They are trying to justify their opposition to the duty on corn. When their electors read the speeches they have been making on this question the impression will not be very favourable to them.

I am delighted to note the very ready response we have had on this side of the house from the extreme eastern and western members in supporting us with regard to this duty on corn. It is gratifying to see such a splendid spirit of national cooperation among the eastern and western members in this respect, and I am only too pleased to endorse and support the action of the government in placing the duty on corn.

Mr. MOTHERWELL: I think we are all agreed that the government is desirous of helping someone, presumably the barley growers. Now, however, we find it is the corn growers whom this duty is intended to help—maybe both. At all events, it will put up the price of corn. That is obvious. If you put on a duty of 25 cents a bushel, does anyone suggest that the result will not be an increase in price? I say it will put up the price; it will compel the buyers of corn to pay that much more for this commodity. And that will adversely affect the poultry industry. Now, the question is, what additional price will it require to move barley from western Canada either to the Pacific or down here? It cannot move itself; it will not pay for its carriage. The result is that a good deal of it is still on the farms. Low grade barley will have to be raised from 10 to 12 cents before it can begin to move. Will this duty on corn raise the price of barley 10 cents? If it does not, then the object of this duty will not be realized. You must get the barley to move, and it is not moving because of the low price. A good deal of

low grade barley and low grade wheat did not carry itself to Fort William, and the farmer had not only to give the barley away for the freight rate, but he was even billed by the railways for more. He was minus some dollars for freight besides giving away his barley or his wheat. I say, therefore, that this assistance, with all due respect to the Prime Minister in his desire to help the barley growers, will be ineffective unless it extends sufficient help to get the barley moving. And that will take 10 cents a bushel. Again I ask, will a duty of 25 cents on imported corn raise the price of barley 10 cents? I do not believe it will raise it one iota. It may give a market for the best barley, the kind of grain that will carry itself, to the extent of four million or five million bushels if that much corn is shut out by this 25 cents duty. But I do not know whether it will do that. One thing is dead sure, however: it is going to hurt the poultry growers. They will have to cough up more for their corn. To talk about barley being a substitute for corn in the feeding of poultry is absolute nonsense; you cannot get the poultrymen anywhere, in the east or in the west, to support such a contention. Ask the poultry themselves by throwing a mixture of corn, wheat, barley and oats before poultry and see which they will take first. They will take first the corn and next the wheat and then either the oats or barley depending upon which is the better quality. Poultry do not like barley in the whole state. I have a friend in Hamilton who is a manufacturer of high class poultry feeds. I am told by the best authorities that just to the extent that barley is substituted for corn, thus increasing the fibre content of the mixture, there must be added a quantity of hulled oats in order to keep down the fibre content. Not only that, but those mysterious vitamins of which we hear so much are lost. If barley is fed you must make up for the absence of the vitamins by the use of cod liver oil. Hon. members should not laugh at that, because that is the fact. The hon. member for Stanstead (Mr. Hackett) referred to the duck farm at Knowlton. I had the pleasure of visiting this farm and one would think the whole top of the earth was a moving mass of ducks. The primary purpose of a duck is to be eaten. Enough eggs must be laid of course in order to perpetuate the species but the primary object is meat production. A duck is not very particular as to the palatability of its food; it will eat anything and that is one of the reasons why barley is used to the extent it is at the Knowlton farm.

Mr. STEWART (Edmonton): They do not need cod liver oil.

Mr. MOTHERWELL: I understand that for the first three or four years this Knowlton farm was a failure because of an insufficient number of ducks. They had to get the quantity up and the cost of feed down, and I believe they have reached that point to-day and for some years past and are making a great success. This is an entirely different thing to feeding hens for egg-laying purposes.

Mr. ELLIOTT: Do I understand correctly that this item includes corn for seed purposes as well as for feed?

Mr. BENNETT: There is a certified or registered seed item.

Mr. ELLIOTT: Registered seed corn will come in free. In reply to the statement made by the hon. member for East Middlesex (Mr. Boyes), who referred to the wishes of the farmers of the county of Middlesex in regard to this duty, I would say that he is not as familiar with the wishes of the farmer in regard to a duty on corn as are some of the other representatives from that county. If he had been he would not have made the remark he did. When the agitation was on for the removal of the duty which formerly existed in regard to corn, no one was more anxious that that should succeed than the cattle producer of the county of Middlesex. These men produce perhaps a greater number of fat cattle in the northern and western portions of the county than do the farmers of any other county in Ontario and they were very active in the agitation to have the duty on corn removed.

An hon. MEMBER: When was that?

Mr. STEVENS: It was in 1896.

Mr. ELLIOTT: I think it was shortly after 1896. It was a great boon to the farmers in that district and to the cattle raisers throughout the whole of Canada.

Mr. BENNETT: I must correct the statement I made in connection with certified seed. The practice has been to refund any duty paid by means of an order in council rather than to make the item free. We have endeavoured to develop a seed corn business in this country, but where it becomes necessary or advisable to change the seed a refund of the duty is made.

Mr. ELLIOTT: Looking at the schedules I see that seed peas and seed beans come in free. I cannot understand why these should be permitted to come in free while a duty is imposed on seed corn.

Mr. BENNETT: I think they are free only under the British preference.

Mr. ELLIOTT: As I read the changes, they are free altogether.

Mr. BENNETT: They are free from the United Kingdom.

Mr. ELLIOTT: I notice some dashes here, what do they mean?

Mr. BENNETT: That means that they are not free under the intermediate and general tariffs.

Mr. ELLIOTT: What is the duty?

Mr. BENNETT: The ordinary seed rate, which I think is 22½ and 25 per cent.

Mr. ELLIOTT: I take it that I am being assured—

Mr. BENNETT: The rate is 10 per cent, under item 72.

Mr. ELLIOTT: I take it I am being assured by my right hon. friend that seed corn will come in free if properly certified.

Mr. BENNETT: It pays a duty, but where an application is made and the facts are established as to its being certified or registered seed, then the custom has been to refund the duty by order in council.

Mr. MOTHERWELL: As I understand, the suggestion made by the hon. member for Willow Bunch (Mr. Donnelly), in regard to freight rates, it is that the five cents absorption policy, which my right hon. friend has with such good intentions put into effect on export wheat, be applied to all wheat and coarse grains. That would then take care of the barley situation and not penalize the users of corn with but problematical help to barley growers. I do not know whether or not my right hon. friend understands what I am driving at.

Mr. BENNETT: Yes, I do.

Mr. MOTHERWELL: If I wanted to take any political advantage out of this matter I would allow the right hon. gentleman to go on and make this mistake.

An hon. MEMBER: Why don't you?

Mr. MOTHERWELL: Because it is a mistake which would hurt the poultry industry. Even though I say it myself I think I have been privileged to do something to develop the poultry industry of Canada, and I do not like to see it prejudiced at this critical stage.

Mr. FAFARD (Translation): Mr. Speaker, before passing this item, it might be well to ascertain the policy of the hon. Postmaster General (Mr. Sauvé) in connection with the new tariff on corn. Considering the present prices for eggs, bacon, and butter, I think it would be detrimental to farmers to exact from them higher prices for the cereals they make use of in producing butter, pork, and eggs. I should like to ascertain what are the hon. Postmaster General's views on this question because, in Quebec, barley is not grown in any quantity.

Mr. SAUVE (Translation): Mr. Speaker, I think the hon. member for l'Islet (Mr. Fafard) has had a sufficiently long parliamentary experience to know that the policy of the Postmaster General is the same as that of the Government.

Mr. FAFARD (Translation): Good or bad?

Mr. MORAND (Translation): It is always a good one.

Mr. SAUVE (Translation): You know what you did yourself in the past.

Mr. ILSLEY: Under what item would the drawback on corn imported for the manufacturing of cornmeal be found? Where can I find the provision which makes the duty 18 cents instead of 20 cents on corn coming in from the Argentine by direct route?

Mr. BENNETT: Those are two perfectly fair questions. The answer to the first will be found in the item itself as read last night by the chairman, item 54a.

Mr. ILSLEY: As amended.

Mr. BENNETT: Yes. There is no drawback. It provides that it is free when used for human consumption.

Mr. ILSLEY: Is not most corn meal used for human consumption?

Mr. BENNETT: The term is broad enough to cover that at any rate. The corn meal mills in the part of the country from which my hon. friend comes number four or five. It is one of the few parts of Canada in which corn meal mills still continue. There will be no refund or drawback. It is free.

The second question is answered in this way: The Argentine has a trade treaty with Canada. The rate is therefore under the intermediate tariff, 20 cents, but it is provided that when shipped direct to a Canadian port there is a reduction of 10 per cent, which makes the rate 18 cents. That becomes the rate under the most favoured nation clause and the provision of the section which was read last evening.

Mr. ILSLEY: The treaty is not published in the customs tariff as so many treaties are. That is one of the old treaties?

Mr. BENNETT: If the hon. gentleman will do me the kindness of recalling what I said when I brought down the budget, now some weeks ago, he will recall that I gave the Argentine treaty as an illustration of an old British treaty.

Mr. BOUCHARD: I fail to see how this new tax on corn is going to help the farmers. Of course, we were told during the campaign that if the Conservatives were put into power the farmers would receive every consideration, but up to now I do not see how this government has helped the farmers in any way. Most of the poultry men, on the contrary, will suffer because of this increased tariff of 25 per cent on incubators for hatching eggs and on brooders for rearing young chickens, and complete parts of such equipment. I shall not be as prudent as the Postmaster General. I want to express myself very clearly on this question. I agree entirely with the ex-Minister of Agriculture when he says that this tax on corn cannot help the poultry men in eastern Canada at least. I am surprised that barley as a substitute for corn is at all palatable to the members sitting on the government side of the house. I think it is really more palatable to them than it is to the hens. I was also very much surprised at the efforts of professional men in the house to convince the hen that barley was good for her. Thy may succeed in convincing their electors that barley is a good substitute for corn, but as a poultry man myself I challenge any one of them to make a trial of this substitute. In confirmation of this, let me quote from a very valuable bulletin published by the Department of Agriculture, under the genial direction of the Hon. Robert Weir, B.A., Minister of Agriculture, and of Dr. Archibald, director of the Dominion Experimental Farms. I quote from Seasonable Hints from the Dominion experimental farms, in its issue for the summer of 1931. It says:

> Owing to its extremely low price barley is making up a greater part of the ration than ever before. At the present time it is more satisfactory ground and incorporated in the mash mixture rather than in the scratch grain owing to the fact that it is not very palatable to poultry.

Note that: It is not very palatable to poultry. I hope some hon. gentlemen will read this statement, which is published by the Department of Agriculture, before making all sorts of statements in this house. It goes on:

> That this lack of palatability is due to the hull—

It is not often that a lack of palatability is due to Hull:

> —has been demonstrated at this division, where some machine-hulled barley has been used in an experimentental way with excellent results.

But note what follows:

> Providing that the cost of hulling can be lowered sufficiently, hulled barley becomes the logical form in which to feed that grain in the scratch grain mixture.

But it has not been demonstrated that the cost of hulling barley can be lowered.

We have other instances of the sort of action this government is taking. They raised the tariff all around before establishing a tariff board. They raised the tariff on glass, for instance, before they knew what was coming. Now they have raised the tariff on corn, to encourage the use of barley as a substitute for corn, and as I have just shown by the quotation from the bulletin issued by the Department of Agriculture, barley as a substitute for corn for feeding hens is still in the experimental stage. I wonder if the very learned Minister of Agriculture has been consulted about this matter.

But the bulletin, after dealing with the lack of palatability of barley, goes on to say:

> Barley may be substituted for corn in both scratch grain and mash mixtures providing that its deficiency in vitamin A be made up through the addition of good quality alfalfa leaf meal, green cut clover or alfalfa and cod liver oil to the ration.

Alfalfa is not grown to a very great extent in the province of Quebec. Its cultivation is, in fact, barely beyond the experimental stage, but I think there is a big future for alfalfa in the province of Quebec. It is recommended in this bulletin that there be added to the ration alfalfa leaf meal, green cut clover, or alfalfa and cod liver oil. I do not know if there is a tariff on cod liver oil. If not, it must have been forgotten and will no doubt be remembered next time.

I really fail to see how the farmers have been helped by this government. I remember distinctly my opponent in the last election, a very genial orator—it is my privilege always to have good opponents—promising that if the Conservatives got into power the price of butter would rise. But what is the price of butter to-day? It is all right to have the home market, but we are in the export market, and we will remain in the export market for a long

while. What is the price of eggs? May I say that if the farmers as a last resort were able to sell a few dozen eggs at a good price they would be assured of at least a little cash. The government proposes to increase the price of corn by 25 cents a bushel. Unless the good Tories succeed in educating the hens I am very much afraid we will not be able to substitute barley for corn, because particularly in the winter time such a substitution would be impossible. On many occasions I have tried it, and as for nine years I have been president of the poultry association in the province from which I come I think I ought to know something about the matter. In different contests I have received many prizes for my hens, and have taken an interest in poultry raising. I fail to see in this instance what good the government is doing.

Later on when we reach the subject of wool I shall have something further to say because I believe that is the only commodity in connection with which a tariff will give an advantage to the farmers. Certainly it has not given any advantage so far as butter, eggs and grain are concerned. Now the poultry men are faced with this impediment, and I think I am voicing the views of the poultry men of the province of Quebec when I register my opposition to the proposed tariff on corn.

Mr. BURNS: To my mind it is rather amusing that some hon. members opposite should find fault with the action of the government when it tends to increase the price of farm products. For about three months we have listened to speeches from hon. members on both sides of the house and most of them have dealt with the depression with which this country is now faced. In the main I think the economic condition may be traced to the lack of purchasing power of Canadian farmers. Surely any steps taken by this government to increase that purchasing power should be in the interests not only of Canadian farmers but of Canadians as a whole.

I hope the ex-Minister of Agriculture (Mr. Motherwell) will not misjudge my remarks when I say that I have been unable to follow the force of his argument. He has said that he is opposed to the proposed tariff because it will increase the price of farm products, and that among other things it will increase the price of corn. Hon. members have said that large quantities of corn are grown in Canada, and that when a demand is made more will be grown. If we wish to place the farmers in a purchasing position we must give them something more than the bare cost of production. One of the first acts of this government was to introduce legislation to increase the price of farm products, but strange to say that action has met with severe criticism by hon. members opposite. The ex-Minister of Agriculture has said that the price of corn will be increased, and that therefore the price of that commodity grown by Canadian producers will also increase. He has admitted further that to some extent, at least, the price of barley will increase.

Mr. MOTHERWELL: No.

Mr. BURNS: I thought my hon. friend said that.

Mr. MOTHERWELL: No.

Mr. BURNS: I think it is evident that the price of barley will be increased. Let us suppose however that the price of that commodity does not go up and look at the matter from a different viewpoint. At present there are 100,000,000 bushels of barley in storage waiting for a market. If a feed market can be secured whereby the poultry producers and stock feeders of Canada will feed barley instead of corn surely the producers will be in a position to dispose of great quantities in storage. In western Canada money will be placed in circulation and the farmers will be in a position to make purchases, resulting in great benefit to Canada as a whole. To my mind that is a logical argument.

I would ask hon. members to place themselves in the position of the farmers in western Canada who have millions of bushels of barley in storage which they cannot sell. Their first thought is to find a market for their product and this government has taken a step which will secure a market for at least a portion of that great amount in storage. For that action I think the government is to be commended.

Something has been said concerning the palatability of barley. I do not wish to take up the time of the house in dealing further with that matter, but I wish to ask hon. members on both sides of the house who enjoy their fall shooting where they find the wild ducks? If hon. members wish to go out for a stubble shoot where do they go? Do they go to the wheat stubble; do they go to the oat stubble?—no, they go to the barley stubble. That is where they find the game, and as the hon. member for Comox-Alberni (Mr. Neill) has said, "You cannot fool a hen." Likewise, you cannot fool a duck. There they are to be found in their wild state, and they pick out barley every time upon which to feed.

Mr. STITT (Nelson): Before this item is carried may I say that I was one who wrote several letters last fall asking for a duty on corn. I come from the north country where we do not grow either corn or barley, although the Swan river valley in my constituency constitutes one of the best agricultural areas in western Canada. I wrote letters only after I had received communications from farmers in the Swan river valley asking that some steps should be taken.

During this session I have heard a great deal about the wheat pool, and as the hon. member for Lisgar (Mr. Brown) is a member of the pool and a great exponent of it I shall read for his benefit and that of the committee a letter I received from the secretary of that body:

Manitoba Wheat Pool
Wheat Pool Building
Winnipeg, Canada
January twenty-sixth, 1931.

Mr. B. M. Stitt, M.P.,
House of Commons,
Ottawa, Ont.

Dear Sir:

I was instructed by the board of directors of Manitoba wheat pool to send you the following resolution, which was passed at a meeting of the members of the Swan River wheat pool local held on January 6th:—

"Resolved:

That we petition the government to place an embargo on feed corn for one year."

Our board respectfully urges your serious consideration of placing restrictions on imports of corn into Canada.

Yours very truly,
(Signed) F. W. Ransom,
Secretary.

I have before me another letter from Kenville, Manitoba, which is also in the southern part of my constituency. At a meeting of the United Farmers of Manitoba held in that place the following resolution was passed:

Moved by W. C. Hunt, seconded by F. Wood that with a view to creating a better market in eastern Canada for our barley we ask the federal government to place an embargo on feed corn.

Those are the letters which were responsible for my asking the government to place a duty on corn. I do not wish to discuss the relative merits of corn and barley, because as I am not an agriculturist I leave those matters to the decision of the lawyers. I have felt it my duty to place these letters on the records of the house.

Mr. STEWART (Edmonton): It seems to me we are spending a considerable amount of time upon this item and I just wish to reassure my hon. friends opposite in connection with a matter brought up by the hon. member for Marquette (Mr. Mullins) that in every case where duties are imposed there is to be no increase in price. Of course the government is pledged to that.

Mr. BENNETT: Not on agricultural products.

Mr. STEWART (Edmonton): Is agriculture exempt? The government will not intervene by order in council if the price of agricultural products increases?

Mr. BENNETT: We are not interfering with them.

Mr. STEWART (Edmonton): God help us; the farmer gets it again. Well, it certainly worked that way with butter, and I see my right hon. friend is now taking in cheese. But if the farmer gets an increase in price then the poor consumer is not to be protected as he would be if textiles or boots and shoes for example, were increased in price. This is rather an astonishing doctrine, and it works invariably against the farmer.

Mr. BENNETT: No, for him.

Mr. STEWART (Edmonton): If prices go up the consumer is not to be protected against the farmer, but if the price of agricultural implements goes up the farmer will be protected! This policy shoots two ways. An hon. friend of mine suggests it is a gatling gun policy, but the gun turns both ways. Am I to understand that no action will be taken by the government if the price of corn goes up?

Mr. MORAND: Would you object to the price going up now?

Mr. STEWART (Edmonton): I am not talking of that, I am talking of the principle and how the government would apply it.

Item agreed to.

Customs tariff—63. Rice, cleaned, per one hundred pounds: British preferential tariff, 50 cents; intermediate tariff, 90 cents; general tariff, $1.

When in packages weighing two pounds, each, or less, the weight of such packages to be included in the weight for duty.

Mr. BENNETT: The change is in the intermediate and general. The present rates are 50, 65 and 75 cents; they will become 50 cents, 90 cents and $1. This is cleaned rice, not uncleaned. We import a large quantity on the Pacific coast and an extensive industry is carried on in cleaned rice. We have an undertaking from the largest producers in this country that the price will not be increased.

Mr. STEWART (Edmonton): What proportion comes in under the British preference?

Mr. BENNETT: In 1930, 168,200 hundredweight, valued at $565,000. Seventy-one thousand hundredweight came from Hong Kong and 56,000 hundredweight from the United States.

Mr. YOUNG: I want to draw the attention of the committee to the way in which the customs regulations work out, but not for the purpose of blaming the government, because it happened before this government came into power. Rice grown in British Burma used to be shipped to Holland and there the hulls were removed; then it was shipped to Canada. The importers claimed it should be admitted to Canada under the intermediate rate because we had a treaty with Holland, but the customs officials said, "No, there is not sufficient Dutch labour in it to qualify under the intermediate tariff." "Very well," said the importers, "if this is not Holland rice it must be British rice"—it came from British Burma —"and therefore it should enter under the British preference." "No," said the customs officials, "once this rice left British Burma and entered Holland it lost its nationality and now it cannot come in as British rice, nor can it come in as Dutch rice; it is rice without a country." As I said, I am not attaching any blame to the government in this case, but I just wanted to draw attention to the fact that our customs regulations are such that sometimes we get the most ridiculous rulings. Here is rice that ordinarily might come in under the intermediate tariff, but being denied that rate is not allowed to be admitted as British rice under the British preferential rate.

Mr. BENNETT: I happen to know the case to which the hon. gentleman refers and I did make inquiries with respect to it. The answer which I received at that time seemed to me to be a fairly good answer: It is not British rice because it did not come direct from a British possession to Canada, therefore it is not British for customs purposes. There was not sufficient labour of the country from whence it came to entitle it to the intermediate. It is not a question of nationality, it is a question of its being entitled to the benefit of certain tariff provisions. I have not yet been able to see that the answer given to me is not a fairly good one. The statutory requirement with respect to British rice is that it must come direct to qualify as such.

Mr. BROWN: How would that explanation fit in with the provision we have in the West Indian treaty, that where goods come direct to Canadian ports we give them a ten per cent reduction? Surely if that is a sound principle, then—

Mr. BENNETT: I am afraid the hon. member for Lisgar (Mr. Brown) did not follow me. Had the rice come direct from British Burma to a Canadian port and the rate had been in excess of fifty cents, there would have been a reduction of ten per cent. That is so also with respect to West Indian commodities provided for by the treaty and the Customs Act. But the difficulty was that in the case mentioned by the hon. member for Weyburn (Mr. Young) the rice did not qualify with respect to either under the statutory conditions and therefore was subject to the higher impost. I felt, and I think I did indicate to the minister at that time, that the ruling should be changed, but it was indicated to me,—and I am bound to say it seemed to me to be fairly so—that if you make an exception in favour of direct importation into Canada from the country of origin, you never know where you will end, and that it is better to stick to the principle rather than depart from it. That is what the government of that day did. I am bound to say I thought the reason given me at the time was sound and I did not raise the matter in the house, for reasons that the hon. member can understand—that if I suggested an exception to the rule, and he suggested an exception to the rule, and some one else suggested an exception to the rule, then the rule with respect to direct shipment vanishes and the benefit disappears.

Mr. YOUNG: I think it is just a question of the wisdom of the rule.

Mr. STEWART (Edmonton): This is a substantial increase of twenty-five cents on the general and the intermediate. I suppose the usual pledge is given that the price will not be increased, but our experience in this particular commodity is that cleaned rice has brought the same price plus the duty paid.

Mr. BENNETT: In the United States they charge two and a half cents a pound. In this country that has not been the case. Last year our production amounted to $1,400,000.

Mr. STEWART (Edmonton): I do not understand why we need such extravagant increases in order to establish the industry. I am perfectly willing to take the right hon. gentleman's assurance that the price will not be increased. But he will find the price will be increased to pretty nearly the extent of

the duty. If that were not so, then what in the name of common sense is the use of increasing these duties so much? The question answers itself.

Mr. BENNETT: I will answer it again.

Mr. STEWART (Edmonton): I have a pretty good idea of what my right hon. friend's answer will be, although I should not anticipate it. But if it is necessary to put on an extravagant duty, and then have the trade give an undertaking that they will not make use of that duty, what is the use of imposing it? I know only one industry in Canada that observed its undertaking and that was the rubber industry.

Mr. BENNETT: I will not trespass too long on the time of the committee. I shall content myself with saying that the effort is to secure to the Canadian producers the cleaned rice market in Canada. Last year it amounted to $1,400,000. We brought in a substantial quantity from Hong Kong and a quantity from the United States. We can sell none to the United States, there being a duty against us of 2½ cents per pound, and as the export trade is thereby prohibited we have endeavoured to ensure that Canadian production shall be available for the Canadian consumer.

Mr. NEILL: Where are these rice cleaning plants located?

Mr. BENNETT: There is one in Vancouver and one in Montreal of which I know; those two come to my mind at the moment.

Mr. REID: But is it not a fact, Mr. Chairman, that this industry is not entirely in the hands of Canadians in Vancouver, and that this does not really help Canadians? My information is that the majority of workers are Chinese or Japanese who are not citizens of this country.

Mr. BENNETT: My hon. friend has raised a question which is far removed from tariff discussion. I could not answer the question, but at least this is a Canadian industry. The question of employment is a matter with which the provincial authorities have power to deal. I can only indicate that this would not be so with respect to the Montreal plant, so far as I know, and it does follow that in a good many industries to which the hon. gentleman might refer there are employed men and women who have come from other parts of the world. In some cases they are naturalized and in others they are not, but in the main they are naturalized Canadians and I do not think the fact that their employers avail themselves of the services of some employees who may not be Canadians should militate against the soundness of the principle that if possible this industry should be allowed to supply the requirements of the Canadian people, provided the tariff is not used for the purpose of exploitation.

Mr. BOTHWELL: I wanted to direct the attention of the Prime Minister to the Canada Year Book, in dealing with this question of rice. I notice that there are six rice mills in Canada, having twenty-seven salaried employees who were paid $74,000 and fifty-one wage earners, who were paid $52,000. According to the government reports, for the year ending March 31, 1930, we imported 175,884 hundredweight of cleaned rice and 402,923 hundredweight of uncleaned rice; the cost of the cleaned rice was about $3.92 a hundredweight, while the cost of the uncleaned rice was $2.99 per hundredweight, leaving a difference of almost $1 per hundredweight which would be available for cleaning purposes. Having that in mind I wonder whether there can be any necessity for increasing the duty on rice to $1 a hundredweight which, if these figures are correct, would give the rice mills $2 per hundredweight for cleaning a commodity which is worth about 3 cents a pound.

Mr. BENNETT: It is worth nearly 4 cents a pound on invoices of importations, and the raw rice is worth nearly 3 cents per pound at invoice prices. To that must be added transportation costs, including insurance, freight and brokerage charges. The result has been what I have indicated, that at present rates the industry has been threatened by importations from other parts of the world. If there is no increase in price—and if there is an increase the benefits that may accrue from this duty will be removed—it is believed that the maintenance of that source of supply in Canada for Canadians is beneficial to this country.

Mr. BOTHWELL: Has there been any increase in the importation of cleaned rice?

Mr. BENNETT: Last year we imported 168,200 hundredweight, as I indicated a moment ago, and there was a slight increase. But I indicated yesterday, with respect to these matters, that where the consumer could be protected in this time of emergency in regard to prices we were going, as far as might be within our power, to maintain that Canadian industry for the supply of Canadian requirements. The question of salaries and wages is one that might be discussed at very

great length, but this is a milling industry. There were 27 men or women who were paid $74,000 in that year, which it will be observed is an average of something like $2,700, and the work people apparently were paid over $1,000 on an average. That is a far closer approximation of similarity than you will find prevailing in many industrial plants in this and other countries. I do not think an argument can be founded upon that condition, except that presumably those who drew salaries were also risking their capital and those who obtained employment were, if this business were interfered with, running the risk of losing their positions. For that reason, among others, this legislation is offered to the house, and that is the theory running through most of these items to which attention will be directed.

Mr. YOUNG: What are the wage costs in cleaning a pound of rice?

Mr. BENNETT: I could not answer that question.

Mr. McMILLAN (Huron): What were the importations of uncleaned rice?

Mr. BENNETT: We imported from the United States 200,528 hundredweight; from British India, 106,083 hundredweight; from Japan, 50,413 hundredweight; from Hong Kong, 48,050 hundredweight and from other countries 44,383 hundredweight, making a total of 449,457 hundredweight valued approximately at $1,100,000.

Mr. NEILL: I fear that this will prove a very heavy tax on the housewife, because rice is a very common food.

Mr. BENNETT: There will be no increase in price.

Mr. NEILL: I am coming to that; it will be a heavy tax unless the minister takes advantage of his power to prevent any increase in price. But I would ask whether this does not come under subsection 2 of section 17, which provides that "neither subsection of that section shall apply to agricultural products." Is not rice an agricultural product in the strict interpretation of the word?

Mr. BENNETT: Not from our standpoint; it is not produced in Canada as such, and when it comes into this country it becomes a raw material to be manufactured here.

Mr. NEILL: I hope that will be duly incorporated in the law, because rice as a matter of fact certainly is an agricultural product.

Mr. BENNETT: That is not necessary.

[Mr. Bennett.]

Mr. SANDERSON: Might I point out to the Prime Minister that rice is a food not produced in Canada. We are increasing the duty on a food largely used by wage earners and people in moderate circumstances. Was not the duty in force prior to this increase sufficient protection for these cleaning plants? It appears to me it is a small industry simply for the cleaning of rice. You are not protecting something produced in Canada.

Mr. BENNETT: No. There are nearly seventeen million pounds of cleaned rice imported into Canada. The facilities in Canada are ample for the cleaning of all Canadian requirements, there will be no increase in the price of the commodity, the enhanced protection being for the purpose of enabling those facilities to provide the seventeen million pounds, or all that they can of the seventeen million now imported from abroad. I cannot say more. That is the case for the increase.

Mr. BROWN: What will be the effect on the revenue?

Mr. BENNETT: I am bound once more to say that I still believe Henry George is right. Revenue is not a question to be considered with respect to the maintenance of a Canadian industry.

Mr. SANDERSON: The Prime Minister says there will be no increase in the price of rice. He bases that, I suppose, on the promises he has obtained from those who clean rice. Are those promises written or verbal? This is an article of food used by the common people of the country, and an increase in price under present conditions would be a serious matter. Will the Prime Minister put himself on record before the committee, that if there is an increase in the price of rice he will restore the old rate or allow the commodity to come in free, in order to protect those who are compelled to buy rice as a food?

Mr. BENNETT: The solicitude of the hon. member is pathetic. Rice is an article of food used by almost everyone; its use is not limited.

Mr. SANDERSON: It is a cheap article of food.

Mr. BENNETT: It is a cheap article which almost everyone uses; and so long as there is no increase in the cost of raw material, which of course is taken for granted as part of the undertaking, there will be no increase in the price of the finished commodity. The undertaking is given in writing. If it is violated action will be taken at once under section 17.

Mr. YOUNG: Will there be any increase in the price of imported cleaned rice?

Mr. BENNETT: If people prefer to send abroad for that which they may get at home, we presume that they wish to pay more for it.

Mr. YOUNG: Then you intend to have all rice cleaned in Canada?

Mr. BENNETT: As fas as possible, I said.

Mr. McMILLAN (Huron): Who made application for this increase?

Mr. BENNETT: I believe it is the custom in the committee, when there is no monopoly, to say that the manufacturers, in this case the cleaners of rice, made application.

Mr. NEILL: The housewives of Vancouver will have to pay a good deal more to give employment to a few more Chinamen.

Mr. BENNETT: If I were not aware that the hon. gentleman knows better than that, I would not rise to contradict him. They will pay no more. But if they do, the provisions of section 17 will become operative. Those provisions will be used in the event of the raw material not increasing in price.

Mr. VENIOT: Has the Prime Minister any guarantee that those asking for the increased protection will be in a position to clean all the rice necessary to meet the Canadian demand?

Mr. BENNETT: We have satisfied ourselves that they have the facilities to meet the requirements of the Canadian people, as indicated by the production and imports of the past year.

Mr. VENIOT: In the event of their not being able to meet the requirements we shall have to import cleaned rice to supply the demand. On the quantity above what the cleaners will be able to furnish will not the price be increased as a result of this duty? How will you avoid it?

Mr. BENNETT: I have said that the facilities are ample for any likely increase in demand. When the time comes that they are not equal to the demand we will deal with the case, and not until then.

Mr. VENIOT: By reducing the duty on imports?

Mr. HOWDEN: How will you check up on rice if it is found that they are increasing the cost to the housewives? How will information be laid before the board? What will be the procedure?

Mr. BENNETT: I should assume, from what I know of the hon. gentleman and those beside him, that with the postal facilities of the country at his disposal he would at once acquaint the government of the fact.

Mr. McMILLAN (Huron): The humour of the situation is supreme.

Mr. HOWDEN: I was not joking.

Mr. BENNETT: Nor was I. I should expect the hon. gentleman to seize at once the nearest telegraph blank or write a letter advising us of the fact. If he does so we shall at once investigate the matter, and if the fact is established we will do what is always done in such cases: we will give an opportunity to those accused to be heard. If they do not satisfy us we will take action under section 17.

Mr. NEILL: We must go to the tariff board?

Mr. BENNETT: I should think it would be unnecessary, because it is one of those cases in which the exercise of a little intelligence on the part of whoever happens to be Minister of Finance will be sufficient to satisfy him.

Mr. LAPOINTE: Unfortunately, there might be a new minister.

Mr. BENNETT: It might be a new man. My hon. friend would not give me credit for possessing that intelligence.

Mr. LAPOINTE: I was thinking that we might be safer with the right hon. gentleman.

Mr. HOWDEN: It would require more than a little intelligence for the average housewife to make her troubles known to the Department of Finance if she found that the cost of rice had considerably increased. I was asking a very simple, honest question, and I am still somewhat at a loss to know just what my wife, for example, would do if she found that the cost had increased. What steps would she take? Should I telegraph immediately to the Prime Minister and Minister of Finance and inform him that the cost of rice had increased materially since this duty had been put into force? What steps are the common people of Canada expected to take in such an event?

Mr. BENNETT: My experience has taught me that there are no common people—

Mr. HOWDEN: We are all common people.

Mr. BENNETT: That is another matter. I presume that the hon. gentleman's good wife would at once tell her husband of the dis-

covery she had made; and in all seriousness I said I thought the hon. gentleman would communicate at once with the Minister of Finance, whoever he might be, advising him of the situation. There might be a change of government; but despite the fact that the hon. gentleman would then be considerably older, he would no doubt communicate with the department and action would be taken accordingly. But the traders and those interested would make the matter known to the government. There is never any trouble about the government receiving all the information that may be necessary so long as the hon. member for Weyburn (Mr. Young) and others of his kind are living. And they serve in that regard a useful purpose, making known to the government any departure from what they believe should be the established rule. In any event the traders, those concerned in the business, are usually the first people to hasten to inform the government of any condition which they believe is at variance with the situation as they see it.

Mr. SANDERSON: Might not the traders put up the price themselves?

Mr. BENNETT: The hon. gentleman's mind runs in "mights". I am dealing with something else.

Mr. McMILLAN (Huron): The Prime Minister has told us, with respect to this item, that the question of revenue is of secondary consideration, if of any consideration at all. Are we to understand that this opinion applies to all the other items?

Mr. BENNETT: Don't put it too strongly, my dear friend. There is no necessity of putting it any stronger than it was put. I am sure my hon. friend with his usual benevolent moderation and his lack of extreme views will realize that all I was endeavouring to indicate to the committee was that that had not been the primary consideration in dealing with the matter. Of course, revenue is important, otherwise how could we defray the expenses of this committee and provide for a record of the hon. gentleman's speeches?

Mr. McMILLAN (Huron): I think if the right hon. gentleman looks at his statement which will appear in Hansard to-morrow he will find that he told the committee that revenue was not the consideration.

Mr. SANDERSON: I did not catch the sarcastic remark of the Prime Minister—

[Mr. Bennett.]

Mr. BENNETT: It was not sarcastic; I said the hon. gentleman was talking of mights while I was dealing with facts.

Mr. SANDERSON: The Prime Minister said that the traders might get in communication with the government and tell them that the price had been raised or advanced, and my remark was to the effect that the traders themselves might advance the price. The right hon. gentleman will remember what took place in the glass industry a few months ago; it was not the manufacturers of glass who raised the price, it was the retail and wholesale men. The same thing might very well happen in connection with rice.

Mr. BENNETT: The hon. gentleman is quite right, but the government is not neglected. The Minister of Finance happened to be in England at that time but it was not long before he knew of what had happened, and action was taken immediately.

Mr. YOUNG: We told the right hon. gentleman before he left that it would happen.

Mr. BENNETT: Perhaps that confiding spirit which is so prevalent on this side of the chamber induced us to believe that the factory would be in operation sooner than it was, with the result that action was taken under the provisions of the law without delay.

Mr. BROWN: I am interested in the admission of the Prime Minister that perhaps the hon. member for Weyburn may serve a useful purpose. May I mention David Harum who said that a reasonable number of fleas was good for any dog.

Mr. MANION: That is a little hard on the hon. member for Weyburn.

Mr. BENNETT: The hon. member for Lisgar (Mr. Brown) will notice that I did not make any such observation with respect to him. This merely points a moral and adorns a tale.

Mr. NEILL: I am afraid there will be great difficulty in searching out any overcharges which might be made. There is something approaching a combine in this matter and if a wholesaler or retailer gives the information which the minister suggests, he might speedily find that his supply of rice is cut off. He may give information once but he will not do it the second time. I am afraid it will be put up to these men that if they give information against what is practically a monopoly—it is practically a monopoly in the hands of two or three companies—their supply of rice will be cut off. How will the minister get around that situation?

Mr. MacLEAN: What was the total import of this commodity?

Mr. NEILL: I believe the hon. minister is considering his answer.

Mr. BENNETT: I have nothing to add to what I have said already. I have twice given the figures about which the hon. member inquires, but I can give them again. The total imports of uncleaned rice amounted to about 449,457 hundredweight, and of cleaned rice, approximately 17,000,000 pounds.

Mr. MacLEAN: I understand there is paid out in this industry an annual total of $126,000, and if it is going to cost the people of this country one dollar per—

Mr. BENNETT: Not a cent.

Mr. MacLEAN: The previous duty was 75 cents, to which 25 cents is being added. Any rice brought in will have to pay one dollar per hundred pounds, and the amount of the duty will be added to rice cleaned in Canada.

Mr. BENNETT: That is exactly what will not happen.

Mr. MacLEAN: This rice will have to be sold in competition with rice brought in, and it will not be sold below the price of the imported article upon which duty is paid. An added cost of one dollar per hundred pounds is being made for the sake of paying $126,000 to a few employees. This is much more than it is worth; it would be much better to pension these people and let the people of the country have their rice free of duty.

Mr. BENNETT: The observations of the hon. gentleman should have been directed to the government he has supported for the past nine years.

Mr. MacLEAN: They have been.

Mr. BENNETT: He has been so silent in this house on this subject that it must have disappointed him to have been vocal last year, but of which we have no knowledge. If the addition to the price is made, then the action I have indicated will be taken. There will be no increase in price; there will be no added burden on the consumer barring an increase in the price of the raw material.

Mr. ILSLEY: If there should be a decrease in the price of the raw material will the government insist upon the price of the finished product being decreased, and if it is not decreased will they remove this additional protection?

Mr. BENNETT: Section 17 reads as follows:

> In the event of producers of goods taking advantage of any duty imposed under this act to increase the price of such goods to the consumer, or using any such duty to maintain prices at levels deemed by the governor in council to be higher than should prevail, having regard to general economic conditions in the country, the governor in council may reduce or remove such duty.

That is the answer. The power is there and the only question is as to its exercise. I am speaking only for one government, but that government will exercise that power.

Item agreed to.

Customs tariff—67. Macaroni and vermicelli, containing no egg or other added ingredients, per 100 pounds: British preferential tariff, free; intermediate tariff, $1.25; general tariff, $1.50.

When in packages weighing two pounds, each, or less, the weight of such packages to be included in the weight for duty.

Mr. BENNETT: The change is from free, free and $1.25 to, free, $1.25 and $1.50. The imports in 1931 were about 2,700,000 pounds valued at about $198,000, coming chiefly from the United States. There is no reason why this country should not supply itself with these commodities. The exports in the same year were about 750,000 pounds valued at $54,000, principally to New Zealand. The production is rather large, in the last year for which we have complete figures it amounted to over 18,000,000 pounds valued at over $1,500,000.

Mr. STEWART (Edmonton): There will be no increase in price?

Mr. BENNETT: That is guaranteed.

Item agreed to.

Customs tariff—69. Straw, per ton: British preferential tariff, free; intermediate tariff, $1.75; general tariff, $2.

Mr. VENIOT: How much straw was imported from England last year?

Mr. BENNETT: There is no change in the straw item, but there is a change of rate in the general tariff with respect to hay. I need hardly say that hay is produced in large quantities in Canada, and it has been found that our market has been very considerably invaded and taken from our hay dealers. It is proposed to increase the general rate to five dollars.

Mr. LUCAS: What were the imports of hay and straw last year?

Mr. BENNETT: The imports were not large; last year they amounted to $66,000.

Our exports were much larger than that, but the imports come in at an inopportune time and place, and have the effect which I dare say hon. gentlemen who are in business would expect such importations to have. They break our own Canadian market, with the result that frequently a condition arises that is injurious to the hay producer; and particularly is that so, I may say for the information of the committee, in British Columbia and in the southern part of Alberta.

Mr. NEILL: It comes in there?

Mr. BENNETT: Yes, from other countries.

Mr. VENIOT: I notice that hay and straw are free under the British preference. I distinctly remember that when the Dunning budget was brought down, the present Minister of Finance attempted to ridicule the idea of making hay and straw free under the British preferential tariff. I wonder why he made it free. Was it just to follow the example set by the Liberals?

Mr. BENNETT: No. He did not change it; he left it just as it was.

Mr. VENIOT: My right hon. friend condemned us for having it there. He said that it was only to blindfold the people, and he laughed at the idea.

Mr. BENNETT: I laughed at the idea of straw being made free under the British preference, and I do yet. But you have to put something there, and inasmuch as the item carried the word "free" before, the word "free" remains.

Mr. VENIOT: I do not see the right hon. gentleman smiling now.

Mr. BENNETT: He certainly is endeavouring to reflect the cast of countenance of the hon. gentleman.

Mr. VENIOT: He took up time last year condemning us for doing what he is doing now.

Mr. BROWN: In regard to the duty on hay, the finance minister admits that the imports of hay are insignificant compared with the exports. The imposition of this $5 duty simply means that that amount will be added to the price which the consumer of hay pays, and many importers of hay are actual farmers. I have no doubt that hay is sold in certain sections of Alberta and British Columbia to mining men and to lumber men, but it is also true that it is sold to farmers, and since the average price paid for imported hay is $15.54, it simply means that this $5 duty will be added to the price which these consumers of hay have to pay. It simply means that other industries will have to pay the duty. It is another illustration of how continually rising prices are going to raise production costs all around.

Mr. SPENCE: Cannot the farmers grow their own hay?

Mr. BROWN: The house should remember that this is an item that does not in any degree, or at least only to a very slight degree, affect the farmers of Quebec and Ontario.

Mr. BENNETT: Yes, northern Ontario.

Mr. BROWN: It may affect northern Ontario to a very limited extent. In Ontario the only importation of hay is by way of the Soo, I presume.

Mr. BENNETT: Yes, the Soo.

Mr. BROWN: I tried to find out at just what point it entered Canada, and I was not able to get the information. While hay may be bought in northern Ontario by other than farmers, frequently it is bought by the farmers themselves. In the main, this added duty on hay will benefit only a comparatively small number of farmers in the southern part of Alberta and possibly in British Columbia. It will simply have the effect of raising the price of hay by $5 a ton. To show you the difference between imports and exports, and how little this means to the farmers of Canada as a whole, I will give the figures for just one year. In 1926 we exported 368,787 tons of hay, valued at $3,711,840, and we imported in the same year 8,510 tons, valued at $142,249. I have the figures for five years, but it is not necessary to give them, because the figures for 1926 illustrate the situation as it is. Probably it will be heralded all over the Dominion that the government is taking great care of the farmers by putting this duty on hay, but to the vast majority of the farmers of Canada it means nothing at all.

Mr. MALONEY: I should like to ask my hon. friend what is the present price of hay in Lisgar?

Mr. BROWN: I am afraid that if the present crop conditions continue hay may go to $40 or $50 a ton in Lisgar.

Mr. MALONEY: What is the price to-day?

Mr. BROWN: The hon. member does not understand conditions to-day. Hay is not a marketable commodity in Lisgar. It is neither bought nor sold under general conditions. This duty means absolutely nothing to the farmers of Lisgar.

Mr. NEILL: This is another case, Mr Chairman, where the poultryman in British Columbia is going to be made the victim. Not content with thrusting the sword into his vitals by putting a duty on corn, the weapon is now to be turned in the wound by increasing the price of another product that he buys largely, and must buy, and that is alfalfa hay. He cannot raise it on his scanty five acres, because it is not adapted to the growing of alfalfa. Only comparatively small areas of British Columbia are adapted to the growing of alfalfa. But the poultryman must have alfalfa hay, and of a particular grade. If I remember correctly, it is the second or third cutting that he requires, the first cutting being too rank and coarse, and not having the proper foliage. He obtains from the western states the alfalfa that he needs for feed. This duty may possibly, as the hon. member for Lisgar says, benefit a few hay producers in the southern part, presumably, of the interior of British Columbia. I would like, however, to point out to the house this fact, which is perhaps not generally known; it is very bad economics to encourage the farmer to sell hay, because when he does that he is selling his farm piecemeal. It has been calculated by government experts that when you sell a ton of timothy hay—and the loss would be greater in the case of alfalfa—whatever price you get for it you have depreciated the value of your land by ten or eleven dollars, because you have taken practically all the fertilizer value away and left nothing there in return. You have depreciated your farm. The expression is common among farmers that such and such a man will not get ahead because he is selling his farm piecemeal. There is nothing to replace the fertility that has been taken out of the soil if the farmer sells his hay. It is calculated —this is not my opinion; if you go to the Minister of Agriculture he will tell you the same thing—that the loss to a farm in fertilizer content by selling a ton of butter is somewhere in the neighbourhood of only 50 cents, and it takes a good many tons of hay to produce a ton of butter. That illustrates how short-sighted is the farmer who persistently sells off his hay. His farm cannot long endure it. It is bad farm economics to pursue. It is a well known fact that the man who buys feed buys fertilizer, and oil cake meal or other such feeds and brings them onto his farm increases its value. As the saying goes: More fertilizer more grass, more grass more cattle, more cattle more fertilizer, in an ever enlarging circle of prosperity. Those are matters however which effect the hay producer; they are his troubles, not mine. The proposed duty will add $3 a ton to the cost of one of the items of the poultryman's expenditure and will accrue to the benefit of some producer who has devoted his energies to the selling of hay.

Mr. YOUNG: The increase in the duty on hay is to the extent of 250 per cent. In the year 1930 we imported 4,502 tons of hay valued at $61,175, or at a rate of about $15 a ton. All of that hay came from the United States or from Alaska. During the same period we exported 162,000 tons valued at $2,007,944. Of that tonnage 35,179 tons went to the United States, valued at $321,000, or an average price of a little less than $9 a ton. From these figures hon. members will see that while our imports were valued at $15 a ton, our exports were valued at only $9 a ton. Why the difference? The explanation is that hay is not a commodity which will stand shipment across a continent; it is too bulky, and the freight rate is too high. If a part of Canada is suffering from a hay famine it will look for its supply to the nearest point from which that supply can be obtained, and purchases are frequently made in the United States. It is much cheaper to bring that hay in from the United States than to bring it across the continent and pay higher freight rates. That accounts for the fact that our imports are valued at a much higher rate than our exports. The few thousand tons we import are brought into different parts of Canada where there is no supply or where there may be a hay famine. I have said that while we buy only 4,502 tons from the United States we sell to them 35,179 tons. Are we going to jeopardize our market for 35,000 tons, in round figures, in order to shut out the 4,500 tons which we must have and which our own growers in other parts of Canada because of freight rates are not in a position to supply? Will the minister not learn anything from what happened in New Zealand? Will he not learn anything about what happened to his potatoes? Will he not learn about what is likely to happen in the Argentine when he shuts out their corn? Does he not think the United States will retaliate and shut out our 35,000 tons of hay because we are attempting to exclude their 4,500 tons?

Mr. ROBINSON: What is the duty on Canadian hay going into the United States?

Mr. YOUNG: I do not know. I have not the rate before me.

Mr. BENNETT: It is exactly $5, as increased by the last tariff.

Mr. YOUNG: Is this in retaliation?

Mr. BENNETT: No, it is an effort to provide conditions whereby Canadians and Americans may trade on a basis of equality. As my hon. friend has said, we are buying in smaller quantites from them than they buy from us. By their last tariff their rate was increased to $5; our rate will now be the same.

Mr. YOUNG: Surely my right hon. friend is not already abandoning the position he took the other day when he was speaking to the tariff board bill. At that time he said the object was not to equalize duties but to equalize production costs. If after investigation the United States have said that hay can be grown cheaper in Canada than in their country, and that a $4 or $5 duty is required to equalize the costs, surely my right hon. friend will not say that the very reverse is true.

An hon. MEMBER: That would not be true.

Mr. YOUNG: Yes it would. If their costs are higher than ours, ours cannot be higher than theirs. We do not intend to fix our duties according to the manner in which the United States fix theirs.

Mr. BENNETT: Hear, hear. I would suppose that is the reason my hon. friend supported countervailing duties last session.

Mr. YOUNG: We are going to fix our duties to meet our own interests.

Mr. BENNETT: Hear, hear.

Mr. YOUNG: Sault Ste. Marie and British Columbia were mentioned as places where hay must be imported, and it is to their interest to get their hay at the lowest possible cost. We should have a lower, rather than a higher duty. What do we care what the United States charges? What they do should not affect our rate at all.

Mr. McMILLAN (Huron): This is just another instance where the government is going to put behind the farmer the whole weight and power of the Dominion of Canada.

Mr. BENNETT: Hear, hear.

Mr. McMILLAN (Huron): They are not going to buy hay until they wish to do so, but if the Canadian live stock feeder wishes to buy any of that commodity this government will compel him to pay $3 a ton more.

[Mr. Young.]

Mr. NEILL: Will this come under the provisions of section 17 of the customs tariff resolutions, so that if the price is raised action will be forthcoming by the government?

Mr. BENNETT: No.

Item agreed to.

Customs tariff—71. Hemp seed for agricultural purposes: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. STEWART (Edmonton): The last item represents another instance of my hon. friends opposite hunting around through the schedules to find some agricultural item which they think they may assist by imposing a duty.

Mr. BENNETT: The request was made in this instance by the province of Alberta.

Mr. STEWART (Edmonton): I should not be surprised because some people in the province of Alberta would ask for almost anything.

Mr. BENNETT: Except the former Minister of the Interior (Mr. Stewart).

Mr. STEWART (Edmonton): Well, they have put up with me for quite a while—in fact as long as they have put up with my right hon. friend. I venture the prediction that since both of us are about the same age and I expect to live as long as he does, we may be even in that respect.

Mr. BENNETT: I think so.

Mr. STEWART (Edmonton): We have managed to get along very well together, although we do not agree on different policies. I do say that there seems to be an attempt to place duties upon agricultural commodities so that we may secure that famous home market; but in actual practice it is amusing to see how the efforts of my right hon. friend work out. For two or three years we were bombarded by the people of Ontario to place a duty on beans. My right hon. friend has done that, and to-day they are cheaper than they have ever been.

Mr. BENNETT: My hon. friend put that duty on.

Mr. MANION: What about your theory that duties always raise prices?

Mr. STEWART (Edmonton): I am just pointing out that there are certain commodities in connection with which duties cannot raise the price.

An hon. MEMBER: What are they?

Mr. STEWART (Edmonton): Surely I do not have to run over the whole list of exports from Canada. My hon. friends seek to camouflage the matter by putting duties on articles we export. Why, the whole thing is so futile as to be unworthy of argument.

Mr. BENNETT: "Cut flowers and cast iron pipe."

Item agreed to.

Customs tariff—71a. Timothy seed, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 2 cents.

Mr. BENNETT: The changes in these items commencing at No. 71a and running down to No. 76c arise from representations made by the seed growers of Canada, who have given much study and time to the matter.

I may say that seed growing in this country has become a very substantial industry. Hon. members who have to do with agriculture undoubtedly are aware that the farther north seeds can be produced the better they are. Seed from Canada is gaining a very excellent reputation. The seed growers have given much attention to the production of their products, and the schedule now before the committee is one upon which they have agreed. In one or two instances the rate is lower, but in no instance is the rate higher than that suggested by these gentlemen.

Mr. STEWART (Edmonton): Is the rate not higher on timothy seed?

Mr. BENNETT: No, it is not higher than the rate suggested by the seed growers.

Mr. STEWART (Edmonton): Oh, I beg your pardon.

Mr. BENNETT: The classifications have been made according to what is believed to be the best practice, having regard to the fact that these items are not easy to administer.

Mr. STEWART (Edmonton): The information I have with respect to timothy seed is that we imported over 11,000,000 pounds from the United States. The change proposed by this item would mean an increase of duty on that importation of $220,000. No one but farmers purchase this seed.

Mr. NEILL: I should like to point out that while it is difficult to follow the percentage increase because the method of computation has been changed, it is a very heavy increase. Roughly speaking it would be half a cent a pound under the ad valorem rate before, now it is put up to two cents a pound. That is an enormous increase. The minister said that these changes from 71a onwards were recommended by the seedgrowers' association or some such body. That being so it is very natural that the changes are substantial. It is like allowing a man to write his own ticket. I think this is a case that it would have been highly advisable to have submitted to the tariff board.

Mr. McMILLAN (Huron): On the amount imported last year the duty was $101,459; under the present rate it would amount to over $220,000.

Mr. BENNETT: The truth is that the exports of timothy seed last year amounted approximately to $850,000, and the imports to $1,330,000. It has been abundantly established that timothy seed produced by Canadians is of excellent quality, and under proper conditions with respect to markets they can produce sufficient to meet our own requirements and a substantial export demand. The United States, from which timothy seed has been purchased, imposed a duty of twenty cents a pound, which is the rate here prevailing. If my memory serves me, it was suggested that a higher rate should be imposed. Timothy seed produced in Alberta is as good as, if not better than, timothy seed produced in any other part of the world. This increase is intended to be just what it indicates—an encouragement to the production of high class timothy seed to meet our own requirements and provide for the export demand.

Mr. NEILL: To what countries do we export?

Mr. BENNETT: Our exports are sent to two countries, Great Britain and the United States.

Mr. MALONEY: Are these spruce and pine seeds?

Mr. BENNETT: No, those come under item 71c, tree seeds for reforestation purposes only.

Mr. GARLAND (Bow River): What is the total export of timothy seed?

Mr. BENNETT: Our exports are divided roughly between two countries, Great Britain and the United States; the exports to other countries are small and I have not brought the figures with me.

Mr. GARLAND (Bow River): What is the quantity?

Mr. BENNETT: It amounts to 165,000 bushels; value $850,000.

Mr. SANDERSON: What was the importation of clover seed from the United States?

Mr. BENNETT: Timothy seed and clover were mixed under the former classification and it was not possible to separate them and ascertain what quantity was imported from the various countries. That is the reason this change is now being made.

Mr. YOUNG: Formerly the duty on this was ad valorem, now it is specific. Why was the change made, and what will it amount to on the ad valorem basis?

Mr. BENNETT: The duties are made specific all the way through, and it is believed that that is more in accordance with the best tariff practice. It is also in accordance with the views of the horticultural council—for which the hon. gentleman has such great affection—the seed growers and others interested in the development of that branch of agriculture. The practice is clear, specific and plain. It takes the unit which is well known to everyone and places the rate against that unit.

Mr. YOUNG: And enables one to charge a very much higher rate without its being noticed.

Mr. BENNETT: No; the ad valorem obviously would be higher. In these days of changing values the general tendency is to have recourse to specific rates with respect to commodities that are usually ascertainable by a standard or unit that is fixed by law—pound, ounce, yard.

Mr. VENIOT: What was the ad valorem?

Mr. BENNETT: Ten per cent.

Mr. YOUNG: What would two cents be, reduced to an ad valorem basis?

Mr. BENNETT: I have not the price beside me at the moment. It varies very greatly all the way across this country.

Mr. NEILL: It is easily figured. Suppose timothy seed is worth five cents a pound on import; ten per cent on that is half a cent a pound. The duty is now two cents a pound. There is the difference.

Mr. YOUNG: Forty per cent of the price, or a 300 per cent increase of tariff.

Mr. LAPOINTE: Carried on division.

Item 71a agreed to on division.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): Shall we deal with all the rest of the seed items together, 71b to 76c?

[Mr. Sanderson.]

Customs tariff—71b. Clover seed, including alfalfa seed, per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 3 cents.

Customs tariff—71c. Tree seeds for reforestation purposes only: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—71d. Seed potatoes, imported for use exclusively for propagation purposes, under regulations by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—72. Field and garden seeds not specified as free, valued at not less than five dollars per pound, in packages weighing not less than one ounce each: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Customs tariff—72a. Aromatic seeds which are not edible and are in a crude state, and not advanced in value or condition by grinding or refining or by any other process of manufacture, viz., anise, anise star, caraway, cardamom, coriander, cumin, fennel and fennugreek: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—72b. Seed peas and seed beans, from the United Kingdom: British preferential tariff, free.

Customs tariff—72c. Seed of the sugar beet, for agricultural purposes: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—72d. Millet and rape seed: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Customs tariff—72e. Bent-grass seed: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Customs tariff—73. Field seeds, n.o.p., when in packages weighing more than one pound each: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Customs tariff—74. Seeds, viz. beet (excepting sugar beet), mangel, parsley, parsnip and turnip, when in packages weighing more than one pound each, per pound: British preferential tariff, free; intermediate tariff, 5 cents; general tariff, 5 cents.

Customs tariff—75. Seeds, viz. cabbage, radish, cucumber, leek, lettuce, carrot, borecole or kale, when in packages weighing more than one pound each, per pound: British preferential tariff, free; intermediate tariff, 10 cents; general tariff, 10 cents.

Customs tariff—76. Seeds, viz. cauliflower, celery, onion, pepper and tomato, when in packages weighing more than one pound each, per pound: British preferential tariff, free; intermediate tariff, 25 cents; general tariff, 25 cents.

Customs tariff—76a. Root, garden and other seeds, n.o.p., when in packages weighing more than one pound each, per pound: British preferential tariff, free; intermediate tariff, 10 cents; general tariff, 10 cents.

Customs tariff—76b. Seeds, viz. field, root, garden and other seeds, when in packages weighing one pound each, or less: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Customs tariff—76c. Annatto seed and mushroom spawn: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. GERSHAW: What is the amount of alfalfa seed imported? In the irrigated districts of Alberta the production of alfalfa seed is becoming quite an industry.

Mr. BENNETT: I indicated with respect to clover and timothy, and should have added alfalfa seed, that heretofore there was no separation of these items. With respect to the item referred to by my hon. friend from South Renfrew (Mr. Maloney) seeds for reforestation are all free as is indicated. That is for the purpose of replenishing our forests and sometimes, if thought desirable, changing the type of seeds so used.

Mr. BROWN: This is a very high increase in the ad valorem rate on clover seed.

Mr. BENNETT: That is true. I will ask my hon. friend the Minister of Fisheries (Mr. Rhodes) to move an amendment to item 72.

Mr. RHODES: I beg to move:

That the words "n.o.p." be inserted after the words "per pound" in item 72, thus:

72. Field and garden seeds not specified as free, valued at not less than five dollars per pound, n.o.p., in packages weighing not less than one ounce each: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Amendment agreed to.

Item as amended agreed to.

Mr. BENNETT: Does the committee desire to ask any questions on any of these other seed items down to 75c?

Mr. STEWART (Edmonton): What is bent-grass seed used for?

Mr. BENNETT: It is used in the preparing of golf greens and lawns, I understand.

Mr. STEWART (Edmonton): There must be considerable importations?

Mr. BENNETT: Quite so, but there are no statistics available under the existing classification. It has developed into quite a business in this country, especially in Prince Edward Island, and I may say the representations from those interested in its production were for a higher rate than is proposed now. This is a rate comparable to that applying to other seeds of a similar character, and it was thought this change should be made.

Mr. ELLIOTT: Is this seed produced in any other province?

Mr. BENNETT: I believe so, in a small way, but there is no definite information on that point. I believe we import it largely from other countries.

In connection with item 76b there is a slight change. The rates now indicated, it will be observed, are 15 per cent, 22½ per cent and 25 per cent, but it is proposed to change to a specific duty. In looking into the matter, and having in mind the representations made by the horticultural council and the seed growers it is thought desirable to make the item read free, 10 cents and 10 cents per pound.

Mr. STEWART (Edmonton): Is this also the recommendation of the council with respect to seeds?

Mr. BENNETT: I said these rates represented the considered opinion of the seed growers, assisted by the horticultural council, except that the department, in going over the various figures suggested, have made some reductions. In no case has there been an increase over the suggested rates.

Mr. STEWART (Edmonton): My hon. friend stated a few moments ago that practically all these rates had been changed from ad valorem to specific duty, but that is not so. More than half are still ad valorem, and it is utterly impossible, without the information before us, to know what increases or decreases are being made.

Mr. BENNETT: I think I said there were a few exceptions.

Mr. STEWART (Edmonton): More than one-half are left under ad valorem duties. My hon. friend says he is changing this particular item to a specific duty, and it is almost impossible to know what the change means.

Mr. BENNETT: I was referring to item 76b, which covers a very large number of seeds, as the hon. member will see. The difficulty was with the very small packages of seeds weighing a pound or less, and it was believed that the proposed rates might cause a very great deal of difficulty. So the rate suggested is free, 10 cents and 10 cents per pound, which I think will operate in some instances as a reduction rather than an increase.

Mr. STEWART (Edmonton): My right hon. friend may be right, but I do not think there will be any reductions.

Mr. BENNETT: We might let this item stand, and perhaps I will be able to get some further particulars.

Items 71a to 76 inclusive agreed to.

Item 76b stands.

Item 76c agreed to.

Mr. BENNETT: There is a new item which it is proposed to insert as item 76d.

Mr. GUTHRIE: I beg to move that the following item be inserted in resolution No. 2 of June 1, 1931:

76d. Seeds, viz.: canary, mustard, celery and sunflower, when in packages weighing more than one pound each, imported for use exclusively in manufacturing or blending operations: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. YOUNG: I notice in the large sheets item 83, which is not dealt with in the present budget but which was altered during the September session. When would the minister wish us to deal with those items, as we come to them, or later on?

Mr. BENNETT: With regard to the new item, obviously these seeds must carry a very low rate, since they are used in manufacturing or blending. It is regarded as desirable that these should come in under an ad valorem duty as indicated.

Mr. GARLAND (Bow River): What is the definition of a package of more than one pound in weight? Will that include sacks and cartons of all kinds?

Mr. BENNETT: The one item deals with packages which are familiar to everyone; these are the packages bought by the housewife in the spring to be used in her garden. The other case is that of what might be called the wholesale gardener, who plants on a larger scale. You will observe that in the one case you may have packages weighing as little as an ounce, while the other deals with packages weighing more than a pound. I understand this to be purely a matter of administration.

Mr. GARLAND (Bow River): But the point troubling me is that when you get beyond the tiny bottles and packages in which you buy your garden seeds, the next size is the small sack, varying from the size of a salt sack to that of a sugar sack, depending upon the size of the seed. I wonder if that is included in the definition of a package.

Mr. BENNETT: The hon. gentleman will observe that items 73, 74, 75 and 76 deal with packages weighing more than one pound each, and that these perpetuate the form and description of the former items. There is a sharp distinction made between the package weighing a pound or less and the package weighing a pound or more; that seems to have been the line of division between bulk and package commodities. Whether or not it is right I do not know; I can only say it has been the habit of the department to use that division line for many years. There must always be a line of demarcation, I suppose, between articles in bulk and packaged articles. In a great many instances, as the hon. gentleman says, it comes in bulk.

Mr. YOUNG: What will be the rate in that case?

Mr. BENNETT: That will carry the bulk rate.

Mr. GARLAND (Bow River): Suppose the seed is packaged, not in cardboard cartons or in envelopes, but in small sacks?

Mr. BENNETT: If they are less than a pound, the same rule applies.

Mr. GARLAND (Bow River): It would be packaged in that case?

Mr. BENNETT: Yes; that is what I am told is the practice.

Mr. GARLAND (Bow River): Then all sacks are packages?

Mr. BENNETT: When they happen to be less than a pound.

Mr. GARLAND (Bow River): Under this, all packages are not sacks, but all sacks are packages.

Mr. BENNETT: When less than a pound.

Motion (Mr. Guthrie) agreed to.

Item 76d 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, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(b) Corn and tomatoes, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(c) Peas, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(d) N.o.p.: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. YOUNG: What about 83?

Mr. BENNETT: If the hon. gentleman wishes to discuss it.

Mr. YOUNG: What is the status of the duty on potatoes to-day? Is it 75 cents per 100 pounds as shown in the tariff of last September, or are arbitrary valuations placed by the minister?

Mr. McMILLAN (Huron): It does not make any difference what the rate is; it can be changed at any time. It is an on and off tariff. You never know what is going to be done.

Mr. BENNETT: I am grateful to the hon. gentleman for being considerate enough to answer the question—

Mr. McMILLAN (Huron): Give us another lecture.

Mr. BENNETT: —and I appreciate it greatly. It is not an unfair answer to make. As I said yesterday, we have provided that wherever Canadian agriculture or industry is being attacked we may, by order in council, fix values for duty purposes. And whenever this is necessary it will be done so long as we are here. Hon. gentlemen opposite would do the same if occasion arose. They would not stand by and see Canadian industry or agriculture destroyed. In the meantime the duty is 75 cents per 100 pounds.

Mr. YOUNG: It is only 75 cents?

Mr. BENNETT: So far as I know. As the hon. member for South Huron (Mr. McMillan) says, there is no outstanding order fixing permanent values for duty purposes.

Mr. VENIOT: Since the change has been made in regard to radishes, have any orders in council been passed or considered by the government with respect to potatoes?

Mr. BENNETT: Many orders in council have been promulgated. They appear in the Canada Gazette. It is not to be expected that I can carry in my head all the orders in council that have been promulgated, and knowing the hon. gentleman's industry, I am sure that, by perusal of the Gazette from Saturday to Saturday, he knows just as much about the matter as anyone else.

Mr. STEWART (Edmonton): The difficulty is that they last only four days sometimes. One must be agile to follow the changes made by order in council fixing values. My right hon. friend apparently had suddenly brought to his attention the fact that a serious mistake had been made in the fixing of values on potatoes; because I notice that in four days' time—perhaps it was a little longer—the change was made from potatoes to radishes. I never was able to understand why that action was taken so suddenly by the government.

Mr. BENNETT: I have no doubt that necessary changes may be made in a single day; at least I hope so.

Mr. YOUNG: From potatoes to radishes?

Mr. BENNETT: No; that would not be quite sufficient for the hon. gentleman. It was not changed from potatoes to radishes. There is scarcely an hon. member who is not familiar with the fact that goods that were to be exported from Canada to the United States at a time when a bargain was made were subject to a higher duty before they reached there. In many instances, where it is found that a situation has suddenly developed threatening the life of a Canadian industry, whether it be potatoes or radishes or anything else, action will be taken as quickly as possible. And in the case of potatoes action was taken with respect to what I might call old potatoes—that is, the carry-over which the farmer was anxious to get rid of before the new season began. The statute was not intended to cover that particular class of potato. The order was put into operation and remained in operation until it had served the purpose intended. Radishes had nothing to do with that; it was an entirely different transaction. When potatoes were taken out of the item, radishes remained. There are other commodities to which I need hardly refer—cherries, strawberries, lettuce, asparagus, apricots, raspberries, peas, beets, cabbage, carrots, cauliflower, celery, cucumbers, and so on. With respect to these articles, I put this question to my hon. friends opposite who are agriculturists: Whether we should not have what I may call immediate tariff action to save the situation. The season in some countries is much more forward this year than last year, and the seasonal tariff must therefore vary with the season in the community affected. When our vegetables and fruits are ripe, it follows that south of us they have ripened previously; and if the foreign vegetables and fruits come into this country they will, unless some action is taken, displace our fruits and vegetables. The reason is a simple one. The season is ending in one country just as it begins in the other, and the surplus, the accumulated product which is left over after having satisfied the requirements of the country in which it is grown, is available for export to Canada. Now, unless we are able to take immediate action to prevent it, the effort and labour of our fruit growers and vegetable growers will be destroyed. Whenever it is necessary, therefore, proper action has been taken. And such action will continue to be taken. If we are wrong we shall be replaced by others who will do what is

right. But so far as this government is concerned, it proposes to proceed on that principle and to endeavour, by the use of this instrument, which is the only one I know of adequate for the purpose, to secure to the Canadian vegetable and fruit grower an equal opportunity to compete with the producers of other countries. It gets back to that fundamental principle. It is the privilege of the house to censure the administration for taking such action, but I have no hesitation in saying that this is the principle upon which we shall proceed so long as we are here.

Mr. McMILLAN (Huron): For the year ended December 31, 1930, there came into this country $889,421 worth of potatoes, and we exported to the United States $4,720,946 worth. The Canadian Canners during the season of 1931 paid to the Canadian growers of fruits a lower price than had been paid for years.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): I would point out that this matter is not before the committee. There will be opportunity given at the proper time to discuss this question.

Mr. BENNETT: We agreed last year, and have done so again this year, that the items which appeared in the tariff of last fall would be discussed if the committee so desired. The hon. gentleman asked for permission to discuss item 83 of the September resolutions, and he was proceeding to do so.

Mr. STEWART (Edmonton): I think it would be much better to take the September items one after another.

Mr. BENNETT: The hon. member for Weyburn (Mr. Young) asked that he might discuss this item.

Mr. STEWART (Edmonton): To take up the September item would give the minister an opportunity to have the information before him.

Mr. BENNETT: The proper thing to do would be to finish the June items, but I do not want to lessen the opportunity for discussion.

The CHAIRMAN (Mr. MacDonald, Cape Breton): They are not before the committee.

Mr. STEWART (Edmonton): I do not think the Minister of Finance is correct when he says that there was no substitution. I have in my hand a copy of the order in council, but without reading it I would like to point out to the minister and to the committee that the order in council distinctly says that radishes were substituted for potatoes. I was wrong in my deduction that it was in effect only for four days. The first order was passed on April 2, 1931, and the amending order is dated May 1. This order distinctly says that the Minister of National Revenue is authorized to fix the value of, for duty purposes, potatoes, and substitute therefor, radishes. I merely wish to draw the attention of the right hon. gentleman to the fact that there was a substitution.

Mr. BENNETT: What I meant to say was that it was dealt with as a separate item and not in the sense that radishes were substituted for potatoes. In the sense in which the word "substitute" was used it seemed to indicate that we were going to eat radishes instead of potatoes.

Mr. STEWART (Edmonton): When the hon. member from Prince Edward Island was holding up the small potato, I did not have an opportunity of making inquiries; I wanted to be sure that it was a potato and not a radish which he was exhibiting upon that occasion.

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 30, respecting the St. Lawrence River Bridge Company.—Mr. Rowe.

CANADA SHIPPING ACT

Mr. W. G. ERNST (Queens-Lunenburg) moved that the house go into committee on Bill No. 97, to amend the Canada Shipping Act.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

On section 1.—Requirements for certificates of service as masters and mates.

Mr. LAPOINTE: What is the purpose of this bill?

Mr. ERNST: Under the Canada Shipping Act a master without a certificate may sail a fishing vessel, but he may not sail a vessel that ceases to be a fishing vessel. Owing to the economic depression, which has affected the shipping industry in eastern Canada as it has, for instance, wheat growing in the west, a large number of vesels are not now fishing and are engaged in other lines. The masters cannot sail them although many of them own a substantial share in the vessels. The result has been that a great number of vessels of Canadian registry have been transferred to the registry of Newfoundland or Barbados, which do not require certificated masters. The purpose of this bill, which introduces no new principle—the principle was adopted in 1920—is to enable a man who de facto has had experience within any one of ten years previous to 1931 to go before the examining board and take certain examinations which are specified in the explanatory notes to the bill—as to his sobriety, experience, ability and general good conduct on board ship, and a sight test—and upon passing those tests he gets his certificate. The principle was adopted, as I say, in 1920.

Mr. LAPOINTE: Do the officers of the department approve of this bill?

Mr. ERNST: Yes. The minister appeared in person before the committee and accepted the bill.

Section agreed to.

Bill reported, read the third time and passed.

IMMIGRATION ACT AMENDMENT

DEPORTATION—RIGHT TO RETURN TO CANADA AFTER ABSENCE

The house resumed from Tuesday, June 2, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 44, to amend the Immigration Act.

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

Mr. WOODSWORTH: Mr. Speaker,—

Mr. SPEAKER: If the promoter of the bill speaks he will close the debate on the second reading. If any other hon. member wishes to speak he should do so now.

Mr. WOODSWORTH: It is rather curious, Mr. Speaker, but I have not yet had a chance to speak on my own bill.

Mr. SPEAKER: The hon. gentleman's oportunity is now. Does he desire to speak on the bill?

Mr. WOODSWORTH: Yes, Mr. Speaker, but I understood that your ruling was that my speaking would not close the debate, but that it would be closed by my colleague who opened the discussion.

Mr. SPEAKER: The Clerk reminds me that another member promoted this bill, although it appears in the name of the hon. member for Winnipeg North Centre (Mr. Woodsworth), so, if the hon. member speaks now, it will not close the debate.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, the bill consists of two distinct clauses which seek to do away with certain anomalies in the present Immigration Act. In the last few years there have been a very large number of deportations from Canada. Last year 1,806 were deported as public charges; 701 because of convictions for criminal offences, and inmates of penitentiaries and gaols; 71 on account of convictions under the Opium and Narcotic Drug Act; 445 inmates of mental institutions, including insane persons, feeble minded persons, epileptics and mental defectives; 320 physical defectives; 97 because of misrepresentations and stealth; 5 on account of having been previously deported; 70 miscellaneous cases, and 510 dependent members of families accompanying deports.

I recognize quite clearly that it is very difficult to have passed by this house any public bill introduced by a private member. As a matter of fact in the last five years only three public bills introduced by private members have actually passed the house. Therefore I am under no illusions as to the possibility of my bill becoming law. I can quite readily understand that there are other sections of the Immigration Act which should be modified. I realize further that the proposals I am making may not be the very wisest conceivable, and that the department may see fit to bring forward others. I bring two matters to the attention of the house, however, in connection with what I believe to be certain hardships existing under the act. If the Minister of Immigration (Mr. Gordon) can find any better way of meeting the needs I have outlined I shall be very glad to accept his suggestions.

The first clause in my amendment reads as follows:

Notwithstanding anything in this act or any amendment thereof or regulations made thereunder, an immigrant who has completed ten years continuous residence in Canada, shall not thereafter be liable to deportation.

A large number of people have come to Canada in good faith, have lived here probably ten, fifteen or eighteen years and yet have had no opportunity to establish domicile or permanent residence. For that reason they are liable to deportation. It seems to me some limitation should be placed upon the period during which deportation proceedings may be taken. A year ago our attention was called to a number of cases concerning epileptic women who had been placed in institutions and at the request of the provincial authorities, who found their care a burden, were deported. Surely anybody who has been in Canada for fifteen years has acquired some rights. If before that period of time has elapsed the authorities have not discovered something wrong with them and deported them I think they ought to be allowed to remain, and we ought to accept the responsibility. In a ten-year period undoubtedly they will have severed their connections with the old country; the likelihood is that their families will have been broken up and they will have no home to return to should they be deported. Under the circumstances I think it but reasonable that we should place some limitation upon the time within which such deportations may be carried out, and I have suggested ten years as a reasonable period.

The second clause of the bill is of a different character. It attempts to recognize a right of citizenship on the part of persons who in good faith have come to this country and lived here for a number of years, but for some reason or another have been forced for the time being to go to the United States or elsewhere on this continent to seek employment. I do not suppose that from this time forward there will be so many of that class, because the people of the United States have put up the bars against immigration and it is not easy for people living in Canada to get to the other side of the line. In the past, however, a great many people have come to Canada, especially to the western country, intending to make it their home. There came a time when they were unable to find work; some of them were induced to go to Chicago. Detroit or other larger centres of the United States to seek employment. After a while their employment ceased and they desired to return to Canada, but were refused readmission. Apparently they had forfeited all rights, and some of them were confronted with the possibility of being forced to return to their country of origin whence they had departed a good many years before.

Mr. GORDON: Would the hon. member permit a question? When he says that the immigrant is forced to return to his country of origin, who would return him?

Mr. WOODSWORTH: As I understand it, the Canadian authorities refuse to allow him to reenter Canada and the American authorities return him to his country of origin.

Mr. GORDON: Why?

Mr. WOODSWORTH: Simply because they did not want him in their country.

Mr. GORDON: My hon. friend wants him to come back here because they do not want him in the United States?

Mr. WOODSWORTH: No, not because they do not want him. I know of a number of such people who were not of the undesirable type. A few weeks ago there was considerable comment in the newspapers concerning the case of August Gabert.

Mr. GORDON: The Gabert case?

Mr. WOODSWORTH: Yes; the minister may recall it.

Mr. GORDON: I do.

Mr. WOODSWORTH: It may illustrate the point I have in mind. Roughly speaking, the case was something like this: Twenty years ago August Gabert came to Canada from Germany. He rented a cottage, got work and one year later sent for his two sons, Edward aged eleven and Frank aged seven. In 1912 he entered Canada at the port of Quebec. He obtained work at the A. R. Williams Machinery Manufacturing plant in Toronto and reported twice a month as an alien. With Mrs. Gabert's money they bought a lot and have paid the taxes on it ever since. The boys attended school in Toronto. Mr. Gabert was receiving $13 a week and Mrs. Gabert worked in the New Method laundry. In 1924 Mr. Gabert went to Detroit, taking with him his wife, sons and his daughter-in-law. The one son, Edward, had married an English girl in Toronto. Mr. Gabert had no steady work. Mrs. Gabert said they had obtained visas from the American consul at Toronto to enter the United States, but they were not naturalized in either country.

Mr. LAVERGNE: Why?

Mr. WOODSWORTH: I suppose they still considered themselves residents of Canada.

Mr. GORDON: Why should the hon. member say that?

Mr. WOODSWORTH: Well—

Mr. GORDON: I know the hon. gentleman is trying to be fair to the immigration department, but why make a statement like that when it is obvious that the man had dissociated himself from this country and had been years in the United States?

Mr. WOODSWORTH: But he had not entirely dissociated himself from this country. He had property in this country and had gone over to the United States to get work. Perhaps I may be permitted to give the remainder of the few notes I have on the case; I think they are fairly correct:

Frank, motor mechanic, also Detroit. Mrs. Gabert and Frank motored back to Canada via Windsor (no papers).

There was some trouble over papers:

Signed "certain reentry papers" at Windsor. Gabert got work at Welland (for one year). Last fall Gabert went to visit his son in Detroit. Refused reentry to Canada (home not listed in the directory by an error). Gabert kept in jail in Detroit for six months. Then deported to Germany. Frank who was ill (twenty-six) charged with having reentered Canada illegally. Threatened with deportation. Never strong. Died March 12. Brother allowed to enter (for one week) after the death. Father, (still in jail) refused entry. Now Mrs. Gabert under threat of deportation (illegal reentry). Department says it has information which should not be divulged.

I have not gone further into the history of that case and have no personal knowledge with respect to it, but hon. members must have noticed a good deal about the case which appeared in the papers. Considerable popular sympathy has been expressed towards the woman on account of the very awkward situation in which she finds herself—she living in Toronto and her husband deported to Germany. In view of circumstances of that kind I have ventured to suggest this amendment to the act.

Mr. GORDON: Would my hon. friend give me some other instances so I may clear them up?

Mr. WOODSWORTH: I have notes of other cases that are somewhat parallel to that, but they are in my office. I did not want to go into the details of each case. I have simply given this case as an example of what I have proposed by my amendment to guard against, namely:

No immigrant who has resided in Canada for a continuous period of ten years, and thereafter voluntarily leaves Canada to reside elsewhere on the continent of North America for the purpose of seeking employment or engaging in any occupation, and who desires to return to Canada, shall be refused reentry into Canada by reason of such absence.

My thought is simply this, that a period of ten years' residence in Canada ought to entitle an immigrant to claim domicile here; he ought to have certain rights in this country after that period of residence.

Mr. CHAPLIN: Whether he becomes a citizen or not?

Mr. WOODSWORTH: Yes, I would say whether he becomes a citizen or not. But that is another matter, because it has been made very difficult for some of these men to become citizens. A great deal of the rough work across this country has been done by people who have never been able to become Canadian citizens; so that if a man has lived here for the long period of ten years and then is faced with the situation which faces a good many labouring people, is not able to find a job here for the time being—and anyone who knows the tragedy of labour drifting backwards and forwards over the international border in years past knows that such a man has to take whatever job he can get no matter where it may be—that man, I say, if he is obliged to go across the line and perhaps leave his wife here, should not later on be prevented from reentering this country. I am not blaming the department for their action in regard to such cases, for I think any one who has had dealings with the department knows they have a great many complicated cases to handle. But they have to deal with these cases and it does seem to me that it would be a good thing if we modified the law in this regard. I am not trying to make it easy for people to refrain from taking out citizenship papers. I think they should be encouraged to do so, and that this should be made easier for them than it is at the present time. But I would urge that we ought to look at this matter from a humane standpoint, recognizing that these people come over here from Great Britain or continental Europe, that they intend to become citizens, and that they ought by the very fact of associating with us and working in this country for ten years to have some rights of Canadian citizenship. Hence the reason for my two amendments. As I said

at the beginning, if the department has any other way to suggest by which some of these difficulties could be overcome, I should be very glad to adopt their suggestion, but I have taken this means of bringing these cases before the house in order that we may do something to prevent their recurrence.

Mr. IRVINE: What would be the status of an immigrant who after becoming a Canadian citizen leaves Canada for an extended period and then seeks reentry?

Mr. WOODSWORTH: My hon. friend will have to ask the Minister of Immigration.

Mr. REID: What would the hon. member for Winnipeg North Centre (Mr. Woodsworth) do if a Chinese immigrant, a dope peddler, after eleven years' residence in this country drifted across the line and later sought to reenter Canada?

Mr. WOODSWORTH: I have not had orientals in view in drafting this legislation, but as far as I am concerned, I would not be inclined to deny those people all rights of citizenship in this country. If they come in here and do their work and are to all intents and purposes good citizens, I do not think we should discriminate against them; but I do not think there are many cases of the kind suggested by the hon. member.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, in regard to the first clause of this bill, I do not think it would be wise for us to dispense with the power that we now have of deporting those who have offended against our laws and whose deportation would be in the interests of the country. Of course, I think the department ought to judge any particular case on its merits. But in regard to the second clause, I have a great deal of sympathy with the purpose which the sponsor of the bill has in view. I have a case in mind, although I may not be correctly informed on all the details, and it does seem to me that in such a case there should be some modification of the regulations. For instance, I am informed that a man came to Canada from Russia in 1911, about twenty years ago. His family came with him. He himself became a British subject, and I am informed that three of his sons also became British subjects. I am not well-informed as to the status of the fourth son—he may or may not have become a British subject at the time his father became naturalized. We know that it is possible under such circumstances for a father to secure naturalization for his minor children. On the assumption that this young man did become a British citizen I will proceed with my argument.

If I understand the matter correctly, for the last seven years this young man has been going back and forth across the international boundary between Manitoba and North Dakota; I think the fact is that he has spent the greater part of his time on the United States side of the boundary during that period. The situation now is that he is in gaol in Grand Forks, North Dakota, for having violated the United States immigration laws. We are not informed that he has been guilty of any moral or criminal offence, but simply that he has violated those immigration laws. The United States authorities want to deport him; they have offered to send him back to Canada, but the Canadian authorities will not receive him because, according to the documents, he has lost what domicile he ever acquired in Canada.

Mr. LAVERGNE: Then he is not a Canadian subject.

Mr. BROWN: I am not dealing with the law as it is, but as I think it should be. That is an answer to my hon. friend.

Mr. LAVERGNE: That changes the case altogether.

Mr. BROWN: We are talking about changing the law, and this is the time to speak about this matter. I proceed on the assumption that this young man has acquired British citizenship. What does that mean? Does British citizenship mean something to a man who has been born in Canada, under the British flag, and something entirely different to the man who becomes naturalized? In my judgment British citizenship should mean the same to every person who is a British citizen; I believe it is a privilege that should be esteemed very highly by everyone. In the days of Rome it was the proud boast of a man to be able to say he was a Roman citizen, and I believe we should be equally proud to boast that we are British citizens. But is it or is it not a fact that British citizenship means different things to different people at different times? I am not one of those who think we should make the acquirement of British citizenship easy; I think we should exercise care in granting it, but once that citizenship has been granted it should carry with it to the naturalized person all the rights which are enjoyed by the native born citizen.

Mr. LAVERGNE: It does.

Mr. BROWN: Then take the case I have in mind, always going on the assumption that

this young man is a British citizen. If a native born Canadian, say the hon. member for Montmagny (Mr LaVergne) or myself, should go across the line—probably his family has been in Canada for more generations than my family has been here—

Mr. LAVERGNE: Only ten generations.

Mr. BROWN: I am the third or fourth generation of my family. However, if I should go across the line, an absence of ten years would not prevent me from returning to Canada; I could not be kept out. Is a young man who has acquired British citizenship through naturalization treated differently? Is the case any different in regard to him? Can he be kept out, or should we receive him when he wants to come back to Canada, even though he is being deported by the United States, not because of any criminal offence but because of a violation of the immigration laws of that country?

As the Minister of Immigration knows, I have brought this matter to his attention on other occasions, and as yet he has not given me an answer. I placed before him the documents which were forwarded to me, but I have not had an opportunity to see him personally with regard to the matter. However, this is the case as I see it. I am not going to express an opinon as to what is the law at the present time, but I am expressing an opinion as to what I think the law ought to be. In my view section 2 of the proposed bill harmonizes with what I think should be the proper attitude on this matter. It reads:

No immigrant who has resided in Canada for a continuous period of ten years—

Perhaps we should make it "British subject."

—and thereafter voluntarily leaves Canada to reside elsewhere on the continent of North America for the purpose of seeking employment or engaging in any occupation, and who desires to return to Canada, shall be refused reentry into Canada by reason of such absence.

Hon. W. A. GORDON (Minister of Immigration and Colonization): With respect to this bill I must compliment the hon. member for Winnipeg North Centre (Mr. Woodsworth) upon the moderation with which he expressed his views in connection with a subject which in large measure, has to do with the human equation. I am not unmindful of the interest the hon. member takes in questions of this character.

I am opposed to the bill. Section 3 of the Immigration Act is the one which would be affected if this bill became law, since that is the section which has to do with prohibited classes. With respect to prohibited classes some criticism has been offered in the recent past, and in fact for very many years past. In dealing with immigration we must bear in mind that heretofore the Dominion government has directed, encouraged and controlled —and I use the word "controlled" with a degree of hesitancy—migration into Canada. What responsibilities does that immediately create? If care is not taken in the encouragement of peoples to come to this country, and if no discipline is exercised, upon whom falls the responsibility? Once an immigrant is legally landed in Canada undoubtedly he acquires a certain status under our laws. He has a perfect right to go from one province to another, or from one city or town to another, and the responsibility for that person is cast upon the province or the municipality in which he happens to be. Therefore I suggest that parliament in a matter of this kind should exercise extreme care, though not by any means to the point of exclusion. While at present there must be a degree of rigidity which in normal times would not be exercised, yet at all times great care should be exercised, and particularly at a time like this, although under normal conditions desirable people undoubtedly would be welcomed in this country. Upon whom falls the burden? In a period of depression these matters come into bold relief, let me say.

During the two years prior to last summer new peoples came to Canada to the extent of almost a quarter of a million, including almost 100,000 adult males. Where are those people to-day? They either displaced Canadian labour or they themselves are to-day in the ranks of the unemployed. That is the situation that faces the people of this country. The hon. member for Winnipeg North Centre is, I believe, and always has been an ardent advocate of the labouring man. I myself, while probably not as well known as he in my advocacy, am considered, I believe, in those restricted areas where I am known, as having been not unmindful of the labouring man's needs.

The introduction of new people into this country in large numbers, at a time when thoughtful Canadians must have known that we were approaching and were then, indeed, actually in a period of depression, was a direct challenge to the worker in Canada. My hon. friend from Winnipeg North Centre, in his sincere advocacy of labour, must recognize that, I am sure. When this department was given to me to administer that was one of the first things I had to take into consideration, and it was not a time when one could allow one's sympathies to be unduly the guide. I have great sympathy for any human being

who is having a hard struggle to get along. I have great sympathy for those new people who came into the country in years gone by and even for those who came in the near past, and it is no source of satisfaction to me to see them now in the ranks of the unemployed. But when it comes to changing the law of the country in the way proposed in this bill, I tell the house that my sympathy first goes to the worker of Canada, who needs the protection of a law such as our Immigration Act. And while in the administration of that act I may make mistakes, they will certainly be made in favour of the working men of Canada as against people from other countries, because those other countries have responsibilities of their own with regard to their own nationals.

Unquestionably one's sympathy often goes out to those who have to be deported. But let me point out that if this act became law and the officials of the Immigration department were divested of the authority to send back to their country of origin those people who do not comply with our law, then I should be obliged at this time to allow into Canada tens of thousands of people who are in a situation similar to that referred to by the hon. member. Of course those people would come into Canada, because the United States are determined to send them back to their country of origin. They would come to the border and declare that they had lived in Canada at one time and wished to come back. Why? Because, if they did not get the chance to come in, they would be sent back to their country of origin. They would not be allowed to remain in the United States, either because they do not comply with the laws of that country or because their presence in that country is not desired.

Now, can we in the interests of the labouring man of Canada take such steps as this bill would seem to contemplate? In view of the dispassionate way in which the hon. member for Winnipeg North Centre has discussed the bill, I suggest that we can afford to take no such step as this bill proposes. From time to time, under the present law, deportations have to be made. The provinces and the municipalities have rights. In the poorer municipalities of northern Canada the burden of taking care of people who are not able to take care of themselves, by reason of physical and mental defects, is thrust upon the public. And those municipalities are having a hard enough struggle as it is to get along, without having that additional burden thrown upon them.

[Mr. Gordon.]

Mr. WOODSWORTH: Does not the minister think that the officials responsible at the gates should, in the first instance, keep out such people, or should discover within the first ten years that they are undesirable?

Mr. GORDON: That question has been asked me many times. Many cases have passed our immigration officials, and I doubt seriously whether the officials could possibly have discovered defects that existed without introducing a system of inspection that would be most irritating to many people who would pass with a very casual inspection. It is true, the time seems long; and it might be said with some degree of force that the defects should be detected. But it is utterly impossible for the Department of Immigration to employ a sufficient number of officials to follow up all immigrants coming into Canada to find out whether or not they entered legally. The onus is surely upon the immigrant seeking entry into Canada to see that he complies with the laws of the country, and not upon the Dominion to supply a preventive or investigating force to follow up each immigrant year after year to see whether or not on his arrival he complied with the law.

In cases of deportation every chance of appeal is given. Boards of inquiry are established and appeals are available. Evidence is taken. Nothing is done in a haphazard way, and while occasionally hardship ensues, yet if we founded our general law upon any provision to meet one or two cases of hardship, then we should be adopting a most dangerous principle; for a great number of people who come in legally would be immediately affected by the introduction of that general law made to apply to a particular case. That would not be at all desirable.

My hon. friend from Winnipeg North Centre spoke about the desirability of recognizing that a person coming to Canada should have the right freely to go over to the United States and return, crossing and recrossing the boundary as fancy suited him, in his search for employment. The hon. member suggested that a man who out of a job should have that right to cross and recross the boundary. That is not my conception of what should be done in that regard.

Mr. WOODSWORTH: The minister asked me to give him a concrete case. This man Michael Corahe, a Pole, was ordered deported by the United States immigration authorities. He had served four years in the Canadian army. He came to Canada at the age of five and enlisted at sixteen. Eight years ago he went to the United States. He was unable

to reenter Canada. He was a naturalized Canadian, his brother and sisters were born in Canada and are now in Toronto. It would seem to me that that is a case of real hardship.

Mr. GORDON: What is the name, please?

Mr. WOODSWORTH: Michael Corahe.

Mr. GORDON: I have the record of that case. This man was allowed entry into Canada, but I may say that it was with reluctance I permitted his entry. He was born in Poland and came to Canada in 1907 with his parents. He was in the Canadian forestry corps between May, 1917, and July, 1919, being discharged at Winnipeg. He applied for admission to Canada from the United States in October, 1930, claiming to have resided in this country from 1907 to May, 1930, having proceeded to the United States to reside on the latter date. He was rejected, being unable to comply with the occupational and passport requirements of the law. The department, in view of previous residence, further investigated the case and it was ascertained that this man had not proceeded to the United States in 1930 but had been working in Detroit for approximately eight years. Despite the misrepresentation and the length of residence out of Canada, the department allowed entry in view of previous residence in this country from childhood and because of the man's military service. The hon member will see that his instructions in this case do not coincide with the facts. I reluctantly gave an order allowing this man to return to Canada.

Criticisms will be levelled from time to time at the Department of Immigration, but I propose to assume full responsibility, both for the policies of the department and the acts of its officials. At times I will make mistakes, and then I will have to rely upon the generosity of those who criticize. The rule in the department is to see that the laws of the country are observed. Every departure therefrom is a step forward in imperilling the position of the Canadian worker, whose cause is so strongly advocated by the hon. member for Winnipeg North Centre.

I believe if the hon. member thinks this matter over he will agree that while there may be some merit in his bill, if it should pass it would be an added hardship to the man who has come to this country, established his home and is bringing up a family. The jobs of workers in this country would be imperilled by permitting any indiscriminate crossing between the United States and Canada, as times are better here or better there. I believe that the worker who has established his home and family in this country should get every bit of protection which our law allows and should be given preference against the transient worker who is ready to go wherever fields look the greenest.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, while I agree almost entirely with what the hon. minister has just said, that those who have established homes in and are residents of Canada should receive consideration, I should like to draw to his attention a case which I took up with the department before he assumed charge of it, which has caused me to feel that I should support this bill. This was a British subject, born in the old land, who came to Canada and had resided here for some twelve or thirteen years. He homesteaded just a few miles from me, and while pursuing his occupation as a farmer he met with an accident which brought about complications which, in his opinion, could not be successfully dealt with by the doctors in Canada. He went to the United States to some place where he was advised he could obtain treatment, but probably neglected to tell the authorities that he would be gone for more than six months. He stayed in the United States for eighteen months, and when he found that the treatment was not giving the results he expected he attempted to return to his home. He was stopped by the immigration authorities, who claimed that he was not a Canadian citizen. He had nothing to show that he was a Canadian citizen, although he was a British subject. I was wired about this young man, and I took the matter up with the then Minister of Immigration. I was told that if the United States was determined to deport him there was only one place to which they could deport him, and that was back to Scotland. Although this man had had twelve or thirteen years' residence in Canada, the authorities claimed that he had no domicile here. It is because of this case that I feel I must support the bill. It may be, as the minister has said, that the door will be opened wider, but I do not think it is fair to the minister or to the department to ask them to give special consideration to any one immigrant. For these reasons, I assure the hon. member for Winnipeg North Centre (Mr. Woodsworth) that I have a great deal of sympathy with his bill.

Mr. LaVERGNE: Was that man deported?

Mr. VALLANCE: No, he was not. However, it was not the law that prevented that deportation, it was simply the courtesy of the department in allowing him to reenter Canada.

Mr. SPEAKER: The hour for public and private bills having expired, the house will proceed to government orders.

SUPPLY

MINES AND GEOLOGICAL SURVEY

The house in committee of supply, Mr. MacDonald (South Cape Breton) in the chair.

Geological Survey—
For explorations, surveys and investigations, wages of explorers, topographers and others, $190,000.
For publication of English and French editions of reports, maps, illustrations, etc., $70,000.
For maintenance of offices and museum, expenses of special exhibitions pertaining to natural resources, purchase of instruments, chemicals, books of reference, miscellaneous assistance and contingencies, $65,000.
For museum equipment, $12,000.
For purchase of specimens, $2,000.—Total, $339,000.

Mr. SPENCER: What is the reason for the decrease in this item?

Hon. W. A. GORDON (Minister of Immigration): The decrease mainly arises from the curtailment of the number of geological survey parties sent out this year. The vote was decreased with some reluctance so far as I am concerned.

Mr. SPENCER: Were any survey parties sent out at all this year, and if so, what are they doing?

Mr. GORDON: Yes. There are about forty geological survey parties out in the field this year. They are keeping up the continuity of the geological surveys, and I hope that the coming years will see these parties increased.

Item agreed to.

Grant to the Imperial Institute, $9,733.33.

Mr. LUCAS: Will the minister explain what this is for?

Mr. GORDON: Under an agreement made at the Imperial conference some years ago between the British government and the dominions, each government contributes a fixed amount towards the Imperial Institute for the purpose of investigation of the mineral resources of the empire, and keeping a general set of records which constitutes something in the nature of a clearing house of information as to the mineral resources of the empire.

Mr. POULIOT: So long as there is unemployment I think that all immigration should be stopped completely. When people here cannot find work I do not see the use of bringing even the best class of people to this country.

Mr. DONNELLY: What is the reason for the reduction in this item?

Mr. GORDON: Australia felt that it was not desirable to put up the amount that had heretofore been subscribed by that country, and our contribution has been reduced proportionately.

Item agreed to.

IMMIGRATION AND COLONIZATION

Salaries, $312,555; contingencies, $40,000.

Mr. LAVERGNE: May I inquire from the minister whether the British Empire Settlement Act is still in force, and what the scope of that act is so far as immigration to Canada is concerned?

Mr. GORDON: The British Empire Settlement Act, of course, is an act of the imperial parliament. Generally it provides for assistance in the movement of British peoples to the various dominions. I think we are not alone just now so far as the dominions are concerned with respect to restrictions under the agreement.

Mr. LAVERGNE: I understand that under that act a certain amount is loaned to the settler-immigrant coming to Canada to tide him over his first years, and that he reimburses the money to the government when he has made enough money to do so. I think, and I believe this was understood by the convention at Winnipeg, that first aid should be given to the Canadian, and that the best way to settle our country is to settle it with our own people. We should profit by the mistake of the United States. It is years ago since I raised my voice in the house on this subject. I have not changed my opinion since then. I still believe that it is not by filling our country with foreigners that we are going to build it up. It should be filled up according to the traditions of the country. More important than material prosperity is moral and intellectual prosperity. I am not allowed to refer to a past debate, but only to-night we had an instance of what happens: some people who come here do not think enough of this coun-

try to become naturalized Canadians. They run about with their troubles and sometimes their diseases, physical, moral or intellectual. I do not know whether the British Empire settlement policy is still in force, but if we can afford to lend money to immigrants from other countries to settle here, we can very well afford to do it for our own people. I understand that to-day it costs less for a man to leave Liverpool and settle in the west than it does for a settler from the province of Quebec, the lower provinces or the province of Ontario. My opinion is that the best immigrant to fill up the west is the Canadian immigrant from the old provinces, who is already assimilated, who knows the traditions which the English-speaking and French-speaking Canadians have cherished in this country for the last one hundred and fifty years.

Mr. MACKENZIE (Vancouver): Might I point out that vote No. 125 deals specifically with what my hon. friend is now discussing?

Mr. LAVERGNE: I am very glad the hon. gentleman called me to order. I do not want to take up the time of the committee when I am not on the right item, but when that other item is reached, I shall have an opportunity to speak. I repeat that the best migration with which to settle Canada is Canadian migration, and if any favours are to be given they should be given to Canadians. It is very unfortunate that people should come here from foreign countries and receive special favours when Canadians cannot settle in another part of the country which so long has been theirs.

Mr. DONNELLY: We have been told that for the past few months immigration to this country has practically ceased, yet we find that while there was $324,000 spent last year, $312,000 is to be spent this year. Hon. members will notice that there is but a slight reduction, and I am wondering why the staff is being kept in service.

Mr. LAVERGNE: To keep them out.

Mr. DONNELLY: Nobody is being allowed to come in, yet we have this large amount being paid in salaries.

Mr. LAVERGNE: To keep them out.

Mr. GORDON: In answer to the hon. member for Montmagny (Mr. LaVergne) may I say that I am thoroughly in accord with much that he has said. I assure him that no assistance such as he has suggested has been given by this government to people from other lands. In connection with the British migrants to Canada I trust—and I believe that the hon. member for Montmagny will agree with me—that the time will never come when the Britisher will not be welcomed in Canada. I think my hon. friend will join with me in welcoming all Britishers who have come to Canada "under their own steam" and are prepared to take care of themselves. That is the position to-day. We are not advancing moneys nor have we advanced moneys with the exception of certain cases where assisted passages have been given. Outside of existing agreements which will shortly expire that practice has been entirely discontinued.

Replying to the hon. member for Willow Bunch (Mr. Donnelly), I have found it much more difficult to keep people out of Canada than to bring them in. Even during this period of depression, strange to say, there are many people striving to get in. In fact if the effort to come into Canada is any indication of our recovery from the depression I should say that we are recovering very rapidly, because we require a large staff along our boundary lines to see that those who should not be allowed into Canada are with the least possible irritation kept out. I should like to indicate to my hon. friend the importance of the work that these men are doing. The records of the Immigration Department disclose that during the last calendar year the officers along our boundary line passed into Canada, either for temporary visits of only an hour or two or for longer periods, excluding immigrants and entries at ocean ports, over 32,000,000 people. Hon members will readily recognize the necessity for a well organized and disciplined preventive force.

Mr. SPENCER: In how many years did that number enter Canada?

Mr. GORDON: In one year. In the month of August alone the number was over 6,000,000.

Mr. LAPOINTE: I agree with the remarks of my hon. friend from Montmagny, and it is rather interesting that at the present time everybody seems to be endeavouring to discourage immigration. That, however, has not always been so, and the government of which I had the honour to be a member was strongly assailed because it was not taking steps to increase the population of Canada and to bring in immigrants. That criticism was made as recently as the 1929 session. I shall quote from Hansard of 1929, page 22, where the present Prime Minister is reported as follows:

> Is there any Canadian who regards this problem as being adequately dealt with by the present system? We have here one of the largest undeveloped areas in the world; we have a very pressing necessity for more people. There need be no misapprehension about that, notwithstanding what has been said from time

to time to the contrary. It will be found that the increase of population in this country, brought about through bringing additional people in, will not only lessen unemployment for those who are now in it, but will increase all employment. Those who have studied the problems connected with the movement of people realize that instead of there being a diminution of opportunities for labour, the flow of new peoples into a country means the increasing of the opportunities for those who are there as well as providing work to those who may come.

In view of certain statements which have been made, more particularly in my province, I wish to remind the committee that we were attacked not because we were bringing too many immigrants but because we were not bringing enough.

Mr. LAVERGNE: I am glad to see that the memory of my hon. friend goes back at least two or three years. Probably due to the fact that I am getting old mine goes back much farther than that. I can remember in the good old days back in 1905 and 1906, when immigrants were coming to Canada at the rate of about 500,000 a year. I remember the time when I was assailed in this house because I thought that the ratio of immigrants to population was far too high. That was in the old days of the North Atlantic Trading Company and the Saskatchewan Land Settlement Company.

Mr. MACKENZIE (Vancouver): Who was in that deal?

Mr. LAVERGNE: I remember giving figures at a time when the population of the United States was about 52,000,000 and ours was about 7,000,000 or 8,000,000. We were begging for immigrants to come here, with the result that we filled up our country and to-day we are beginning to pay the piper. The theories which have certain currency out west, especially in the city of Winnipeg, were practically ignored in Canada at that time. When we imported those immigrants we imported their doctrines of very advanced socialism, and probably communism. We introduced into our country the famous Doukhobors and many others which have not greatly improved our population. I agree with the Minister of Immigration that we should build up our country with the two basic races, those of British and French descent, which are already assimilated. I hope my hon. friend's memory will go back to a time about twenty-five years ago, as it did to the resolution he read a minute ago, when I was laughed at in the house because I made the statement that we were sacrificing the intellectual and moral prosperity of our country for material prosperity which would prove in the future to be dangerous to Canada.

Mr. LAPOINTE: Two years ago my hon. friend would not have agreed with this program, either.

Mr. LAVERGNE: Certainly not. I am open to conviction, but until it is proved I am wrong I hold to my view. I think if my hon. friends went to the United States and talked with any patriotic American who belonged to the good old Yankee stock or belonged to the southerners—

Mr. LAPOINTE: One hundred per cent American.

Mr. LAVERGNE: I would interject at this point that the 100 per cent American of fifty years ago has practically disappeared. I should think that the smell of the melting pot in the United States should open our eyes and caution us to go slowly when we are filling up our country, and impress us with the necessity for building our citizenship with the Canadian races which are already assimilated. We know of the common traditions in Canada which are absorbed by the British and French people who should constitute our population. Let us fill up our country with the sons of the soil, the sons of people who are inspired by the traditions of 150 years of common life with our English-speaking compatriots. This is the best immigration. Why this hurry in filling up our country with all the riff-raff of Europe? In this way are we going to make Canada happier and more prosperous? I think Canada, especially the province of Quebec, is prosperous in a way that other nations may well envy. I do not think any people in the world enjoy more happiness and more liberty, and have a greater respect for the rights of others than the people of the province of Quebec. And that enviable condition is due to the traditions which have been handed down to us by our forefathers for the past 300 years. I think the democracy that has been built up in that province is an outstanding example to the world in freedom, in happiness, in contentment, and in respect for the rights of others, especially of minorities.

Mr. HEENAN: I had intended to deal with this question on votes 124 and 125, but inasmuch as it has been discussed on this particular item I suppose I may as well continue it. I was very happy to hear what I considered the very courageous remarks of the hon. Minister of Immigration (Mr. Gor-

don) with respect to immigration, especially when he said he was not going to permit the dictation of railroad companies or of immigration agents to continue any longer. The only trouble I see is that he will not only have to offset their dictation, he will have also to offset their influence. I have had some experience in this regard, before I entered the cabinet, while I was a member of the cabinet and since I have tried to maintain the position that he is trying to maintain at the present time. If I failed in that regard it was because of the political manoeuvring of hon. friends opposite who now support the government.

I noticed in the Ottawa Journal of March 22, 1930, a despatch stating that the agent of one particular church wishes to double the number of our British settlers. I may say to the minister that the Catholic church, the United church and the Salvation Army are striving to bring in settlers. They have men engaged in that work, and those men seem to think that the greater the number of settlers they can induce to come to this country the more important their respective positions will become. In 1931, an official of the Salvation Army, Lieut.-Commissioner W. J. Barnard Turner, of London, England, visited this country and stated that he was seeking to move 2,000,000 Britishers to Canada. I see that votes 124 and 125 cover grants to assist that gentleman to carry out his plan.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): We have not yet reached votes 124 and 125.

Mr. MACKENZIE (Vancouver): I have already raised that point of order, Mr. Chairman.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): If the committee consent to finish this discussion on the item now before us, well and good.

Mr. HEENAN: I do not see why the committee should be asked to consent, because I am discussing the matter after other members have been allowed to do so.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): I do not know whether the minister is going to take up vote 124.

Mr. GORDON: The next item will be 125, I hope.

Mr. HEENAN: I am heart and soul with the minister in his endeavour to stop immigration, but I do not think for a moment that he is doing so. The minister admits that Britishers are permitted to enter who come "under their own steam" as he says. Why should Britishers or any other nationals be allowed to come into this country "under their own steam" and flood the labour market? I do not think we should allow Britishers to come in freely, especially when we know they are encouraged by the propaganda of immigration societies to come to Canada.

Mr. GORDON: What propaganda does my hon. friend refer to?

Mr. HEENAN: At the present time their agents are travelling throughout the British isles telling the people what fine prospects there are in Canada for intending immigrants. In my room only yesterday a young returned soldier from the British isles—from the same part of the country as I came from—

Mr. GORDON: I hope we did not deport him.

Mr. HEENAN: No, they are all decent people who come from that part of the country. He asked me to get him a job and I am trying to do so. I inquired why he came to this country. He told me that throughout Britain to-day there are immigration officers paid by the different churches and citizen's committees urging young men to come to this country, and offering to lend them money to pay their passage. Those agents are telling the people that immigration into Canada from continental Europe being practically stopped, now is the time for them to come in as a preferred class so that when conditions improve they will be right on the job.

Mr. GORDON: What churches?

Mr. HEENAN: All the churches; I am not speaking of any particular church.

Mr. PRICE: Nonsense.

Mr. HEENAN: There is no one in the house better acquainted with what is nonsense than the hon. member who has just interrupted me.

Mr. PRICE: Where do you stand on this question?

Mr. HEENAN: I do not want to be further interrupted. When I was Minister of Labour I was obstructed by gentlemen of his calibre who did not know the difference between common sense and nonsense.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): Do not invite reprisals, please.

Mr. HEENAN: There are citizen's committees going up and down the British isles, especially in the industrial centres in the north of England. The members of those com-

mittees make house to house calls asking the boys to emigrate as a matter of patriotism. This is the formula: You joined the colours at a certain time in 1914; it is just as necessary to join our band now and emigrate to Canada, Australia and other parts of the British empire in order to save the situation in England. There is an impression throughout the country that the government has stopped immigration and yet the minister tells the house that anyone who comes here "under his own steam" is received with open arms. I hope the minister will be successful in stopping political propaganda and overcoming political influence, because if there is anything that will tend to destroy Canada as a country for immigrants it will be political manoeuvring.

Mr. GORDON: Might I ask just what the hon. member means by political manoeuvring?

Mr. HEENAN: I will give it to you in a few moments, and when I get through you will not have any doubt of what I mean. In 1915 the Conservative government of Ontario thought it wise to appoint a royal commission on unemployment. The report of that commission was delivered in 1916, and from that time to the present propaganda has been circulated to induce people to come to this country from all parts of the world. I find the following at page 50 of the report of the royal commission appointed by the Ontario government:

> Your commission recommends such reform in immigration methods as will make directly for the settlement of Canada's vacant agricultural areas, stimulate the development of the country's natural resources and combat the universal tendency of population to concentrate in cities. Your commissioners would further advise such united action by the imperial and dominion authorities as will lead a greater proportion of British immigrants to the overseas dominions instead of to foreign countries, thus conserving the man power, and adding to the strength and wealth of the empire. For these economic and patriotic reasons the close of the war should find us ready with a courageous inter-imperial immigration policy in which the imperial, dominion and provincial governments and railway and other great employing corporations will have a responsible share. For Canada the primary problem is to bring the right sort of people to the land and to assist them in every way possible to make the land productive and themselves prosperous citizens of the dominion. If necessary, the governments interested should furnish such financial assistance as will enable the newcomers within a reasonable time to become self-supporting on the soil.

Carrying on from that point, we find the politicians interesting themselves in immigration, and during the last dominion election we had Mr. Ferguson saying too many people were coming to this country. I caught him deliberately misrepresenting facts, as is well known; he spoke of a protest he had made to Ottawa, meaning of course to the Dominion government, but finally he had to confess that he had protested to Sir William Clark, High Commissioner for Great Britain in Canada. I find the following editorial comment in the Brockville Recorder and Times of December 1, 1928:

> Mr. Ferguson addresses the transportation club in Toronto and says, in part, that:
>
> "In the first place, we cannot hope to populate this country with British people alone. There are only a few millions to spare at most, and when we talk about bringing people and putting them on the land one has only to learn that in the British Isles there are only three million farmers, to understand there is not much of a source to draw from in that respect. But there are large areas of the continent from which we can draw most desirable people, who have characteristics so much like our own, and who can be readily assimilated into our Canadian life and make good Canadian citizens and good British subjects."

Those were Mr. Ferguson's words, two years before the election.

Mr. MALONEY: My hon. friend quotes from the Brockville Recorder and Times. I should like to ask who is the owner, proprietor and general manager of the Brockville Recorder and Times.

Mr. HEENAN: I do not know. I do not know who owns or controls any paper in Canada, and I am not very much interested. But I can tell the hon. gentleman, who is a good friend of mine, that these are the words uttered by Mr. Ferguson; they are not the words of the editor of the newspaper.

Mr. SPENCER: When and where was Mr. Ferguson supposed to have made that statement?

Mr. HEENAN: If the hon. gentleman will just follow me I will give him all that Howard Ferguson ever said, and that is not much. In 1930 Mr. Ferguson said we were bringing too many immigrants to this country, but I quote his words from the Toronto Star of October 5, 1928:

> "There are splendid migrants in Britain," he said, "anxious and willing to come to the new portion of the empire. Some of them have cauliflower ears and hare lips; some have flat feet. But we have lots of fellows of that kind in this country and they get along splendidly. But as long as we take the position that there will be no more hare lips than what we produce ourselves, of course we are going to discourage immigration."

He wanted people with hare lips and bow legs and everything else.

Mr. PRICE: What do you mean by that?

Mr. HEENAN: I continue quoting:

"Let us be sensible about it. If it was not necessary when we brought out those harvesters to ask more than three or four questions, and tell them if they found jobs they could stay here, why ask four or five sheets of family history and set up technical difficulties for others? There are a lot of little, irritating things that can easily be removed, and I am quite sure, having had it brought to their notice, the government at Ottawa will see that they are removed."

Premier Ferguson intimated that if it lay in his power he would encourage any movement to Canada from Sweden.

"What they need in Norway," he continued, "and what all Europe needs, and what the British Isles need, is more accurate, truthful stories about the conditions that exist in this country, if we are to get immigration. In every country I was in I visited—

He had just returned from a trip to Europe.

In every country I was in I visited some of the transportation offices. In some, I visited a great number, and everywhere I asked for literature about Ontario. I found some agents had never heard of such a place, and where I did get literature it was Canadian literature—

You see, he does not think Canadian literature is worth much unless it has to do with the province of Ontario.

—it was Canadian literature and the illustrations were entirely of interest to the western people—wheat fields, threshing operations, cattle ranches—there was nothing to indicate the diversity of opportunity that exists in Canada for people who want to come here. I hope we have taken some steps to cure that, even at expense of the province.

Mr. LAVERGNE: Will my hon. friend allow one question?

Mr. HEENAN: No, I do not want to be interrupted. I do not mean to answer discourteously, but my hon. friend will talk about Quebec, and I do not know anything about that province. I am talking about Ontario.

Mr. LAVERGNE: I was only going to say I would be more interested in my hon. friend's opinion than in any opinion expressed by Mr. Ferguson.

Mr. HEENAN: My opinion is that we would be better off if we followed the Prime Minister's policy and kept Canada for Canadians, shutting out all immigrants. That is what should have been done years ago, and that is what would have been done if it had not been for the propaganda of the Tory party. According to the London Advertiser of July 24, 1930, I find that the province of Ontario spent the following sums in inducing immigrants to come to this country:

1925	$124,225
1926	165,830
1927	167,056
1928	171,129

Mr. MALONEY: Who spent that money?

Mr. HEENAN: The province of Ontario spent it, and in 1929 Ontario spent $181,049 to induce immigrants to come to this country. Just one year after that, in 1930, Mr. Ferguson, who had been spending the taxes of the people of Ontario to induce immigrants to come to this country, and who maintained an office in London for that purpose, went up and down this province protesting against all the people who had been brought into the country.

Mr. PRICE: What did you do?

Mr. HEENAN: No one is a better judge of jokes than my hon. friend on the other side. But let me tell the hon. gentleman who interjected that question that when the statement was made that we had room here for thousands of Britishers, I took it upon myself to point out, although it was a matter on which the Minister of Immigration should have made a statement, that this propaganda was not in the interests of the country or in the interests of the immigrants themselves, because when they came here and were unable to find employment they became dissatisfied, and someone had to take care of them. If they went back home they told of the hardships they had met in Canada; and I pointed out, as I have said, that this was not in the best interests either of Canada or of human beings coming to the country.

Let me read certain extracts to show what my position was. The Evening Standard of London, England, in its issue of July 28, 1928, made the following statement:

Canada Closed to Miners. Trade Union Manifesto Speaks of "Misleading Propaganda."

There is no opening in Canada for the 200,000 British miners who are declared to be surplus to the home industry.

This point is emphasized in a manifesto issued by the Canadian Trades Labour Congress.

The manifesto states:—"Too long has the Canadian government remained silent and allowed misleading propaganda as to opportunities for employment in Canada to continue without any official contradiction.

"The statement by Mr. Peter Heenan, Canadian Minister of Labour, that the records show a surplus at the coal mines already in Canada should give the quietus to those who seek to exploit the misery of the British miners by seeking to induce them to emigrate to Canada."

Following that statement, the great glorified agent of the Tory party, the Montreal Gazette, had this to say in an editorial in its issue of Thursday, July 26, 1928:

Mr. Heenan to the Rescue

The Canadian government's answer to British parliamentary criticism of Canadian immigration restrictions comes from Hon. Peter

Heenan, Minister of Labour. That the Minister of Labour should be speaking for the Minister of Immigration and Colonization is significant in itself. It has been realized long enough in Canada that the voice of the Canadian government in immigration matters has been nothing more, or better, than a rebroadcast of the voice of organized labour. The views and aims of organized labour in this connection are too well known to call for much discussion; they have been defined and proclaimed upon every convenient occasion by labour bodies and labour leaders, and they can be summed up in the one word "restriction." That is why the operation of the Canadian immigration system in Britain has been confined to so small a field, and so barren a field. What Mr. Heenan says as to the complete absence of restrictions applicable to Britishers who are physically acceptable and willing to pay full fares to Canada is altogether beside the point, since it has nothing to do with the work of bringing over immigrants, as such, by means of assisted passages and the like.

It will be seen that at that time I advocated the very policy which the present Minister of Immigration is carrying out. And that is what I got from the Montreal Gazette. On December 7, 1928, the Montreal Star had something to say. I understand that this newspaper organized a soup kitchen at its own expense last winter and made capital of the fact that it was feeding a number of people in this country; and the Minister of Immigration—

Mr. GORDON: The people they were feeding were in large measure people who were brought into Canada by the government of which my hon. friend was a member.

Mr. HEENAN: By the propaganda of the Montreal Star and the Conservative party—

Mr. QUINN: It was done by your own government.

Mr. HEENAN: This is what the Montreal Star said:

> There is something tragic in the contrasts which the situation offers. Canada is calling earnestly for men and women to develop her matchless resources and to build up her agriculture and industry. This Dominion needs half a million men and she could absorb that number in a single year if the same effort was put forward that was initiated in the dark days of the Great war.
>
> These men who are out of work are able-bodied, physically strong and are trained to use their muscles through long hours.

Mr. CHAPLIN: Give us your own opinion, not the opinions of newspapers.

Mr. SPENCE: How many years back is that?

Mr. PRICE: What are you reading from?

Mr. HEENAN: Where ignorance is bliss it is folly to be wise.

[Mr. Heenan.]

They would make admirable settlers if they could get over the difficult period of the first year of settlement. They would find new homes here if they were encouraged and given a helping hand.

The Montreal Gazette of July 26, 1928 had this to say:

> Debaters in the British parliament appear to think that the Canadian government is not doing its best to secure immigrants from the old country but is giving preference to Europeans. The complaints here has been that the Canadian government has not been trying very hard to obtain immigrants anywhere.

That is the kind of propaganda we were up against during the last two or three years when your humble servant was trying to preserve Canada for Canadians, just along the line that my hon. friend from Montmagny—

Mr. CHAPLIN: Who is joshing you now?

Mr. HEENAN: —is advocating. The Montreal Gazette of July 31, 1928 made this statement:

> The Hon. Robert Forke, Minister of Immigration, has shown full realization and a right appreciation of the seriousness of the problem that confronts his department, and he has done all he possibly can to speed up British settlers in larger numbers. But Mr. Forke is bound by a government policy obviously influenced by the view of organized labour, openly confessed last week by the Hon. Mr. Heenan, a member of the government—that the minimum of people should only be allowed to come in until everyone in Canada is prosperous and in a job! Yet Canada has room and resources to maintain a productive population larger by millions than she has to-day.

That kind of propaganda was going on all through the British Isles. Men and women out of work were led to believe that a few of us in Canada were trying to preserve this country as a closed shop, and they preferred to believe newspaper propaganda rather than to take the word of those who were really interested in the Canadian working man. And so they came to Canada and found themselves deceived when they arrived here.

Mr. LAVERGNE: How many immigrants came in between 1900 and 1911?

Mr. HEENAN: I do not know, but I will give the figures later on.

Mr. LAVERGNE: It was almost two millions and a half.

Mr. HEENAN: Which was just two millions too many. The Sydney Post of October 11, 1928,—I am coming close to home, Mr. Chairman—had this to say:

> The leaders of the government have repeatedly stated that they prefer British settlers before

those from any of the continental countries. Notwithstanding these reiterated assurances the official records show a steady relative decrease in the number of immigrants from Britain, and a constantly growing tide of settlers from eastern and southern Europe. If the professions of Mr. Forke are to be accepted that the government regards British settlers as the most desirable that can be obtained, the only conclusion one can reach is that the federal authorities do not know how to get what they want. Their attitude toward immigration seems to be that of helpless onlookers.

Mr. CHAPLIN: If that had been read to the immigrants they would have stayed out.

Mr. HEENAN: That was published in 1928, two years before the elections. The Hamilton Spectator of November 26, 1928, contained the following:

Lord Melchett Suggests Plan

Canada to Grant Land, Britain to Pay Cost

London, November 26.—A suggestion that Canada should make land grants and that Britain should finance settlement schemes on the instalment basis, is made by Lord Melchett, formerly Sir Alfred Mond, who says he would like to see a really big migration movement started which would bring out at least 100,000 people to Canada without undue hindrance.

An hon. MEMBER: Carried on division.

Mr. HEENAN: My hon. friend would like to have the item carry, but I intend to put a few more things on record before it is carried. This is the kind of propaganda indulged in by politicians, and which has been supported by politicians for the last few years.

Mr. GORDON: What politicians?

Mr. HEENAN: I will prove my statement.

Mr. GORDON: It conveys nothing to my mind when the hon. member says "politicians."

Mr. HEENAN: Politicians from the Conservative party, one member of which party is over in London representing the spirit, the voice and the soul of the government of the day.

An hon. MEMBER: Who is that?

Mr. SPOTTON: He will be back.

Mr. HEENAN: I hope he does come back, because I lost an asset when he left. Will my hon. friend tell me why he ran away?

Mr. SPOTTON: He will be back.

Mr. HEENAN: The Port Arthur News Chronicle, a paper in my part of the country, under date of October 1, 1928, had the following to say:

If Britishers will not come to Canada, we must look elsewhere for men and women who will come. Much of the dominion still remains to be settled. Much work has to be done. There is work that neither Britishers or Canadians will undertake if they can find other people to perform it. Large employers of labour know this. Thus we see on the railways in extra work, foreign labour with the barest sprinkling of English speaking men among them.

At this point I want to say that that is where the railway companies come in. I refer to both companies; they love to have a surplus of this kind of labour in order that they may encourage work at thirty cents an hour for any number of hours they like. They want to pay a wage which will not permit of a decent standard of living. The article continues:

We see the great construction works manned by non-English men in large proportions, simply carrying out instructions issued by the few supervisors. If the Britishers would come and do the work, there would be no necessity for the bringing in of so many non-English speaking men, but they will not come, and Canada cannot cease living until the Englishmen fulfil the original idea of the intention of making Canada a colony for the settlement of Englishmen alone.

The following is from a paper in my own riding, the Rainy River Record. Under date of November 11, 1928, they had this to say:

Saturday Review (London): (The report of the Industrial Transference Board shows that there are at least 250,000 more workmen in the British Isles than can be supported by the industries of the country). The remedy in which the Industrial Transference Board see most hope is in migration to the dominions. It would like to transfer to new careers 200,000 workmen with their families, for the excess of unemployed in the coal mines alone is probably at least 200,000—not one of whom has a chance of reemployment in his old work—and the migration of 200,000 abroad is therefore not an excessive transference, nor would it be throwing on the dominions by any means the whole of our surplus population. Since the war the stream of emigration from this country abroad has almost stopped, and the emigration of even 200,000 would do little more than make up the accumulated arrears.

In the Montreal Gazette of September 15, 1928, the following appeared:

It is largely because of the Heenan-organized labour attitude that one government after another in Canada has failed to evolve and enforce an immigration policy that will bring immigrants.

I draw this to the attention of the Minister of Immigration in the hope that the Montreal Gazette will not twist that around and say that the Gordon-organized labour attitude of one government after another in Canada has failed to bring immigrants to this country. Under date of March 10, 1928, the following appears in the Montreal Gazette:

Ottawa, March 9.—An impressive and constructive immigration program was submitted to parliament this afternoon by General A. D. McRae (Conservative, North Vancouver) in his

contribution to the budget debate. His plan contemplates "the ultimate settlement of 60,000,000 acres of land by some 250,000 farmers. These, with their families and the urban population which will be required, and the consequent developments which will follow, will add 2,000,000 new people to the prairie provinces of Canada. I propose we start out to double the present population of the west. Do this and the rest of Canada will grow and prosper."

Mr. PRICE: Why is so much of the time of the committee taken up with the useless junk which the hon. gentleman is reading? Why should the committee be held up, at a time when we are trying to get legislation passed, with a reading of numerous newspaper reports? It is absolutely useless and of no interest to the general public at large. It is a nuisance.

Mr. HEENAN: Now that the hon. gentleman has got that off his chest, let me read something from the Montreal Gazette, quoting what the Toronto Mail and Empire had to say:

We are pleased to learn that General McRae, M.P., North Vancouver, who met with a serious accident in Ottawa last winter, has returned from England completely restored in health. He has for many years taken an active interest in immigration and settlement work, and shortly before his accident, presented a plan which attracted widespread attention. Briefly it was to settle three hundred thousand on fifty million acres of land at a cost of $30,000,000.

The Mail and Empire, which is a Conservative paper, goes on to say:

If, as estimated, it would add two million to our population in ten years the cost does not seem excessive. General McRae's was one of the few really constuctive plans proposed for public consideration, but unfortunately his illness prevented the discussion of it which it deserved.

I would ask the hon. member who has just spoken (Mr. Price) to take up the cudgels where General McRae left off, and advocate now the bringing in of 300,000 people at a cost of $30,000,000 a year to settle on useless land. I defy any hon. member on the government side of the house to get up and say that that is the policy that should be pursued in Canada. Yet they induced thousands of people in the old country to sell their little sticks of furniture and start off for this great, prosperous country of Canada, and when they got here and could not find employment, we had the spectacle of the Conservatives going up and down this country saying: These are the people that the King government brought over.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): Time is up.

[Mr. Heenan.]

Mr. HEENAN: I am sorry because I am only half through.

Mr. LAVERGNE: I agree entirely with what my hon. friend said, but I do not think that quoting newspapers puts the responsibility on the right people. I was in the house when I was almost alone in denouncing immigration, and I lived to see the whole Conservative opposition supporting me when I was combating the immigration policy of the Laurier government. Deeds of governments speak louder than quotations from newspapers, which are not responsible to the people. Who brought the immigrants to this country? That is the question. During the Liberal regime of Sir Wilfrid Laurier three million immigrants, paid immigrants, came into this country—advertised immigration, bonused immigration, and sometimes scandalous immigration. I recall, for instance, the North Atlantic Trading Company. I was in the house in those days, and it was precisely on one of those questions that I separated from that party. It was when the Liberal party was filling up this country with the riff-raff of continental Europe. That was the policy pursued by the Liberal party for at least ten or twelve years, and it was denounced in this house first by the hon. member for Labelle and myself, then by Conservatives from Quebec, and then by the leader of the opposition, Sir Robert Borden, and the whole Conservative party. And it was defended by whom? By Mr. Sifton and Mr. Frank Oliver, then Minister of the Interior and Minister of Immigration respectively. Thus, deeds speak louder than quotations from newspapers, which may be Conservative. My hon. friend quotes the Montreal Gazette. Everybody knows that the Montreal Gazette is the Taschereau organ in the province of Quebec. I do not know that Mr. Taschereau is so much of a Conservative. It may be so, but he is not supposed to be Conservative in the eyes of my hon. friend.

I remember reading to the then Minister of Immigration in the Laurier government a list of twenty-nine new races which had been brought into Canada by the immigration policy of the Laurier government. Those were the days when we had bonused immigration, premiums on immigrants, scandals involving different companies. I remember the North Atlantic Trading Company. You could not name those people because if their names were given out in public some of them would have to commit suicide. But the present Minister of Immigration has put a stop to that policy, which was ruinous to the welfare of our

nation and to the best traditions of both races in this country, and I think the whole house should stand up and thank him for adopting such a policy. I have fought the Liberal party's immigration policy for the last twenty-five years, and I have fought many a battle alone. We should look at things squarely, and say that both parties have been guilty, both parties have gone the wrong way, the Liberal party more than the other; but the Conservative party was the first to put a stop to that policy this year.

Item agreed to.

Immigration salaries and contingencies, including grants to immigration societies, women's hostels, provinces, and loans for stock, equipment, etc., for Canadian boys, as may be authorized by the governor in council, $1,905,000.

Mr. HEENAN: I wish the hon. member for Montmagny (Mr. LaVergne) had been in the Conservative party during the last two or three years, because he would have tried to stop this propaganda in the British Isles. I want to say this to him. He said that the Liberal party brought those people here. I say it was the Tory propaganda that brought those people to this country.

Mr. LAVERGNE: There was no Tory government in 1904, 1905 or 1906.

Mr. HEENAN: Let me read what the present Prime Minister said in this house in 1929.

Mr. CHAPLIN: May I ask a question?

Mr. HEENAN: No. You don't need to ask anything because I am not going to answer it.

Mr. CHAPLIN: Will you tell us who brought that bunch up into the northwest that do not wear any clothes?

The CHAIRMAN (Mr. MacDonald, South Cape Breton): Will hon. gentlemen kindly address the chair and stop this cross-fire back and forth?

Mr. HEENAN: It would seem that hon. members opposite do not like the medicine they are getting, to hear that they are responsible for bringing immigrants into this country. They have misled thousands of people and brought them to Canada to suffer misery and starvation. They do not like to be reminded of the fact that they are responsible for lowering the wages of the working men in Canada.

I shall read what the present Prime Minister said as reported in Hansard of February 11, 1929:

> We have here one of the largest undeveloped areas in the world; we have a very pressing necessity for more people. There need be no misapprehension about that, notwithstanding what has been said from time to time to the contrary. It will be found that the increase of population in this country, brought about through bringing additional people in, will not only lessen unemployment for those who are now in it, but will increase all employment. Those who have studied the problems connected with the movement of people realize that instead of there being a diminution of opportunities for labour the flow of new peoples into a country means the increasing of the opportunities for those who are there as well as providing work to those who may come.

I have before me a similar statement reported in the Calgary Herald of February 1, 1929. In 1930 Mayor Webb of Winnipeg led a delegation of unemployed to this city. He and his delegation said that the reason for unemployment throughout Canada was the number of immigrants which had been brought in. Then he went back to Winnipeg and was invited to speak before the Sons of England society. His speech is reported in the Free Press of April 24, 1930. I would ask hon. members to bear in mind that this is the same gentleman who after blaming the government for bringing in too many immigrants left Ottawa, returned to Winnipeg and addressed the meeting to which I have referred, as follows:

> Mayor Webb told of a fine young Englishman who was in Winnipeg looking for work. He had been sent out to this country as a result of efforts made in his home city to help young fellows anxious to try their fortunes abroad.
>
> "That is the type of man we want in this country" explained the mayor, who expressed the hope that thousands more like him would be sent to Canada and given a fair chance to succeed when they got here.
>
> "The best thing for this country would be the arrival of a million Britishers," declared mayor Webb.

I want to point out, without mentioning further editorials of a like character—I do not wish to burden the committee because I know that it must be very trying to hon. members opposite to listen to this repetition—that this is the kind of propaganda that the King government and this country had to submit to for the last two or three years. I know that there were thousands of miners and other people in the British Isles who were thinking of the great opportunities which prevailed in Canada and who with the assistance of immigration societies borrowed money

to come here. When they arrived they found conditions just as I pictured them in a public speech delivered before the Trades and Labour Congress of Canada.

Mr. GORDON: When were those miners brought to Canada to which my hon. friend refers?

Mr. HEENAN: Those miners were coming over here expecting to find work when they arrived.

Mr. GORDON: In what years did they come?

Mr. HEENAN: Continually.

Mr. GORDON: They are not coming now.

Mr. CHAPLIN: They came when the hon. member was in office.

Mr. HEENAN: They are coming because of the propaganda of my hon. friend and his friends.

Mr. CHAPLIN: Who brought those naked Doukhobors into the northwest? You and your government.

Mr. POULIOT: They are naked, too.

Mr. CHAPLIN: You don't like that, do you?

Mr. McINTOSH: That is ancient history.

Mr. CHAPLIN: May be it is, but they are still running naked.

Mr. McINTOSH: Why not go out and tell it to the world?

Mr. CHAPLIN: You are trying to dress it.

Mr. HEENAN: I believe my hon. friend from Lincoln (Mr. Chaplin) and his friends are rather excited.

Mr. STITT (Selkirk): What about the unemployed?

An hon. MEMBER: Carry on.

Mr. HEENAN: I think I shall. I just wish to say that—

Mr. STITT (Selkirk): You were a fine lot of servants for the country.

Mr. HEENAN: What is my hon. friend growling about,—or is he grouching? Have you a grouch, too? Does my hon. friend not like this? I know it is rather hard medicine for the Tory party to take. I wish to say to the Minister of Immigration, however, that whether he believes it or not I am trying to maintain his position. I am trying to show that when I was in a position somewhat similar to his I had to withstand the criticism of editorials throughout the country.

[Mr. Heenan.]

Mr. CHAPLIN: You are not making it any easier for the minister.

Mr. HEENAN: They never changed my views because I still contended there were too many immigrants brought to this country. They came because of propaganda of the Conservative party, especially the branch of the party in the province of Ontario, and the taxes of the people were paid to bring those immigrants to Canada.

Mr. STITT (Selkirk): Why don't you speak out so that we can hear you?

Mr. HEENAN: When the minister was willing to allow a resolution to go through to provide for the eight hour day throughout Canada the hon. member who is now interrupting was the person who talked out the measure and thereby killed it.

Mr. STITT (Selkirk): Yes, after you were Minister of Labour for years and could not put it through. Now you are trying to stand up and defend it.

Mr. HEENAN: That might be true, too. The fact remains however that the hon. member prevented his own government from putting the measure through when they were willing that it should go through.

Mr. POULIOT: He is a hot wave.

Mr. HEENAN: He is the hon. member who undertook, after the minister had agreed—

The CHAIRMAN (Mr. MacDonald, South Cape Breton): I would suggest that the hon. member keep to the subject before the committee.

Mr. HEENAN: I am going to, and I want you to keep the hon. member opposite quiet.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): I certainly shall. I ask the hon. member to the right kindly to keep order.

Mr. HEENAN: I wish to say again to the Minister of Immigration that I am heart and soul with him.

Mr. LAPOINTE: Deliver me from my friends.

Mr. HEENAN: I do not think, however, that the hon. member sitting to his left is with him, or he has changed his mind within the last year.

Mr. MANION: Whom are you talking about?

Mr. HEENAN: The Minister of Railways, more particularly.

Mr. MANION: I am wholeheartedly with him.

Mr. HEENAN: Well you and I are going to shake hands yet. I made a speech, Mr. Chairman, with respect to people being brought into this country, and the whole Tory party including the present Prime Minister took exception to my remarks. The Tory papers also objected. On November 22nd, 1928, the Moose Jaw Times contained this editorial:

The Montreal Gazette has been devoting considerable criticism to Hon. Peter Heenan, Minister of Labour, in connection with immigration matters. Mr. Heenan has been returning the compliment and seems to be no better pleased with The Gazette than The Gazette is with him.

To the Toronto Star there is nothing surprising about this. In coming into conflict The Gazette and the Minister of Labour are both attending to their jobs and upholding the beliefs that are within them. The Star says:

Mr. Heenan is censured by The Gazette for having said that any miner-harvester excursion next year would be contingent upon the demand for extra labour that might then exist. This does not please The Gazette and is taken as indicating a hostility to immigration, a subject which, it says, Mr. Heenan should not discuss, but should leave to Mr. Forke, Minister of Immigration. But the fact is that Mr. Heenan, as Minister of Labour, was talking of labour, not immigration, when he made the statement complained of. "Any bringing over of harvesters," said Mr. Heenan, "would be contingent upon the demand for extra labour that might then exist." No Minister of Labour could very well be attending more strictly to his own business than was Mr. Heenan when he made that statement.

I am reading these extracts to give the minister an idea of the character of the propaganda inspired by certain interests during the last two or three years in an attempt to bring in immigrants, and, conversely, to criticize anyone who would dare take the stand the present minister has taken. Therefore, Mr. Chairman, I cannot see why the minister should still desire to pass this vote to grant financial assistance to immigration agents. Consequently I move that the vote be reduced to $1.

Mr. MALONEY: Mr. Chairman. I would not intervene in this discussion were it not for the fact that certain statements have been made reflecting on the capability of our high commissioner in London. We have as our representative in London the Hon. G. Howard Ferguson, one of the ablest men that Canada ever produced. Undoubtedly since he has been in London he has placed Canada on the map. Never in the history of this country have we had a more capable administrator than the Hon. G. Howard Ferguson, ex-Premier of Ontario, who to-day with such distinction fills the office of High Commissioner to London.

Mr. REID: I have a case to which I should like to direct the attention of the Minister of Immigration; and I ask the indulgence of the committee while I explain the details. This is the case of one Joseph Gordon Smith, who was dismissed from his position as temporary immigration inspector at Pacific Highway, British Columbia. In regard to his civil service examination I might say he obtained a mark of 85 per cent on the written examination and a very fair mark on the oral examination as well, and was placed sixth on the permanent list. I asked for the papers in connection with the case, and it is from these official records I am now giving the facts.

Complaints started to come in from the inspector in charge there with regard to this man, but at one time it was decided that he would make a fairly good officer. I read from a report dated October 16, 1930, from division inspector F. W. Taylor to the division commissioner at Vancouver. This is with reference to Inspector J. G. Smith:

The vacancy created by the transfer of inspector McNamara back to White Rock could, I am sure, be filled temporarily at least by officer Smith; and while I realize that the department would like to deal definitely with these appointments after the person concerned has been in the service a reasonable length of time, in the case of Mr. Smith if it is possible to have him continue at the Highway office for another few months to make up the quota of inspectors required at this port, I would recommend this action, as Mr. Smith is steadily improving in his inspectional and all-round work, and I feel reasonably sure that he will continue to do so.

So you see, Mr. Chairman, this man was progressing very well, and it looked as though he would make a fairly good officer. As I say, however, complaints started to come in with regard to his work, and the two chief complaints lodged against him were later proved to be entirely unfounded. I am going to read the first complaint made against him, and also give the real facts of the case. This is a report to Mr. A. E. Skinner under date of February 21, 1931:

Referring to Mr. Whiteley's recent report in connection with the employment of Inspector J. A. Smith wherein Mr. Whiteley makes reference to a couple of complaints in Mr. Smith's inspectional work; these complaints were inquired into at the time, the first one being made by a Mr. Louis F. Bachman, who claimed at the time he was being interviewed by Mr. Smith at the Highway that he was a Y.M.C.A. worker from Milwaukee, although he did not have any credentials to identify himself and

very little cash for his maintenance during his contemplated somewhat lengthy stay in this province, and although the man was allowed to come forward he called at the United States consular office to ascertain why he should have been questioned so closely and on following the matter up we found that Bachman was arrested a few days later by the R.C.M.P. officials in Alberta, where on being liberated he lost no time in returning to his home in Minot, North Dakota.

That was the first complaint, which was later proved to be entirely untrue. I quote from the same report with regard to the second complaint:

The second complaint was made by Mr. H. A. Goodhugh, who was sailing from Vancouver on the ss. Aorangi on November 12th last, and this gentleman called here on the morning after being admitted at our Highway office to complain of the indifferent manner our inspector answered his many questions with reference to certain information he was endeavouring to secure concerning Vancouver and vicinity, as this was his first trip through British Columbia and it later developed that Mr. Smith unfortunately was not familiar with the particular things Mr. Goodhugh was asking about and when he secured the information from myself he was quite willing to overlook Mr. Smith's apparent indifferent attitude in the matter.

Those were two main complaints against Mr. Smith during the time he was temporary officer, and as I have stated they were not only proved to be unfounded and unwarranted, but I think were entirely uncalled for.

Now I should like to take up the further reasons given for his dismissal. The first is is because of his advanced age. He is an overseas active service man, and passed with a high mark, and there is a different age limit for those men than for others. His age when he passed the examination was 51, and when he was dismissed he was 53. The second complaint is that he would never make an efficient inspector, that he had always worked as a labourer or farm hand. This is entirely untrue. He had been a chef and always had followed that line of work; he had also been a chef in the British army during the last war. The only time he worked as a labourer, or anything of the sort, was when he took up a ranch at a place called Newtonbury, but this is what the inspector says:

He has always worked as a labourer or as a farm hand, and it is very hard for a man of his calibre to step into a position of this kind at his age and be successful.

I think that complaint also is entirely unfounded. Then the inspector goes on to state that this man never had any clerical experience. As a matter of fact the temporary inspectors are never given any chance to do clerical work; all the reports were filled in by someone else, so how can they say he has no clerical experience when he had no chance to do clerical work? Then there is another statement which I find in these official records. The inspectors says:

I am very sorry that for the past two years I have had to turn down all the temporary men but one, but I take it that the department wants efficient men appointed to the service, and I am doing my best to this end.

I ask the minister to take serious note of this statement. These men are appointed as temporary inspectors, and my information is that if they do not fit in with the other men there, it is openly stated that they have the skids put under them and out they go. One man by the name of Griffin was a temporary officer in New Westminster, and just before he was made permanent he was sent out to this port and the skids were put under him. This is not a case where one can blame any political organization; this is the fault of the officials in charge of this work. It is practically a closed corporation, and it is a common saying in that district that they can put the skids under any of the temporary inspectors and prevent them from becoming permanent officials.

Those were the most important complaints, but there is a further point which aroused the ire of myself and very many others. The officials looked around to see if they really could find a reason for dismissing this man. He was efficient in every way; he had been recommended a few months back, but just before he was to be made permanent they decided it was about time to get rid of him, so what do you suppose they found against him? I should like the minister to listen to this, because the middle name of this man is the same as the minister's name, and I am sure the minister will be interested in this complaint. I now read from the report:

There are two complaints against Inspector Smith, that I may say is not that he is discourteous, but his Scotch dialect is so broad that the majority of the travelling public cannot understand him when he is trying to examine them.

Do you blame me for being hostile? This is part of the official record, and to think we have come to a time in the history of Canada when a man with a Scotch dialect is to be discriminated against! I have heard the deputy speaker refer with commendable pride to the French race, but I can tell him that the record of the Scotch is not very far behind that of the French in the building up of this country of ours. I can go back to Sir John A. Macdonald and go right down the

list of men of Scotch extraction who have done very much for this country. I think this is a gross insult, and I ask the minister that this case be investigated. I would ask the minister to remember this: they have not put on a permanent man for over two years. There are skids put under all those who do not fit in, but this is the last straw, and I am asking in the name of common justice that this slur on Scotland be removed. I have been quoting from the official records, and the only thing that they could find against the man is his Scotch accent.

Mr. GORDON: The hon. member need not fear; I will take the necessary steps to see that Scotchmen get their rights. I am told they get them anyhow. The case has not come before me, and obviously I cannot offhand go into all these various cases on the international boundary. I will look into this matter and if there has been any injustice I will see that it is attended to.

Mr. REID: This is not a dismissal under any political organization. The matter is more serious than that. I have here a letter from which I might quote the following:

You will be surprised to know that Joe Smith has been fired from the immigration service at the highway here under circumstances that merit some attention. The complaints have been fostered by another member of the staff, but of course the signing of the report was done by the man in charge. They complained of Smith's Scottish accent. I never thought the day would come when a Scottish accent would be a detriment in this world but more especially in Canada.

This letter is from a man who was a prospective Conservative candidate in the last provincial election, and therefore it shows that the matter is more serious than a mere political dismissal. It is high time that an investigation took place at the customs and immigration ports of British Columbia.

Mr. VENIOT: I wish to say a word or two in regard to this question of immigration, and I do so for the benefit of the hon. member for Montmagny, who in his speech blamed the Liberal party so severely for bringing so many immigrants into the country. According to the hon. gentleman the Liberal party was entirely to blame for all the immigrants brought into the country in the last fifteen or twenty years or more. Let me direct his attention to page 2746 of Hansard of May 22, 1929, reporting a speech made by the present Minister of Railways. That hon. gentleman was then criticizing the policy of the Liberal party in regard to immigration, and he was attempting to show that that policy had been a failure. In his speech he said:

During the first year of Liberal rule the British immigration into Canada amounted to 47 per cent of the total immigration; last year it was 33 per cent, which shows that the British immigration is decreasing, whatever the cause may be.

The following, particularly, is what I wish to call to the attention of the hon. gentleman:

During the last four fiscal years before the war, 1911 to 1914—

Our Tory friends were in power then, and the hon. member for Montmagny was supporting them.

—we received into Canada, 1,451,000 people.

Mr. LAVERGNE: Before the war?

Mr. VENIOT: The hon. gentleman was referring to the period before the war.

During the last four years during which this government—

That is, the Liberal government.

—has been in office—

That is, from 1922 or 1923 up to the time the hon. gentleman was speaking.

—we have received exactly 501,000, or a little more than one-third of the immigration during the four years before the war.

I wish to ask the hon. member for Montmagny to sleep on that.

Mr. LAVERGNE: My hon. friend asks me to sleep on his words. It reminds me of the old days. Let me tell him something that happened under the Laurier regime, when the Liberal party was making an attempt to bring in immigrants of every description—the Salvation Army, ex-convicts, prisoners and loafers. That was during the Liberal regime. The reason for that immigration which the Laurier government wished to bring in will be found at page 6151 of Hansard of April 9, 1907. That reason was stated by Mr. Smart, then Deputy Minister of Immigration, in Liverpool. He said on that occasion that this immigration was necessary to drown the French element in Canada. I would ask my hon. friend to sleep on that.

Mr. DONNELLY: There is an arrangement with the provinces for bringing in settlers, whereby we pay a certain proportion of the interest on the money loaned for improvements on the land. Can the minister give us some idea of what this is costing the government in New Brunswick and elsewhere?

Mr. GORDON: That applies to what is known as the New Brunswick scheme. Five hundred families are being brought in. All but about fifty of the families have come in, and I do not think there is any possibility of further families coming forward this year. I have not the figures with regard to what is known as the tripartite agreement with New Brunswick but I should be glad to get them and give them to the hon. gentleman.

Mr. WOODSWORTH: The other evening when these items were under discussion I was asking the minister a question with regard to the British Immigration and Colonization Association. I have since then received a return which gives a good deal of the information I sought. I note that this organization has brought in 5,358 boys. It has received in the past year from the government a total of $35,140.08.

Mr. GORDON: That is from the commencement.

Mr. WOODSWORTH: The last six years.

Mr. GORDON: From the time we first took an interest in it.

Mr. WOODSWORTH: I have no fault to find with the present administration with regard to this organization, but I do think that in the future the policy of the government should be to refuse to allow private organizations of this kind to bring boys to Canada. As I understand it, this organization is today on the rocks. They entered into a solemn arrangement with the government that they would supply after-care to the boys who were brought over. They have no financial resources and the responsibility for carrying on the work among these boys is left to the railroads—they were originally closely associated with the organization—and to the department itself. The Dominion government has been loaded up with a large number of boys who really are not needed in Canada. Throughout the west there are at the present time thousands of school boys who do not know where to find a job. I know something of old Ontario, and the same condition exists there. I had a letter only the other day from some people who stated that they did not know what to do with their own boys on the farm. In many cases our orphan homes are unable to place the children. I will admit that in the past many farmers got cheap labour by this means, and no doubt many boys of a fine type were brought out. However, at the present time we have sufficient boys right here in Canada to meet our needs.

Governments in the past have been willing to enter into negotiations with associations which may have had a certain financial backing but which have not been prepared to carry out their original arrangements, and the load has been passed on to the government. This brings me to the question of deportations. There have been deported 246 of these boys, and 199 have been returned under charity arrangements. A few weeks ago I gave an illustration to the house of one particular case that had been brought to my attention, a boy who had been brought to this country under some such arrangement as this and who had gone down hill and was likely to become a criminal. He was a mere tramp, drifting about, riding on freight cars, and so on. That is positive tragedy, even when confined to one individual, but it is an appalling condition when it applies to hundreds of boys who have been brought over here and allowed to drift about from place to place. A certain number of them will get into trouble; many of them have had to be deported, and it is a very serious condition. When we were discussing the question of deportations a little while ago the minister took the ground that we had to protect ourselves. Looking back over the past ten years I find that there has been no group in this house which has stood out so solidly for protecting our Canadians against immigration as has the group in this corner.

However, when these immigrants are brought in, the least that we can do is to give them a fair chance. I know the minister is faced with the task of clearing up a lot of the mess which was left for him as a result of the policies pursued for many years, but I think we must give a certain amount of humane consideration to this matter.

May I be permitted to give one or two examples which would not come under the provisions of the bill which was under consideration earlier in the evening? The following case in a western municipality came to my attention. A man from central Europe had come to Canada four years ago with his wife and three children, the eldest of which was ten years of age. He bought a home on Montreal street in Regina, and had it paid for. Last summer he was required to put in a couple more rooms, as well as water and a sewer system. This meant debt which because of unemployment he was unable to meet. He could not borrow money on the property, and he was forced to appeal to the

city. He received relief to the extent of about fifty or sixty dollars, and then an attempt was made to deport him. Fortunately strong representations were made to the city council and the municipality did not urge deportation. I have no fault to find with the department in connection with this case as they had taken no definite action when I communicated with them.

Mr. MALONEY: Was the eldest child a girl or a boy?

Mr. WOODSWORTH: Just at the moment, I do not recall. I do not understand what the hon. member's question has to do with this matter.

Mr. MALONEY: There is so much difference.

Mr. WOODSWORTH: I have not the telegram before me, but there is nothing in the information I have which refers to that particular point. I contend that it is not fair to the people whom we have asked to come here that we should force them out of the country when they get into a little trouble.

Mr. GORDON: There was no effort made to deport that particular man.

Mr. WOODSWORTH: I said distinctly that I was not blaming the department.

An hon. MEMBER: Why bring that up?

Mr. WOODSWORTH: We are dealing with the immigration policy of this country, and I suggest that we are reaching the point where we are not being fair with the immigrants who have been brought here.

I have another case, in connection with which I made inquiries of the department. This man was a printer who was arrested as he was about to enter Canada after spending some time in the sanatorium of the International Typographical Union at Colorado Springs. This man, by name James Reid, was ordered to be deported, and died in New York on Friday, May 29, before the deportation order could be made effective. I was told by the department that had this case been appealed, the man probably would have been allowed to die in this country. This man had been living in the city of Toronto where his brother and sister are located; he was sent to a sanitorium and when it was found that he was not doing so well he was sent to the sanatorium at Colorado Springs. When it was obvious that he had not very much longer to live he decided to come back to die at his sister's home, but he was refused entry to Canada. I suggest that in cases of this kind a little humanity should prevail.

Mr. GORDON: Wherein did the Canadian officials fail in that case?

Mr. WOODSWORTH: I would say that in a case of that kind the man should have been permitted to come back into Canada.

The CHAIRMAN (Mr. MacDonald, South Cape Breton): An amendment has been moved by the hon. member for Kenora-Rainy River (Mr. Heenan), that the amount of the vote be reduced to one dollar.

Amendment (Mr. Heenan) negatived.

Progress reported.

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

Monday, July 13, 1931.

The house met at three o'clock.

INDUSTRIAL AND INTERNATIONAL RELATIONS

Second report of the select standing committee on industrial and international relations.—Mr. Turnbull.

RIVIERE DU LOUP STATION

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, I give notice that I place the following questions on the table. The first question is:

Was the proposal to build a new railway station—

Mr. SPEAKER: By what procedure does the hon. member undertake to give such notice? Questions to appear on the order paper do not require notice.

Mr. POULIOT: I make the present motion because I left several questions with Mr. Beauchesne about a week ago which have not been printed on the order paper.

Mr. SPEAKER: The hon. member has not adopted the proper practice in connection with this matter.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 113, to amend the criminal code.

Mr. LAPOINTE: Explain.

Mr. GUTHRIE: Mr. Speaker, I have been asked to give a brief explanation of the proposed bill. For the information of hon. mem-

bers may I say that the bill consists largely of amendments to clauses which now appear in the criminal code. There are one or two new clauses, however, of which the first and most important is an enactment to punish what might be called nude parades or processions which sometimes take place in some of the western parts of the Dominion of Canada, and which have caused a great deal of trouble in the provinces of Saskatchewan and British Columbia. The present clause dealing with indecent exposure is not strong enough to prevent such parades and requests have come from the authorities in the western provinces asking that a new section be passed. The proposed penalty for taking part in nude parades will be up to three years' imprisonment.

The next section to which I shall refer prohibits the use of living bacilli as rat poison. The use of such bacilli is very dangerous and the Department of Public Health have asked that such use be prohibited.

The question of chicken stealing is one in regard to which the department has had a great many communications from all parts of Canada. I refer more particularly to the wholesale theft of poultry where organized gangs go out and clean out a poultry house in a few minutes. The penalty at present imposed is very slight and magistrates have taken a very lenient view of such thefts. The proposal is to increase the penalties.

The next change relates to the publication of false advertisements. Retail merchants' associations and better business associations have asked for the change, and there is a special clause protecting newspapers which in good faith publish such advertisements.

The next section provides for the adoption of Bill No. 34 on the order paper concerning the use of counterfeit seals, and applies chiefly to the liquor trade. This provision has been asked for by all the provincial governments with the exception of one, and by the liquor control boards of the various provinces. The section following concerns the same matter and is asked for by the Ontario Liquor Control Board whose seals in a great many instances have been forged.

The next section relates to the selling of goods falsely marked, and is placed in the act at the request of retail merchant associations throughout Canada.

Section 10 merely provides for the repeal of the section now in the criminal code in regard to the soliciting and carrying on of the insurance business. The section now in the code has been pronounced ultra vires by the judicial committee of the privy council and the present change merely provides for the removal of that section.

[Mr. Guthrie.]

Section 11 deals with false fire alarms. In some of the larger cities of Canada the practice of sending in false alarms has become prevalent. It is proposed to provide penalties for those sending in such alarms.

There is an amendment to the section in regard to injuries to animals.

The next amendment concerns appeals to the supreme court from the courts of appeal in the various provinces where there has been a difference of opinion in the appellate courts of those provinces.

Section 15 adopts Bill No. 46 now appearing on the order paper concerning bail in cases under appeal.

I think there is another slight amendment to section 1025 which I seem to have omitted from the draft bill but which I shall ask the committee to insert when the bill reaches the committee stage.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 119 for the relief of Lily Adèle Caswell Dyson.—Mr. Garland (Carleton).

Bill No. 120 for the relief of Thora Mary Balfry Walker.—Mr. Young.

Bill No. 121 for the relief of Marjorie Kathleen Younger Cooper.—Mr. Garland (Carleton).

Bill No. 122 for the relief of Frank Godsoe Wilson.—Mr. Bell (St. John-Albert).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*SITTING OF PRIVY COUNCIL

Mr. POULIOT:

Was there a sitting of the privy council on the date of October 4, 1930?

Mr. BENNETT: Mr. Speaker, I ask your direction as to whether or not this is a proper question. Certainly such information has never been given before. Looking at some of the decisions, it seems to be abundantly clear that this is not the proper kind of question to ask, but I am entirely in the hands of the house.

Mr. POULIOT: It is very inoffensive.

Mr. SPEAKER: The question will stand in the meantime.

*ALCOHOLIC LIQUOR—CONSUMPTION AND PRODUCTION IN QUEBEC AND ONTARIO

Mr. GARLAND (Bow River):

1. What is the total consumption of alcoholic liquor by quantity and value in the province of Quebec?
2. What is the total consumption of alcoholic liquor by quantity and value in the province of Ontario?
3. What is the total production of alcoholic liquor in the province of Quebec?
4. What is the total production of alcoholic liquor in the province of Ontario?

Mr. BENNETT: I think it might be difficult to answer this question in its entirety. I apprehend the hon. gentleman means the consumption as shown by the excise returns. Outside of that it would be impossible to say whether or not there might be alcoholic liquor consumed, because there are provisions for what is called "home brew," over which little control can be exercised.

Mr. SPEAKER: Is that to be the answer?

*MONTREAL HARBOUR COMMISSION EMPLOYEES

Mr. SULLIVAN:

1. How many men were employed by the Montreal harbour commissioners previous to July 28, 1930?
2. How many men are now employed, and where do they live?
3. How many men have been dismissed from the Montreal harbour commission since July 28, 1930: (a) and what were their names and addresses; (b) why were they dismissed?
4. Were any permanent employees appointed by the Department of Public Works in the district of Montreal from 1926 to 1931, if so, how many were at the time of appointment over 35 years of age and not returned soldiers?
5. Have any employees, not residents of the district of Montreal, been appointed to permanent positions at Montreal under the control of the federal government in the following departments: (a) National Revenue; (b) Public Works; (c) Post Office?
6. Are there any positions in the federal government service in the different federal departments at Montreal not under the jurisdiction of the Civil Service Commission?

Mr. CAHAN: As to this question No. 19, Mr. Speaker, it cannot be answered until the time is fixed with respect to the fifth paragraph, which in its present form applies to all appointments since Confederation.

Mr. SPEAKER: Stands.

CANADIAN PORTS—TONNAGE AND CHARGES

Mr. PLUNKETT:

1. What is the tonnage entering and clearing from the following ports in Canada for the last completed fiscal year: Sidney, Nova Scotia; Halifax, Nova Scotia; Saint John, New Brunswick; Quebec, Quebec; Montreal, Quebec; Prince Rupert, British Columbia; Victoria, British Columbia; Vancouver, British Columbia; New Westminster, British Columbia?
2. What are the charges or assessments made against all vessels entering and clearing from the above ports?
3. How many of the above ports have harbour commissions?
4. How many of the above ports are considered free ports or have only minor charges upon entry and clearance?
5. Of the ports as enumerated in this questionnaire, which one has the least charges and what is the nature of such charges for vessels entering and clearing from such port?
6. What ports as enumerated in this list have compulsory pilotage charges, and what ports have not such charges?

Mr. SPEAKER: Dropped.

TRANSHIPMENT OF CARGO FROM FRENCH OR SPANISH TRAWLER

Mr. RALSTON:

1. Is it a fact that permission was given to a French or Spanish trawler, within the past month to come into Halifax to tranship cargo?
2. Was any permission applied for relating to a French or Spanish trawler coming into Halifax within the past month?
3. Were any fish transhipped, and if so, what charges were collected?
4. What were the circumstances, and will the correspondence be brought down with the answer to this question?

Mr. CAHAN:

1 and 2. No.

3 and 4. Answered by Nos. 1 and 2.

MR. W. A. MORTON

Mr. BLAIR:

1. Was a contract entered into in July, 1930, with Mr. W. A. Morton of Richards Landing for the placing and maintaining of buoys for a period of three years from the date of said contract?
2. If so, what yearly remuneration did said contract specify?
3. How many years has the said W. A. Morton performed the said service?
4. Was said contract cancelled, if so, when?
5. Was his work satisfactory?
6. What is the reason for cancellation of said contract?

Mr. DURANLEAU:

1. Yes—for the maintenance of the buoy service in St. Joseph channel.

2. $379.04.

3. Six and one half years.

4. Yes, as from 2nd July, 1931.

5. No.

6. On the ground that he had not been maintaining the service in accordance with the conditions of his contract.

QUEBEC AND MONTREAL BRIDGES

Mr. SULLIVAN:

1. Was the cost of building the Quebec bridge across the St. Lawrence, above Quebec city, charged to the Quebec Harbour Commissioners, and what was such cost?

2. Has the new bridge across the St. Lawrence between Montreal and Longueuil been charged to the Montreal Harbour Commissioners?

Mr. CAHAN:

1. Capital expenditure on Quebec bridge, $21,706,664. This expenditure was borne by the government through the Department of Railways and Canals.

2. Chapter 58 of the statutes of Canada, 1924, confers upon the corporation of the harbour commission of Montreal the power to construct a bridge across the St. Lawrence river upon certain conditions therein specified.

The last subsection of section 1 of the said act provides that:

The corporation may, for the above purposes, and from time to time, borrow money or issue and sell or pledge bonds for such amounts, at such rate of interest and on such terms and conditions as it may determine, and it may secure such bonds or loans by a mortgage or hpyothec on the said bridge and by a charge on the tolls and revenues thereof.

RIVIERE DU LOUP WHARF—PILE DRIVING

Mr. POULIOT:

1. How many piles were driven at the Riviere du Loup wharf: (a) in 1929; (b) between August 7 and December 31, 1930?

2. What was the cost of labour for driving these piles: (a) in 1929; (b) between August 7 and December 31, 1930, including the rent of a vessel, the use and repairs of a winch, and repairs of damages caused thereby to the wharf building in 1930?

Mr. STEWART (Leeds):

1. (a) None; (b) Twenty.

2. (a) Answered by No. 1; (b) Impossible to give labour cost as the driving of piles was done at various intervals when tide was convenient and at same time as other works, and hours of labour have not been kept separately.

MISS EDNA VANDERBURG

Mr. CHEVRIER:

1. Is Miss Edna Vanderburg employed as stenographer at the government experimental farm at Indian Head?

2. Is that position one under the jurisdiction of the Civil Service Commission?

3. Was an examination held by the Civil Service Commission for the filling of that position?

4. Did Miss Vanderburg successfully pass such examination?

5. How many applicants tried the examination and what was the rank held by Miss Vanderburg at said examination?

[Mr. Duranleau.]

Mr. CAHAN:

1. Miss Edna Vanderburg is shown in the records of the Civil Service Commission, as a stenographer grade 2 on the staff of the Department of Agriculture at Indian Head, Sask.

2. Yes.

3. Yes, two examinations were held.

4. No.

5. Miss Vanderburg was taken on by local selection in the absence of qualified eligibles, on October 13, 1930, and a temporary certificate issued in her favour for two months. The position was at once advertised for local competition, and Miss Vanderburg who was the only applicant, failed to pass the examination.

As it was felt that further advertisement might produce a better qualified applicant, the position was again advertised, and in the meantime Miss Vanderburg's temporary certificate was extended for another two months.

The second examination was held on February 7th, 1931, at which Miss Vanderberg and one other young lady were the only competitors. Both failed to pass the examination. In view of the great difficulty experienced in the past in securing qualified stenographers grade 2 at Indian Head, the department was asked to state whether Miss Vanderburg's services had been satisfactory, and as a favourable report was made, it was considered advisable to retain her services in a temporary capacity until another opportunity might be given her to qualify.

SHELBURNE COUNTY MAIL CONTRACTS

Mr. RALSTON:

1. Who has the contract for carrying mails between south side Cape Sable island and North East Point wharf, Shelburne county, and what is the contract price?

2. Who has the contract for carrying mails between Clark's Harbour and North East Point, Shelburne county, and what is the contract price?

3. Who has the contract for carrying mails between Stony island and North East Point, and what is the contract price?

Mr. SAUVE:

1. Contract has been awarded to Everette Chase at $675 per annum.

2. Contract has been awarded to Everette Chase at $500 per annum.

3. Contract has been awarded to Ethren Cunningham at $295 per annum.

ST. JACQUES DE L'ACHIGAN—CARETAKER

Mr. SEGUIN:

1. Who is the present caretaker of the public building at St. Jacques de l'Achigan, in the county of Montcalm?

2. Was Mr. Ludger Coderre, the previous caretaker, dismissed, and if so, by whom was his dismissal requested?

3. Were there any complaints against the said Mr. Coderre, and if so, by whom were they made?

Mr. STEWART (Leeds):

1. Mr. Marcil Dugas engaged temporarily to look after the caretaking of the building until the appointment of a permanent caretaker is made by the Civil Service Commission.

2. Mr. Coderre's services were dispensed with owing to his having reached the age of seventy years.

3. No.

MR. OSCAR DROUIN

Mr. DORION:

1. Did Mr. Oscar Drouin, of the city of Quebec, from December 29, 1921, to August 1, 1930, conduct any inquiries for the Post Office Department, and if so, what inquiries were held, and what was the amount paid to him?

2. How many postmasters were found guilty through inquiries made by him?

Mr. SAUVE:

1. Yes—Abenaquis, Beaupre, Belley, Bernier, Clairvaux de Bagot, Cap au Corbeau, Chicoutimi Ouest, Hebertville Station, Jonquiere, Kamouraska, La Montagne, La Mare, Les Eboulements, La Patrie, La Tuque, Lac aux Sables, Metabetchouan, Normandin, Pontbriand, Port Alfred, Riviere Mailloux, St. Jacques le Mineur, St. Joseph d'Alma, St. Alphonse, St. Bruno Lac St. Jean, St. Agnes de Charlevoix, St. Isidore Dorchester, St. Anne de Beaupre, St. Clement, Ste. Marguerite de Dorchester, St. Gedeon Station, St. Gedeon, St. Tite des Caps, St. Paulin—$4,314.03.

2. 26.

MR. WILFRID STE. MARIE

Mr. DORION:

1. Did Mr. Wilfrid Ste. Marie, lawyer of Hull, Quebec, from December 29, 1921, to August 1, 1930, hold inquiries for the Post Office Department, and if so, what number were laid, where, and what amount was paid to him for such inquiries?

2. How many unfavourable reports were made against postmasters, and how many of them were found guilty through the inquiries so held?

Mr. SAUVE:

1. Yes, three: Notre Dame de la Salette, P.Q.; River Desert, P.Q.; Whitefish Lake, P.Q., $153.05.

2. Three; three.

MESSINES POSTMASTERSHIP

Mr. PERRAS:

1. What is the name of the present postmaster at Messines, in the county of Wright?

2. Has he been permanently appointed or is he only acting?

3. By whom was he appointed?

4. On whose recommendation was he appointed?

5. Did a post office inspector, or any other official of the Post Office Department, interview anyone in Messines for references in connection with the said appointment?

6. If so, who?

7. What was the name of the previous postmaster?

8. Why is he no longer employed as such?

9. Was any charge laid against him?

10. If so, what is the nature of the said charge?

11. By whom was it laid?

12. If there was a public hearing of said charge, who testified in support thereof?

13. Was that the sole reason for his dismissal?

14. How long had he occupied said position?

15. How did he fulfil his duties during his term of office?

Mr. SAUVE:

1. Edouard Lafrenière.

2. Acting postmaster.

3. Postmaster General.

4. Notary F. A. Labelle.

5. No.

6. See answer to question 5.

7. Frank Nault.

8. He was dismissed.

9. Yes.

10. Active political partisanship.

11. Israel Labelle, Adelard Cecire, J. Belisle, Jos. Gorley and Alfred St. Jacques.

12. Alex. Lafreniere, Wilfrid Lafreniere, Alfred St. Jacques, Adelard Cecire, Jonny Guitard, Germain Lafreniere, L. J. Gorley, Edgar Boutet.

13. Yes.

14. Twenty-seven years.

15. No record of any complaints against his management.

BOUCHETTE POSTMASTERSHIP

Mr. PERRAS:

1. What is the name of the present postmaster at Bouchette, in the county of Wright?

2. Has he been permanently appointed or is he only acting?

3. By whom was he appointed?

4. On whose recommendation was he appointed?

5. Did a post office inspector, or any other official of the Post Office Department, interview anyone in Bouchette for references in connection with the said appointment?

6. If so, who?

7. What was the name of the previous postmaster?

8. Why is he no longer employed as such?

9. Was any charge laid against him?

10. If so, what is the nature of the said charge?
11. By whom was it laid?
12. If there was a public hearing of said charge, who testified in support thereof?
13. Was that the sole reason for his dismissal?
14. How long had he occupied said position?
15. How did he fulfil his duties during his term of office?

Mr. SAUVE:

1. Jos. Dessureault.
2. Acting postmaster.
3. Postmaster General.
4. Notary F. A. Labelle.
5. No.
6. See answer to question 5.
7. L. H. Merleau.
8. He was dismissed.
9. Yes.
10. Active political partisanship.
11. Honoré Bastien, Osias Roy, Jos. Dessureault.
12. Joseph Dessureault, Osias Roy, David de Grammont, Honoré Bastien, Joseph Poirier.
13. Yes.
14. Twelve years.
15. His management was fair.

LOW POST OFFICE

Mr. PERRAS:

1. Why have the two former post offices at Low, in the county of Wright, been closed?
2. On whose recommendation was the new post office placed at the railway station?
3. Why were the former postmasters of the said post offices retired?
4. At whose demand?
5. How long had they served respectively as such?
6. What is the name of the new postmaster?
7. By whom was he appointed?
8. On whose recommendation?

Mr. SAUVE:

1. As one post office is sufficient to serve the district and owing to the reduced cost of service.
2. Office placed at most central site.
3. Locations not central for whole of district.
4. See answer to No. 1.
5. Postmaster—Low post office—from 12th July, 1927, to present date.
Postmaster—Low Station post office—from 1st October, 1926, to present date.
6. John T. Kealey.
7. Postmaster General.
8. Notary F. A. Labelle.

GRACEFIELD POSTMASTERSHIP

Mr. PERRAS:

1. What is the name of the present postmaster at Gracefield, in the county of Wright?
2. Has he been permanently appointed or is he only acting?

[Mr. Perras.]

3. By whom was he appointed?
4. On whose recommendation was he appointed?
5. Did a post office inspector, or any other official of the Post Office Department, interview anyone in Gracefield for reference in connection with the said appointment?
6. If so, who?
7. What was the name of the previous postmaster?
8. Why is he no longer employed as such?
9. Was any charge laid against him?
10. If so, what is the nature of the said charge?
11. By whom was it laid?
12. If there was a public hearing of said charge, who testified in support thereof?
13. Was that the sole reason for his dismissal?
14. How long had he occupied said position?
15. How did he fulfil his duties during his term of office?

Mr. SAUVE:

1. Joseph Lafrenière.
2. Acting postmaster.
3. Postmaster General.
4. Notary F. A. Labelle.
5. No.
6. See answer to question 5.
7. J. B. Merleau.
8. He was dismissed.
9. Yes.
10. Active political partisanship.
11. Dr. Arthur Desjardins, Aimé Gravelle, Fred S. Moore.
12. Jos. Lafrenière, Edgar Boutet, Arthur Lecuyer, Aimé Gravelle, Olivier Lafrèniere, Simon Labelle, Dr. Arthur Desjardins.
13. Yes.
14. Five years.
15. Management was fair.

AVIATION FATALITIES

Mr. AHEARN:

In view of recent fatal accidents, will the hon. minister of National Defence consider the advisability of giving flying club instructors absolute control of student and other flyers belonging to these clubs by regulations issued by the civil aviation branch of the Department of National Defence?

Mr. SUTHERLAND: Under consideration.

UNOPPOSED MOTIONS FOR PAPERS

ENTRY OF UNITED STATES WORKMEN AT FORT FRANCIS

Mr. HEENAN:

For a copy of all telegrams and correspondence between any department of the government or any member of the government, respecting the entrance into Canada of workers from the United States at Fort Francis, Ontario, since April 30, 1931.

CANADIAN NATIONAL RAILWAYS—RIVIERE DU LOUP STATION—REPAIRS

Mr. POULIOT:

For a copy of the specifications and details of repairs to Riviere du Loup station accompanying plan No. 17321-1, as approved by order 46476 of the Board of Railway Commissioners.

MR. JOS. COLLIN, BOND

Mr. POULIOT:

For a copy of the bond of the Employers' Liability Assurance Corporation Limited amounting to $10,000, accompanying the tender sent by Mr. Jos. Collin, general contractor, of Riviere du Loup, for the building of a new station at Riviere du Loup, which was forwarded to the Canadian National Railways and to the Department of Railways and Canals.

REPORTS BY MR. ALPHONSE GARON

Mr. POULIOT:

For a copy of the reports handed to the hon. Postmaster General by Mr. Alphonse Garon, inquiry commissioner, following inquiries held by him at Cacouna, Chemin Tache, Gironde, La Richardiere, Montagne Ronde, and Notre Dame du Lac, in the county of Témiscouata.

DR. G. R. DEVEAU—DISMISSAL

Mr. HEENAN (for Mr. Ralston):

For a copy of all correspondence, applications, reports, memoranda, recommendations, and all other documents, to or from or in the possession of the Minister of Marine or any other minister or ministers of the government, or to or from any official or officials of the Civil Service Commission, or any other person or persons, relating to the dismissal of Dr. G. R. Deveau as marine doctor at Arichat, Nova Scotia.

Mr. DURANLEAU: Mr. Speaker, I ask that this motion stand until to-morrow.

Mr. SPEAKER: Resolution stands.

NORTH BATTLEFORD—AIR MAIL SERVICE

Mr. VALLANCE (for Mr. McIntosh):

For a copy of all documents, correspondence, memoranda, letters and telegrams exchanged between the Prime Minister's office since August, 1930, and any individual or association of individuals in the federal riding of North Battleford in connection with the cancellation or continuation of the daily air mail service now enjoyed by the city of North Battleford on the northern route of western Canada's air mail system.

For a copy of all documents, correspondence, memoranda, letters and telegrams exchanged between the Post Office Department since August, 1930, and any individual or association of individuals in the federal riding of North Battleford in connection with the cancellation or continuation of the daily air mail service now enjoyed by the city of North Battleford on the northern route of western Canada's air mail system.

PHILIAS BOURGET

Mr. BRASSET:

For a copy of all correspondence, reports, inquiries and other documents, regarding the dismissal of Philias Bourget, of Perce, in the county of Gaspe, as keeper of the lighthouse at Perce.

HATHERLEIGH POST OFFICE

Mr. VALLANCE (for Mr. McIntosh):

For a copy of all correspondence, memoranda, letters, telegrams and other documents, exchanged between the department of the Postmaster General since August, 1930, and any party or parties in the federal riding of North Battleford, in respect to the change in the location and postmastership of the post office at Hatherleigh, Saskatchewan.

EDAM—POPLAR DELL RURAL MAIL ROUTE

Mr. VALLANCE (for Mr. McIntosh):

For a copy of all correspondence, memoranda, letters, telegrams and other documents, exchanged between the department of the Postmaster General since August, 1930, and any party or parties in the federal riding of North Battleford, in regard to the establishment or otherwise of a rural mail route between Edam and Poplar Dell, Saskatchewan.

SIR HENRY THORNTON

Mr. CHAPLIN (for Mr. McGibbon):

For a copy of the order in council engaging Sir Henry Thornton as president and general manager of the Canadian National Railways.

DOCTOR LYLE TELFORD

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver South): I should like to direct a question to the Minister of Marine (Mr. Duranleau): In the Vancouver Star of July 4, I notice an item stating that Doctor Lyle Telford of the city of Vancouver, who has been talking over the radio once a week for some considerable time, has been advised by the Department of Marine that this privilege shall be accorded to him no longer. I should like to ask the minister the reason for this curtailment of the right of free speech.

Hon. ALFRED DURANLEAU (Minister of Marine): I have no personal knowledge of the speeches made by the gentleman to whom my hon. friend refers, but I will inquire and report.

PENSION APPEALS

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I should like to direct a question to the Minister of Pensions and National Health (Mr. MacLaren), as to whether he will expedite the delivery of the decision of the pensior

appeal court on the question of whether an ex-soldier now possessing a pension, or an assessment as it is technically called, who appeals for a greater assessment or pension and whose claim has been turned down by the pension board, has or has not the right to appeal to the regional tribunal. The question has been under discussion for eight or nine months, and thousands of applications are being held up because of the delay in coming to a decision.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): This matter is in the hands of the pension appeal court. I understand the question has been argued before them, but they have not yet brought down their decision.

WAYS AND MEANS

PASQUA INDIAN RESERVATION

Right Hon. R. B. BENNETT (Minister of Finance) moved that Mr. Speaker do now leave the chair for the house to resolve itself into committee of ways and means.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Before this motion carries I should like to take a few moments to direct the attention of the house, and particularly of the Minister of the Interior (Mr. Murphy), to a grievance of rather long standing. I have taken up this matter with the Department of Indian Affairs and have been unable to get any satisfactory statement from them; hence the only course open to me is to bring the matter to the attention of the house. Being our wards, the Indians are without other recourse than an appeal to parliament. I for one have been always of the opinion that the government of Canada has sought to deal fairly with the Indians, and I should like to think that this position is maintained even in matters that may be considered by us of minor importance. It may be because I have been in the west for nearly fifty years that the Indians wrote me with regard to this matter. The unsatisfactory replies of the department led me to inquire more particularly into this case. With reference to a certain lease to the Antapa club covering a portion of the Pasqua Indian reservation, I asked the department:

Will said lease permit the members of the Antapa club to take liquor on to the Indian reservation?

The answer I received, on May 4, was "No." A letter from the department under date of April 23 went further and said:

[Mr. Neill.]

The lease to the Antapa shooting club does not permit the members to bring liquor into that portion of the reserve under lease, in fact the lease contains a provision directly to the contrary.

Yet clause 6 of the lease reads:

It is further agreed that the lessee shall not nor will sell or permit or suffer to be sold on the said premises any spirituous liquors, ale, beer, or any intoxicating liquors whatever, except . . . .

Let me repeat that word:

. . . . except to members of the said club.

That is, the liquor is permitted to be taken to the premises of the club, which is contrary to the Indian Act and also, I believe, a breach of the Saskatchewan liquor act. That, I would say, is the first misrepresentation of the department. Then the department replied to a question of mine:

The letter which you have received and which purports—

Purports:

—to be signed by the chief of the Pasqua band is almost identical with one or two communications addressed to the department by Mr. Galwey-Foley.

This statement is made notwithstanding the repeated protests of the Indians; in fact, I am informed that a delegation of Indians actually came down here, so evidently an effort is being made by the department to side-step any inquiry. According to the department the whole difficulty is attributable to the interference of a troublesome white man. The letter proceeds:

This lease to the Antapa shooting club has given the department a great deal of trouble, which I am convinced has in the main been caused by the interference of persons resident in that district but not members of the band. In this connection I would mention particularly a gentleman by the name of P. N. B. Galwey-Foley, a white man, who I understand now lives at what is known as Leader's Point adjoining the Pasqua reserve.

I have yet to learn that it is a crime to be a white man, or to protest against injustices on the part of official white men towards the Indians. I do not know anything personally about this Mr. Galwey-Foley except that according to the correspondence brought down I note that he is an ex-imperial officer. Further, to use his own words:

With regard to my integrity, I have the honour to suggest the name of Sir Frederick Williams-Taylor of Montreal.

Yet the department apparently takes the view that he is just poor white trash who can be disregarded.

An hon. MEMBER: What is the date of that lease?

Mr. WOODSWORTH: I shall come to that in a few moments. Mr. Galwey-Foley wrote to the Hon. Charles Stewart under date January 4, 1930, as follows:

It is possible that you are unaware that prior to negotiations being opened for the lease in question it was customary for Commissioner Graham to furnish permits to his friends to shoot on the Pasqua reservation irrespective of the wishes of the Indians notwithstanding the fact that the number of persons supplied with these permits in many instances prohibited the Indians from availing themselves of shooting ducks on their reservation for their own immediate needs and I might further state that in the great majority of such cases the Indians received no compensation from those taking advantage of such permits. This state of affairs was in vogue for a number of years prior to application for a lease of the Antapa point being applied for and in my humble opinion constituted a very justifiable grievance from which however the Indians were unable to obtain any redress from the commissioner, notwithstanding their frequent protests; this phase of the situation continued up until the close of the shooting season just passed.

Now, some years ago there was an application from a Mr. McDonald for a lease and it was refused on the ground that it was for a millionaire of New York. Commissioner Graham, in a letter to the department dated August 27, 1926, stated that he had received an application from Mr. McDonald for a lease, and attached to this letter was a copy of one which Commissioner Graham had received from Indian Agent Dodd, intimating that Mr. McDonald wished to obtain the lease for a prominent millionaire of New York, a Mr. Bernard M. Baruch. A similar statement was made to the present Prime Minister by the former Minister of the Interior (Mr. Stewart, Edmonton) on May 20, 1929. I quote:

The present disagreement was brought about a year and a half ago by Mr. D. H. McDonald of Fort Qu'Appelle who without the knowledge or consent of the department held a meeting of the Indians and secured their consent to a lease of this point for, as we were subsequently informed, certain wealthy Americans including Mr. Bernard Baruch of New York.

It was considered by the department that reputable and responsible citizens of this country should receive first consideration.

Mr. HANSON (York-Sunbury): Canada first.

Mr. WOODSWORTH: Yes; reputable and responsible citizens of this country should receive first consideration. But I am sure my hon. friend does not want us to be deluded by the Canada first cry into doing a substantial injustice. Mr. McDonald is now deceased; but in the return I find this statement from him to the acting deputy superintendent general, Vancouver, September 9, 1927:

The statements that I am acting for United States citizens are untrue and evidently made to prejudice my lease. If necessary the department can confine shooting privileges in my lease to British subjects. I challenge the statements referred to in your letter. . .

I am a bona fide citizen and lifelong resident in province, and have complied with requirements of Indian Act in connection with lease.

The above telegram was confirmed and amplified in a subsequent letter, and I have no doubt that this gentleman was telling the truth. He definitely denies that he was acting for anyone in the United States, and he declares that if there is any doubt about it he is willing to have the shooting privileges given to bona fide citizens. The lease to him was rejected on this flimsy ground, and I should not mind it so much were it not that this misrepresentation is continually repeated. When I tried to get the letters from the department there was apparently a desire to withhold some of them from the return.

The department next invokes property rights and in a statement to me says:

For a number of years this club has owned and occupied a property on Dominion lands directly across from Antapa point, which is Indian land. Before the issue of this lease the members of this club, during a few days in each season enjoyed shooting privileges on this point and for these privileges were always fairly generous in their treatment of the individual Indians. As a matter of fact Antapa point is so located that had the shooting rights thereon been granted to other parties, the value of the club property for this purpose would have been completely destroyed, as the flight of the ducks from the marsh to the lake is directly over the point.

But let me point out that the property rights, so-called, were acquired after the negotiations. The final negotiations for the property referred to were completed only in the year 1927, when the five acres of land mentioned were purchased for the club from a local farmer. This was during the period when the late Mr. D. H. McDonald's application was under consideration. With regard to Mr. Graham's part in this matter, I wrote to the department:

It would seem to me that Mr. Graham could not in propriety occupy the dual position of being a member of the Antapa club and also the official responsible for the protection of the rights of the wards of the government.

To this the department made no reply.

It was then that I asked for that correspondence, and this gives still further ground for dissatisfaction. According to it it seems to me that Commissioner Graham cuts a sorry figure. I have read Mr. Galwey-Foley's charge of favouritism. Mr. Graham's letter to Mr. Scott, of January 14, 1928, with regard to one of his officials, says:

I may say I find fault with the agent for not first taking the matter up with the department either through this office or direct.

Apparently he is willing to let down one of his officials. Then Commissioner Graham, in a communication dated October 29, 1929, defending himself, states:

The two permits which I did issue were to friends from Winnipeg who were out shooting. . . . I would ask the department to let this matter rest in my hands, and to notify the chief, through the agent, that they understand the situation and that the matter should be left in the hands of the agent and myself, to do as we think best. If they are given to understand definitely that it is in the hands of the department, it might make them a little more satisfied.

Here is the commissioner, himself interested in getting the permit, asking the department to leave the whole matter in his hands, and saying that if it is left in his hands the Indians, in his opinion, will be more satisfied. This is a rather interesting attitude for a public official.

Next comes a memorandum from Mr. J. C. Caldwell, director of the lands and timber branch of the Department of Indian Affairs to the deputy superintendent general, with an annotation, "I agree." This annotation, I presume, is from the deputy minister—the initials are D.C.S. The letter states:

I am compelled to state that I do not think the situation is clearly set forth in Mr. Graham's letter. There is no doubt whatever but that someone gave permission or permits to a considerable number of outsiders to shoot on Leader's point and this the Indians of the reserve very keenly resent. . . . As Antapa point is now under lease to the Antapa Shooting Club of Regina, Leader's point is the only remaining shooting ground for the Indians and I do not think that any shooting privileges should be granted there other than that approved by the Indians themselves and given to Sir Frederick Haultain. I would suggest that Commissioner Graham be informed that such is the decision of the department and unless he is in a position to submit some very strong argument in opposition to also tell him that we propose informing Chief Pasqua to this effect.

Here we have the deputy minister taking the commissioner to task because of misrepresentations he has made to the department. Mr. Graham appears to be obedient but he is somewhat sulky. He writes to Mr. Scott, on November 16, 1929, as follows:

I shall see that your instructions are carried out to the letter, although I feel that we are now paving the way for a great deal of trouble for the agent and myself. I am disappointed that my way of handling the situation has not met with your approval. I note it is your intention to write direct to the chief, and I would point out that whatever letter you do write to the Indians will be passed round to the outside public, including the gentlemen I have referred to, and I would ask the department not to place me in an embarrassing position with the Indians by making it appear that I was in the wrong, as I still think I was handling the situation in the best interest of the Indians.

Here is an official who says that it must not be made to appear to the Indians that he is in the wrong. This man is himself a member of the club which receives the benefits which are in dispute.

Now we come to the lease itself. I will not take up the time of the house by reading in full the charges made by the chief. He states that the lease was granted not only without their consent but practically against their wishes and in contravention of the treaty act. This lease was granted to a syndicate known the the Antapa Shooting Club of Regina Limited, of which club Indian Commissioner W. M. Graham is a member. The chief complains that methods bordering on coercion were adopted for the purpose of endeavouring to force his tribe to surrender what they regard as their rights as contained in section 51 of the Indian Treaty Act. The chief states:

—and we have not to date received any compensation for loss of rental amounting to $1,150 which we were deprived of owing to the department refusing to sanction the lease which was far more advantageous to us and had been unanimously approved by my people.

Mr. BENNETT: Would the hon. gentleman refer to the terms of the lease itself?

Mr. WOODSWORTH: I will come to that in a moment. The Prime Minister (Mr. Bennett) had some knowledge of this matter, as has the hon. member for West Edmonton (Mr. Stewart), who was formerly the minister in charge of this department.

An hon. MEMBER: Make it snappy.

Mr. WOODSWORTH: I am hurrying as quickly as I can. The history of the lease is briefly as follows:

In 1924 the Antapa club of Regina offered the Indians $150 per year for certain privileges. A lease was made out in 1925, which lease was returned. The reason is given. Under date of January 19, 1925, Mr. D. C. Scott wrote to Mr. W. M. Graham, as follows:

The agreement which accompanied this communication is returned herewith as it is of no use. It is not a properly executed agreement, neither is it a surrender from the band. If the enclosed surrender is approved by the Pasqua band upon return of the documents completed and attested, the question of lease will then receive consideration.

At that time the Antapa club had no rights which were recognized; it had simply made an application and had offered a form of lease which was not in fact a lease. In 1926 Mr. McDonald made an application for a lease and offered $550 per year payable in advance. This is shown in the letter of the hon. member for West Edmonton to the present Prime Minister dated May 20, 1929. This letter gave a history of the case and stated that Indian Agent Geo. S. Dodd had been present at the meeting of the Indians, who were unanimously in favour of the lease to Mr. McDonald on the terms offered. Mr. Dodd explained at that time that the lease would be subject to the approval of the department. So far everything seemed to be in order. But other influences were at work. The following is a memorandum of Mr. D. C. Scott, dated September 29, 1926:

The Antapa Shooting Club in their application suggested an annual rental of $150 for the privileges involved, which sum in itself would appear sufficient but as the Indians have now signed an agreement and have been promised an annual rental of $550, the matter is, as you will see, very much complicated.

I should think it would be rather complicated. This club had as a member the Indian commissioner. An offer had been made by another party to pay a rental of $550 per year in advance, and that offer had to be side-tracked. It was stated that the offer was made by a New York millionaire, but we have the statement of Mr. McDonald, a former member of the provincial house, now deceased, to the effect that he was not asking for any but Canadian citizens. The following is a letter dated November 23, 1926, from Mr. D. C. Scott to Mr. E. B. Jonah, who was acting for the Antapa club:

It will be necessary for your club to obtain the consent of a majority of the voting members of the Pasqua band before the department could give favourable consideration to your application. A copy of the agreement which Mr. McDonald made with the Pasqua band is enclosed herewith, and I may add that it bears the signatures of a majority of the voting members of the band. It appears that the Pasqua band is opposed to granting any formal release or surrender of this portion of the reserve for the purpose indicated, but if you succeed in obtaining the signatures of a majority of the voting members to a similar agreement, the department is prepared to agree to the terms and conditions set forth in your letter, but of course these terms and conditions must be approved by the band before any further action can be taken.

That was the attitude of Mr. Scott in 1926, an attitude perfectly correct and I believe in harmony with the Indian Act. The signatures for the consent of the band have never been obtained and yet a lease has been granted under date of January 14, 1928. The hon. member for West Edmonton wrote to the present Prime Minister under date of May 20, 1929, as follows:

It is the practice of the department whenever possible and within reason to act in accordance with the wishes of the members of the band, but in this case it was felt that in the general interest an exception should be made.

The hon. member practically states that it is the practice of the department to act in accordance with the law when it suits the department. The minister was there to carry out the terms of the Indian Act, but he puts it aside on the ground that this exception is in the general interest. How is it in the general interest? It was in the interest of Mr. Graham and other members of the Antapa club, but it was not in the interest of Mr. McDonald who stated that he was willing that the lease should be made out in such a form as to permit only British subjects to shoot in that territory. Cancellation was refused and Mr. D. C. Scott wrote to Chief Ben Pasqua, under date of February 16, 1931, as follows:

It has been decided that this lease is of decided advantage to your band and sufficient reason has not at any time been advanced which, in our estimation, would justify cancellation.

Apparently the department has reviewed the situation and has refused to cancel the lease which contains clauses opposed to the Indian Act, especially with reference to the importation of liquor into the reserve. This lease was granted after refusal of the application of another Canadian who had offered more advantageous terms. This action was taken after the department had definitely set aside the act under which it is stipulated that the consent of the majority of the Indians must be obtained before a lease can be granted.

Mr. BENNETT: Would the hon. gentleman be good enough to indicate the term of the lease? I recall looking into the matter, and I thought the provision with respect to the term of the lease, as compared with the usual lease, was very much in favour of the Indians. Would he look at it?

Mr. WOODSWORTH: I have the lease under my hand. I am not suggesting that on its face it is not a favourable lease.

Mr. BENNETT: As to the length of time.

Mr. WOODSWORTH: The length of time is longer than might be expected and they get this money regularly. I would point out

however that the club had to pay $550 instead of $150 because of the other offer that was made the Indians by Mr. McDonald.

Mr. BENNETT: I am relying only on memory, but am I not right in saying that instead of its being a lease of the land within the Indian Act, it is merely a lease of the right to shoot? I remember when I investigated the matter I became impressed with that fact.

Mr. WOODSWORTH: I know the Prime Minister, when in opposition, made some inquiries, and I think, if I may say so, he was somewhat misled by the department, as I was misled by the letters which I received. It was not until I looked into the correspondence that I felt that the department had not been playing fair. That is my only reason for having taken the matter up in the house As a layman I am not prepared to say just when a lease is not a lease, but I would point out to the Prime Minister that the lease itself is in this form:

> By these presents doth demise and lease unto the said party of the second part. . . . and the lessee has hereunto affixed its seal.

And so on.

Mr. BENNETT: What did they lease—the land or the right to shoot?

Mr. WOODSWORTH: The right to shoot.

Mr. BENNETT: That is what I thought.

Mr. WOODSWORTH: This is the point: In the earlier negotiations the department had clearly recognized the necessity of obtaining the consent of the band. The document is constantly spoken of as a lease and in the earlier correspondence it is shown that the department insisted that the consent of the majority of the members of the band should be obtained. May I say further in reply to the Prime Minister: although I am not a lawyer, I believe a recent decision in the courts of Saskatchewan would seem to indicate that I am correct in suggesting that this kind of document is a real lease as contemplated by the Indian Act.

I would charge this: that there has been a series of misrepresentations by the department; that Commissioner Graham, a member of the Antapa club, through misrepresentation, managed to secure the refusal of the lease to one party, and to secure the lease for the club of which he was a member. I think that is a matter which requires departmental action. I know this cannot be settled to-day, but I have taken this occasion to lay it before the house, and I think the minister would be well advised to consider the statement that his own commissioner, a public official, who is a member of the club, has managed to secure these privileges through misrepresentation of the general situation.

I have already pointed out that the clause with regard to liquor violates the terms of the Indian Act, a copy of which I have under my hand and which I can read if necessary. The lease is illegal as being granted without the consent of the band and undoubtedly the whole transaction constitutes a grievance which the Indians feel deeply.

That after all is the most important consideration that I could bring before the house, namely, that the whole manner of handling the situation constitutes in the minds of the Indians a very serious grievance. I know some members may say: They are only a few Indians; who cares? It may further be pointed out that some of the members of the club are quite respectable citizens of the city of Regina, I am given to understand that some of them do not know just the representations that were made in order that the lease could be secured; indeed I can hardly understand that any respectable citizen would want to take advantage of people who are, after all, wards of the government. I ask for a thorough inquiry on the part of the department, and since the present minister has had nothing whatever to do with the past, I would urge that he consider the question of the cancellation of the lease which, I believe, has not been obtained by a method that would justify itself to the members of the house and to the country at large.

Hon. CHARLES STEWART (West Edmonton): As my name appears very prominently in the observations made by the hon. member for Winnipeg North Centre (Mr. Woodsworth) with regard to this lease, although I can speak only from memory and one does not want to depend too greatly upon one's memory respecting a multitude of actions of this kind—

Mr. BENNETT: I hope not of this kind.

Mr. STEWART (Edmonton): If my hon. friend will read the Indian Act he will find that the department and the minister have full authority to deal with matters that are in dispute so far as the Indians are concerned. It is quite true the department invariably tries to secure the consent of the Indians, but that is not always possible, more particularly, may I say, when people get into a dispute in regard to certain privileges that are being granted upon these reserves. That was the case in the instance mentioned by my hon. friend. It ran over a period of some two or

three years. The application was on behalf of a group of New Yorkers who desired to secure this privilege as against a group of gentlemen in Regina, some of them on the bench, and all, so far as I know, gentlemen of good repute. When the department was finally called upon to make a decision, it gave the lease at the same rental to the Canadian citizens living in Regina.

Mr. WOODSWORTH: Does the hon. member mean to sweep aside this declaration by Mr. McDonald?

Mr. STEWART (Edmonton): Mr. McDonald, when he found he could not secure a lease for the New Yorkers, later made an application for himself. I did not pay much attention to that. His first application, as is very clear from the evidence the hon. member has himself given to the house, was on behalf of a group of New Yorkers. Subsequently when he found that was to be refused, he made application for himself, but in the meantime, the Regina club was quite willing to accept a lease and pay the rental that was asked. I am not going to say that I would change my opinion one iota with respect to the granting of this lease. If my hon. friend will study the Indian Act, he will find full authority for every action taken by the department. As regards taking liquor on the reserve, the law is very clear and all that has to be done is to institute prosecution. It is an infraction of the law.

Mr. WOODSWORTH: It is permitted by the lease.

Mr. STEWART (Edmonton): It is not permitted by the lease. That is all I have to say in connection with the matter.

Hon. T. G. MURPHY (Minister of the Interior): I should like to ask the hon. member for Winnipeg North Centre (Mr. Woodsworth) one question. If I understood him correctly, he based his remarks just made on a complaint made to him by the Indians themselves. Is that correct?

Mr. WOODSWORTH: I have based my complaint on the most unsatisfactory and contradictory answers which I have received from the minister's own departmental officials.

Mr. MURPHY: But in the first instance the complaint was made to my hon. friend by the Indians? That was the reason he interested himself in the matter?

Mr. WOODSWORTH: Yes.

Mr. MURPHY: Following that, the complaint is that the terms of the lease are not advantageous to the Indians; that they could make a better disposal of their property?

Mr. WOODSWORTH: No. I shall have to ask the minister to read my speech; otherwise I shall have to go over it again.

Mr. MURPHY: During the course of the hon. gentleman's remarks, if I heard him correctly—and I think I did—the complaint was that the department was not looking after the interests of the Indians who are the wards of the government. Therefore I ask him: Is it his complaint that the interests of the Indians are not looked after properly in the terms of this lease?

Mr. WOODSWORTH: I made the statement—

Mr. SPEAKER: I must remind hon. members that the house is not in committee. Does the resolution carry?

Motion agreed to, and the house went into committee of ways and means, Mr. Senn in the chair.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

Mr. BENNETT: When the committee rose I think we were at item No. 89. Item No. 76b had been allowed to stand; we had adopted item 76c, and in connection with the items between numbers 71 and 76b there was one in connection with which I would like to learn whether or not it was adopted. The rates under 76c are all free, and I presume there will be no discussion concerning that particular item. I think I am correct when I state that we had reached item 89.

The CHAIRMAN (Mr. Senn): Is No. 76c carried?

Mr. BENNETT: Yes, it was, and I added item 76d which was adopted.

Mr. STEWART (Edmonton): Yes, that is correct.

Mr. BENNETT: Very well, we shall proceed with item 89.

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, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(b) corn and tomatoes, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(c) peas, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 3 cents.

(d) N.o.p.: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. BENNETT: If hon. gentleman will look at item No. 89 they will find that because

of representations which have been made by the vegetable and other interests these items have been recast.

The CHAIRMAN (Mr. Senn): Is item 76b passed?

Mr. BENNETT: Yes. Item 89 has been recast and hon. members will observe that at present it reads: Beans, baked or otherwise prepared, per pound, free, 2 cents and 3 cents. Corn and tomatoes are on the pound basis; pears are on the per pound basis and the items not otherwise provided are free, 27½ per cent and 30 per cent.

Mr. STEWART (Edmonton): What is the object of mixing the specific and ad valorem rates?

Mr. BENNETT: The ad valorem rate is necessary when dealing with items not otherwise provided.

Mr. STEWART (Edmonton): I understand.

Mr. BENNETT: Personally I prefer specific duties in matters of this kind. The n.o.p. item might cover many commodities which could not otherwise be included. For the information of the committee I shall set out a comparison of the rates, although hon. members have before them this information. The (a) section of item 89 formerly held the rates of free, 1¼ cents and 1½ cents which has been changed to free, 2 cents and 3 cents. The (b) section of item 89 formerly held the rates of free, 1¼ cents and 2 cents, which has been changed to free, 2 cents and 3 cents. The former rates under section (c) of item 89, referring to peas were one cent, 1½ cents and 2 cents, and have been changed to free, 2 cents and 3 cents. In this particular case the British preferential tariff is reduced from one cent to free.

Mr. VENIOT: What quantity of canned peas were imported last year from Great Britain? I am referring to item 89.

Mr. BENNETT: I understand. As a matter of fact the importations from Great Britain have not been separated. The importations under the former item were valued at $373,000, coming chiefly from the United States and Belgium, and very few from Great Britain. The duty in that case has been reduced.

Mr. VENIOT: All right.

Item agreed to.

Customs tariff—90. Vegetables, prepared or preserved:

(a) dried, desiccated or dehydrated, including vegetable flour, n.o.p: British preferential tariff, 15 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

(b) pickled or preserved in salt, brine, oil or in any other manner, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent.

(c) vegetable extracts or juices, liquid mustards, soy and vegetable sauces of all kinds: British preferential tariff, 15 per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent.

(d) pastes, hash and all similar products composed of vegetables and meat or fish, or both, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent.

Mr. BENNETT: In connection with item 90 there is a slight change, namely, the rewording of subsection (d). I would ask hon. members in the committee to look at that particular subsection. In administration some few difficulties were experienced, and as hon. members will observe the item now stands:

(d) pastes, hash and all similar products composed of vegetables and meat or fish, or both, n.o.p.

Goods of various kinds were classified indifferently and the proposed change is made for the purpose of aiding administration. Other than that there is no material change in the item, with the exception, of course, of the changes in rates.

Item agreed to.

Mr. BENNETT: I must ask the committee to be good enough to let item 99a stand, because it is considered in the Australian treaty which will be dealt with in the house to-night. I would ask for similar treatment of 99c, if the committee pleases.

Customs tariff—99d. Dates, dried, unpitted in bulk, per pound: British preferential tariff, free; intermediate tariff, ⅜ cent; general tariff, ⅜ cent. Formerly in item 99a.

Mr. BENNETT: Item 99d is a perpetuation of an existing item with a slight change in connection with bulk dates. There is no change in the rates, and the change in the item is made merely for the simplification of administration.

Item agreed to.

Mr. BENNETT: We shall now proceed to item 99e.

Customs tariff—99e. Dates, n.o.p., the weight of the package to be included in the weight for duty, per pound: British preferential tariff, one cent; intermediate tariff, 1¾ cents; general tariff, 2½ cents.

Mr. BENNETT: Hon. members will observe that there is no change in the item, but it appears merely to simplify administration.

Mr. STEWART (Edmonton): The changes as to reclassification were made in September?

Mr. BENNETT: Quite so.

Mr. McMILLAN (Huron): Is it a fact that the weight of the package has been changed, somewhat?

Mr. BENNETT: Yes.

Mr. McMILLAN (Huron): And the effect is to raise the duty to a certain degree?

Mr. BENNETT: Very slightly. In this connection we are following the practice of other countries in connection with modern administration. It is difficult to consider the package as distinguished from the commodity so they are both included in weight for duty purposes.

Mr. VENIOT: There will be a slight increase on account of the slight additional rate?

Mr. BENNETT: Yes.

Mr. SPENCER: In regard to package dates, the weight of the package refers only to the cardboard package in which the dates are placed?

Mr. BENNETT: Yes.

Item agreed to.

Customs tariff—99f. Figs, dried, per pound: British preferential tariff, free; intermediate tariff, ⅔ cent; general tariff, ⅔ cent. When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.

Mr. BENNETT: This is a new item to cover figs entered under the previous item 99a. The rate now is free, ⅔ cent and ⅔ cent, and takes care of package figs.

Mr. STEWART (Edmonton): Do we get any appreciable amount from Great Britain or the dominions?

Mr. BENNETT: No, they come more particularly directly from Turkey and Smyrna. They also come from the United States, some of which are the product of that country and some the product of foreign countries.

Item agreed to.

Mr. BENNETT: I am sorry I shall have to ask the committee to let item 101 stand. The item would not appear if it were not for the Australian treaty.

Customs tariff—101a. Lemons: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: There is no change in connection with this item, there merely being a separation.

Mr. VENIOT: Item 101 stands?

Mr. BENNETT: Yes.

Mr. ELLIOTT: I see that formerly oranges and lemons were both in the same category, free, free, free; now oranges are free, 35 cents and 35 cents; while lemons remain free, free, fre. What is the reason for the distinction; has it reference to the Australian treaty?

Mr. BENNETT: Yes. As I said a moment ago oranges are produced in substantial commercial quantities in South Africa, the British West Indies and Australia. I will go into details when the Australian treaty is under consideration. I hope to file a copy of the treaty to-night, together with the appropriate resolution, so when we get back to this item the committee will be seized of all the facts.

Mr. McMILLAN (Huron): Then the item can be fully discussed?

Mr. BENNETT: Quite so.

Mr. COOTE: The items affected by the Australian treaty will stand until to-morrow?

Mr. BENNETT: Yes. I am purposing to table a copy of the agreement to-night so it will be in to-morrow's votes and proceedings. That will enable the committee to have some knowledge of it, and if it is not adequate the items can stand over until next day when they will have a clearer understanding of them.

Item 101a agreed to.

Customs tariff—105d. Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats, per pound: British preferential tariff, 2¾ cents; intermediate tariff, 3¾ cents; general tariff, 5 cents.

Mr. YOUNG: Is the slight increase in the duty on marmalades attributable to the duty on oranges, item 101a?

Mr. BENNETT: We will discuss that when we discuss the item. This item is exactly the same as before except for the deletion of the words "fruit pastes." There is a change from 2¾, 3¾, 3¾ to 2¾, 3¾ and 5 cents.

Mr. STEWART (Edmonton): Is that not a pretty stiff rate on the general?

Mr. BENNETT: Yes, it is.

Mr. COOTE: That will include the weight of the tin container, I suppose?

Mr. McMILLAN (Huron): Is it expected that there will be any increase in price on account of the added duty under the general tariff?

Mr. BENNETT: The only increase, it will be observed, is in the general tariff. No marmalades are imported under the general

tariff. The increase really affects jams, with respect to which an undertaking has been given that there will be no increase in price.

Mr. STEWART (Edmonton): Does my hon. friend say there is no importation under the general?

Mr. BENNETT: Of marmalades.

Mr. STEWART (Edmonton): But this covers jellies and preserves. I see under these two items we have imported 1,218,000 pounds.

Mr. BENNETT: Under the general tariff the imports amounted to $155,000, and they were chiefly from Great Britain—as a matter of fact 1,200,000 pounds.

Item agreed to.

Mr. BENNETT: If the committee please, we will not discuss item 106 now because it is affected by the Australian treaty. We might pass on to item 120, which is not affected by the treaty.

Customs tariff—120. Anchovies, sardines, sprats, pilchard and herring (not including kippered herring in sealed containers), packed in oil or otherwise, in sealed tin containers, the weight of the tin container to be included in the weight for duty:

(a) when weighing over twenty ounces and not over thirty-six ounces each, per box: British preferential tariff, 3½ cents; intermediate tariff, 5 cents; general tariff, 6 cents:

(b) when weighing over twelve ounces and not over twenty ounces each, per box: British preferential tariff, 2½ cents; intermediate tariff, 4 cents; general tariff, 4½ cents:

(c) when weighing over eight ounces and not over twelve ounces each, per box: British preferential tariff, 2 cents; intermediate tariff, 3 cents; general tariff, 3½ cents.

(d) when weighing eight ounces each or less, per box: British preferential tariff, 1¼ cents; intermediate tariff, 2 cents; general tariff, 2½ cents.

Mr. VENIOT: Formerly kippered herring was included, and all fish preserved in oil was under a specific duty. Under this item kippered herring is excluded and is subject to an ad valorem duty under item 121.

Mr. NEILL: Item 123.

Mr. VENIOT: Under that item kippered herring would carry a duty of 20, 30 and 35 per cent. What are the importations under the intermediate tariff? I take it that kippered herring would be subject to the intermediate tariff under the favoured nations clause?

Mr. BENNETT: I take it my hon. friend has reference to paragraph (d) "when weighing eight ounces or less per box."

Mr. VENIOT: Yes.

[Mr. Bennett.]

Mr. BENNETT: Under paragraph (d) we imported $453,000 worth, of which $393,000 came from Norway, $25,000 from France, $8,000 from the United States and $7,000 from the United Kingdom.

Mr. VENIOT: The $393,000 worth from Norway would come under the 30 per cent?

Mr. BENNETT: Yes.

Mr. VENIOT: What is the wholesale price in Canada of kippered herrings in boxes weighing under eight ounces?

Mr. BENNETT: As I understand it, the laid down price, including freight c.i.f. Montreal is 3½. This item has engaged the attention of the department for a good deal of time. Last fall a change was made in the rate that had theretofore existed. This practically restores the rate in force prior to September. There is a treaty outstanding with Norway, and representations were made by the consul general of that kingdom with respect to the matter, and we also received representations with respect to the industry in Great Britain. In view of the facilities for export provided for by our packers, one in particular, that sells the product in thirty countries, it was felt, having regard to the representations made last fall, which on investigation were found to be strictly accurate, that this item should be restored to its former position.

Mr. VENIOT: This item previous to September last was under a specific duty and all products of this kind coming in from any country whatever under paragraph (d) had to pay a specific duty of 2½ cents for an eight ounce box or under. Now, what are the facts? When this protection was given the kippered herring industry a few years ago the Norwegians could not compete with our Canadian products unless they reduced the size of their container. I do not mean competing in the matter of duty, but in the matter of trade and commerce. They could not sell their goods in Canada in competition with our own kippered herrings on a four-ounce basis, because if they put up a four-ounce can they had to pay the specific duty on eight ounces, since the item covered containers of eight ounces or less.

When they saw that our product could be put in four or five ounce tins and sold at retail for five cents—the poor man's cheap food—the Norwegian government undertook to see if they could not have a change made. An appeal was made to the government under the favoured nation treaty, with the result that it was changed from a specific to an

ad valorem duty. It may be argued that the duty is higher on the ad valorem basis and that therefore the protection should be greater, but such is not the case. An ad valorem duty of 30 per cent on the goods heretofore imported into Canada from Norway would not be so great as the specific duty, having regard to the way the goods are put up. Therefore when it is put on an ad valorem basis on a four ounce can, you are lessening the protection to our own industry. On a can selling at 3½ cents wholesale the protection on an ad valorem basis will be less than one cent, whereas under the specific duty, on the class of goods Norway is putting up to compete with our Canadian kippered herring, the duty is over two cents. Therefore we are lessening the protection afforded our own industry and opening the door to keen competition from a foreign country.

This is not carrying out the policy laid down by the present government. While I am not a believer in high protection, I am a believer in protection to a certain extent, and since the government has adopted the policy of protecting our own industries I am asking that they stand by that policy. Why should they so arrange the duty on kippered herring that it is the only kind of fish which does not bear a specific duty? Why should they place it on an ad valorem basis in order to permit Norway to compete with our own industry? When kippered herring was put on a specific basis some two or three years ago those interested in Nova Scotia and New Brunswick made very large expenditures in order to prepare themselves to compete in the world market. One firm alone spent over $60,000 for that purpose; they are putting up their kippered herring in an elongated can, for the right to use which they had to pay over $10,000 to an American concern. They have gone into this business in good faith, but this change to an ad valorem basis will permit the Norwegian product to come into keen competition with these firms in Canada and will place them in a position where they will not be able to carry on in the same way.

I have already placed this matter before the Prime Minister, though not in detail. He was kind enough to give me a few moments of his time; I knew he was a very busy man and we did not discuss the matter at any length. Now I would ask him, before finally passing that item, to go into it once more. He may reply that he has already gone into it, but he has not looked at it in the way I have presented it to-day. It may be said that these people are complaining before they are hurt, but let me say that we know our business as far as fish is concerned. In the maritimes, and especially in New Brunswick, we take second place to no one in ascertaining how a duty of this kind will affect our business, and I am prepared to state that a thorough investigation into this question will prove my contention. I am quite ready to leave the investigation in the hands of officials of the Department of Fisheries instead of the Department of National Revenue; I am sure those officials will report that we are correct in the stand we are taking in this matter.

Let me go further; there should be no change in duty, under a protective policy, that will permit an outside nation to offer keener competition than has been the case in the past. If you are to give a fair show to our people, in competition with the other nations of the world, why should you allow an outside country to compete under a system which is adverse to those of our own people who produce similar goods. It is said that we have entered into world competition in connection with kippered herring, but it is not exactly world wide competition in the kippered herring branch of the fish industry. We have captured the principal markets of the world, as against Norway, in the sardine business; we have secured the entire Australian market, and we export sardines to some eighty-six other countries. Only within the last three years have we gone fully into the kippered herring business, and now the act of the government in changing the duty to an ad valorem basis will cripple that branch of the fishing industry in the province of New Brunswick.

Mr. BENNETT: The hon. gentleman knows that this matter was carefully considered by the Advisory Board on Tariff and Taxation. Much evidence was given before that board, the chief witness on behalf of the industry in question being Mr. McLean, who admitted that in some instances the protection was in excess of 100 per cent. Last year, as the hon. gentleman will remember, the rate was 17½ per cent, 27½ per cent and 30 per cent, but the department ruled that this class of sardines should come under item 120 and carry a specific duty, to which reference was made, and it carried the rate that was embodied in the tariff of last September.

When that rate was published the Norwegian consul general indicated that his country would appeal from that decision as to classification. Norway has a treaty with this country somewhat older than the country itself, I believe, and they enjoy favoured nation treatment. The matter proceeded, and I personally explained to him that in view of

the fact that the department had acted upon that assumption—whether it was legal or otherwise I was not in a position to declare—we would validate the rate and make inquiries before the next session of the house. He was content with that, or perhaps I should say he was very courteous about it and said he would take no further steps until the following year.

Mr. VENIOT: I said I would lay my views before the house.

Mr. BENNETT: I am referring to the consul general for Norway, who protested against the ruling of the department. He came to Ottawa and presented his case again, and an investigation indicated that as the item now stands it carries a rate of approximately 90 per cent.

Mr. VENIOT: But it does not apply.

Mr. BENNETT: It carries that rate—the ad valorem rate which existed before September last, except by ruling of the department, in connection with the obtaining of which perhaps the hon. gentleman is fully informed. The rate now is something over 90 per cent, in addition to which there is incidental protection in connection with the various matters that go into the production of the commodity in question. My memory is that Mr. McLean in giving his evidence before the tariff board—I speak subject to correction—stated that they carried on their export business in ninety countries in competition with this very product. Obviously we endeavoured to adjust this rate so as not to imperil the trade which by contract we had with Norway, while at the same time according a protection that amounts, as a matter of fact, to something over 90 per cent, which was the rate that existed before September last, until such time as the new ruling was made by the department, against which the Norwegian government protested and which we validated in order that no question of that kind might arise. We assured the government of Norway that we would consider the matter in the meantime, and as a result of that consideration it is felt that the original proposal, which carried a rate of over 90 per cent, is not unreasonable in view of the evidence given by Mr. McLean himself before the tariff board.

Mr. VENIOT: The statement that it carries a rate of over 90 per cent is true with regard to fish exported or imported in bulk. But it is not true when you apply it to the can. The 3½ cent can at the rate of 30 per cent gives you less than 1 cent duty, whereas under the specific rate it gives you 2¼ cents. That is the difference. Applied in bulk, it is 90 per cent; but applied to the cans, as the Norwegians are selling them to this country on the four ounce basis, at 3½ cents per can, where do you get 90 per cent? You do not get anything like 10 per cent. And there is where it affects us. Norway intimated that they wished to appeal from the decision to have the duty as it was before. Is the Prime Minister aware that to-day in England we cannot enter one can of sardines marked "Sardines" because of an old treaty between France and England?

[Mr. Bennett.]

Mr. BENNETT: That is because they are not sardines.

Mr. VENIOT: Ours are sardines. The name sardine is derived from the fact that these smaller fish were caught near the island of Sardinia. That is how sardines got their name. But the question now being considered by experts is this: Is a sardine a herring or is a herring a sardine? That question has not yet been settled. The great bulk of the business we are doing throughout the world is being carried on under the name of sardine. The kippered herring is in a different class altogether from what are known as sardines. Kippered herrings are not known on the market as sardines; they are altogether different. What was commonly known as the smoked herring was a business largely carried on years ago in the maritime provinces, but owing to improved methods, specializing in the kippered herring, many Nova Scotian and New Brunswick producers went out of business. Under the new system, however, they are trying to come back into the business. They are adopting a new method of producing kippered herring, and it is an injustice to the business of New Brunswick that any change should be made so as to give an undue advantage to Norway in competition with our own people, notwithstanding the favoured nations treaty. England has never attempted to change that treaty between France and themselves to help us. Why should we change our system of protection to our own people in order to favour Norway, especially when there is nothing in the favoured nations clause that gives them the right to come here and appeal against our decision? They may protest; but where have they the right to appeal against a decision of that kind? They may enter a protest, have conversations and carry on negotiations with Canada in regard to the duty. But I insist that they have no right to enter an appeal. No country has the right to appeal against any decision of the House of Commons in regard to its tariff policy.

What should we look like if we went to the United States and appealed against any decision of theirs? To-day we have a favoured nation treaty with Norway. If they imposed certain high duties against us, could we go there and appeal? We might discuss the matter with them, but that is all we could do. If they can show us reasons why we should not follow a certain course in this matter, then we can consider their representations. But, I repeat, Norway has no right under the treaty to appeal from any decision we may make in regard to our tariff.

Mr. NEILL: With regard to kippered herring in sealed containers, not touching the question of sardines, under what item does the minister expect this article to come after he has struck it out of 120?

Mr. BENNETT: It will come under 123.

Mr. NEILL: That is what I was thinking. The hon. member for Gloucester suggested 121, but that is fish preserved in oils. I agree with the minister. With regard to the attitude of the Norwegian government, I understand that they protested under their treaty. Have they a treaty which gives them more favourable terms than the British preferential tariff? Even if they demanded the British preferential tariff they would still be subject to 120.

Mr. BENNETT: Perhaps I should amplify this matter. My hon. friend from Gloucester said, with perfect clearness, that it was contended that a kippered herring was not a sardine, nor was a sardine a kippered herring. That was exactly the attitude of the Norwegian government. Their contention was that a kippered herring could not carry the rate charged against sardines, in which class it was prior to September. That is the whole question, and the very argument which the hon. member for Gloucester has now made is the argument that was made by representatives of the Norwegian government—that you could not classify these two under the same general designation. The board of customs arrived at a conclusion. The rates theretofore were 17½ per cent, 27½ per cent and 30 per cent; and the producers in this country having prosecuted their claim with vigour, the department accepted their view and put a specific duty on kippered herring, classified within the sardine category. Against that the government of Norway protested. As I have said, we validated it last fall for the sake of regularity of administration, assuring them at the time that they would have ample opportunity to discuss the matter at length, which they did. The representations which my hon. friend has made to me personally have been made by the industry itself as well as in the evidence given before the tariff board, which I fancy has been read by most hon. gentlemen. Representations were also made by Scotch fishermen. As the matter stands, we believe this will afford reasonable protection to the industry in Canada. I need hardly assure the committee that I would be the last man in the world to do anything which would adversely affect an industry in Canada, much less one in New Brunswick. I would point out to my hon. friend that he is in error in assuming for a single moment that the government of Norway undertook to indicate to us that our parliament meant to do what it did last fall.

Mr. VENIOT: What about the basis of appeal?

Mr. BENNETT: Under the statute they had the right of appeal to the governor in council after the matter had been considered by the customs board. The hon. gentleman is thoroughly familiar with the circumstances and he must realize that it is in the interests of administration that it should not be arbitrarily declared that kippered herring comes within the sardine item. It could not be administered in that way without some statutory authority. When the statutory authority was granted it was indicated that the representations made would be studied. Evidence was given before the advisory board and as a result it is believed that ample security will be afforded to our own industry while at the same time there will be removed the grievances which the Norwegian government had presented both to our predecessors and to us, and which were threatening the friendly trade relations which existed between the two countries.

Mr. VENIOT: Why not put herring in the same class as kippered herring? A herring is not a sardine, so why leave it under the specific clause? Norway is not competing against us in the herring line.

Mr. BENNETT: My hon. friend knows better than I that the general conclusions of one group of scientists is that all these fish should be classified as herring. He is quite right in saying that the classification of sardines is what caused the difficulty in the exporting of our herring into Great Britain. This difficulty became rather acute and if my memory serves me right, under the old Cobden commercial treaty—

Mr. VENIOT: That was in 1854.

Mr. BENNETT: Yes. Under that treaty they were given admission into Great Britain as sardines. It was agreed that practically a monopoly existed with respect to French sardines, and the contention now made is that from a technical standpoint these are not sardines at all, they are only herring. It is needless to say that they sell much more readily by being designated as sardines. The question of kippered herring and sardines became rather acute at one time, and we believe that this classification will indicate quite clearly that like competition shall be met with like rates, that herring shall compete with herring, sardines with sardines and kippered herring with kippered herring. When I was a boy they were called Digby chicken; they were small smoked herring put up in wooden boxes. Then the herring was put up in oil after being smoked, and was called snacks or kippered herring. Only a few days ago I had an opportunity of seeing samples of the Norwegian and Canadian packages. The one is an elongated package, while the other is more rectangular. I cannot help but think that our domestic producers are more worried than the circumstances would warrant. The cost laid down of the Norwegian product is not less than 3½ cents, and I think it sells at five cents, so that there is a reasonable measure of protection.

Mr. VENIOT: I do not wish to delay the committee nor do I want to attempt to draw a herring across the trail.

Mr. BENNETT: A kippered herring.

Mr. VENIOT: From the experience which I have gained in the administration of the customs, in connection with the fisheries of my own province, and my knowledge of the method of doing this work, I am convinced that I am right. I am going to leave it at that because by the next session of this house we will have an opportunity of seeing just what takes place. If I am right I hope that the department will change its attitude.

Mr. BENNETT: If the hon. member will look at the item he will see that it includes not only sardines and sprats, but pilchard and herring.

Mr. NEILL: I would like to call the attention of the Prime Minister to item 116, upon which last year I was promised some consideration which has not eventuated. I notice that herring, pickled or salted, takes a rate of 50 cents per hundred pounds, while salmon, pickled or salted, takes a rate of one dollar per hundred pounds. I made the suggestion, in connection with which I thought I had the support of the Minister of Fisheries (Mr. Rhodes) that this matter should be taken into consideration when tariff revision was under consideration this year. A change in rate would enable the pickled herring industry of the Pacific coast to reach a little further east in competition with the Norwegian product.

Mr. BENNETT: The matter has not been overlooked and will be dealt with when we take up the resolutions in connection with the Australian treaty.

Item agreed to.

Customs tariff—123a. Crabs or clams in sealed containers: British preferential tariff, 17½ per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

Mr. NEILL: As this item has apparently been overlooked in making up the comparative statement, would the minister advise the committee what increase is being made?

Mr. BENNETT: The old rates were 17½ per cent, 27½ per cent and 30 per cent, which have been increased to 17½ per cent, 40 per cent and 40 per cent. After allowing for the 10 per cent of possible imports from other countries, the rates of increase are about the same. Whether or not this increase will be successful will depend upon the efforts of our own people to meet competition from the orient.

Item agreed to.

Customs tariff—139. Glucose or grape sugar, glucose syrup and corn syrup, or any syrups containing an admixture thereof, n.o.p., per pound: British preferential tariff, ¾ cent; intermediate tariff, 1½ cents; general tariff, 1½ cents.

Mr. STEWART (Edmonton): What is the reason for the heavy increase being made?

Mr. BENNETT: The hon. member probably knows that glucose represents an advanced stage in the manufacture of starch. If the item had been allowed to stand as it was, while we would be affording some opportunity for competition on a fair basis with respect to the other commodities arising out of the use of Indian corn, we would not be affording an equal opportunity with respect to glucose, and the same might be said with respect to grape sugar and corn syrup, or syrups containing on admixture thereof. The old rates of 40 cents, 55 cents and 62½ cents per hundred pounds are being changed to ¾ cent, 1½ cents and 1½ cents per pound or 75 cents, $1.50 and $1.50 per hundred pounds. The imports amounted to nearly 2,000,000 pounds, chiefly under the general tariff. We produced in 1929, the last year for which we have

complete tables, something over 40,000,000 pounds of glucose, and about 18,000,000 pounds of corn syrup.

Mr. STEWART (Edmonton): One half of the total is imports, is it not?

Mr. BENNETT: No, it is one-tenth.

Mr. STEWART (Edmonton): As against 40,000,000 pounds?

Mr. BENNETT: I said 40,000,000 pounds of production, the last figure we have of glucose, as against about 1,800,000 pounds of importations. We have no specific figures separating corn syrup from that item.

Mr. STEWART (Edmonton): This is a very heavy increase in duty. This is a case where it is more than 100 per cent of an increase which will undoubtedly have a tendency to increase the price, particularly on syrup. I do not think the question of starch is so important, but on corn syrup the increase runs 140 per cent.

Mr. BENNETT: I hasten to assure the hon. gentleman that if there is an increase in price, there will at once be a reduction in duty. There is an absolute guarantee against an increase in price.

Mr. STEWART (Edmonton): Why is such a terrific increase in duty imposed if it is intended to remove it if the slightest advantage is taken of it? One cannot disabuse one's mind of the idea that there must be some reason for such a heavy increase. Yet we are told in the next breath that if there is any increase over present-day prices the whole increase in duty will be wiped off. If there were an increase of 20 or 25 per cent, one could understand the matter, but when an increase of this character is imposed one cannot but be forced to the conclusion that some advantage will be taken of it or there would be no necessity for it.

Mr. BENNETT: I tried to tell the committee the other day, and I shall continue to state as we proceed with respect to a very large number of items: The increase is subject to the criticism which the hon. gentleman has suggested, namely, that it is a very large increase, but it arises on account of the emergent conditions under which the industry is now functioning. The slaughter of our market to-day, three months, four months from now, has the effect of discouraging business in the future and, in the end, the utter destruction of business. The government has intimated that if this structure of ours that I and others found here is to be maintained, there must be no increase to the consumer of the price that is charged, but we are perfectly willing, as I tried to make clear to the committee the other day, and, more than that, anxious to ensure that Canadians should have this market. This is an endeavour to meet the situation. I might say that the manufacturers asked for a much larger increase than that in view of their own experience of which they gave us a record, namely, the slaughtering in this market at given moments, not frequent, but just sufficiently often to imperil the stability of the market and the maintenance of Canadian industry. That is the reason for the action taken. I have met the situation frankly, and I tell my hon. friend what has been done has been done not by accident, but with deliberation and for a purpose which is quite clear and which I have no hesitancy in expressing.

Mr. STEWART (Edmonton): I think my hon. friend is somewhat safe in making the prediction, although one cannot tell what the fluctuations in price will be, that prices on secondary products will not increase, at least in the immediate future. Rather, indeed, they should go down, following the trend of the primary products. The spread is too great. Why in the world, in the face of a situation such as that, we need such excessive rates of duty, I confess I cannot understand, particularly as the government have very drastic authority to prevent dumping. The fixation of price is a weapon which they can use any day. While manufacturers can get behind duties such as my right hon. friend is imposing, there is bound to be a tendency to take advantage of them. I venture the assertion now without much fear of contradiction, that had it not been for the increases in duty last September in connection with textiles and other products, prices would have been lower in Canada to-day. The manufacturers have promised not to increase the price, but the protection which they enjoy by excessive rates of duty gives them the advantage of maintaining their products at a price level not warranted by the trend of events so far as manufacturing production is concerned. That is my complaint against these excessive rates of duty. This is a food product that everybody, particularly in western Canada and I presume in other parts of the country as well, must use. Why there is a necessity for such an excessive rate of duty as this I cannot understand.

Mr. GERSHAW: As the minister well knows, there is in southern Alberta about a half million acres of land under irrigation, and men living on that land are very anxious

to develop the beet sugar industry. In view of its great potentialities, and in view of the business it will bring in the way of employing men to help the growers, farmers, dairymen, railways and so on, it seems this would be an industry well worth while assisting. Great Britain and the United States grow from beets about 20 per cent of the sugar they require, while we produce only about 6½ per cent. It would seem that most of our sugar comes from Cuba and Porto Rico. Refined sugar from Cuba enters the United States at a duty of $2.12 per 100 pounds and Canada at a duty of $1.89 per 100 pounds. In view of the fact that the duties have increased so much on grape sugar, can those who are hoping to get into the beet sugar industry have any expectation in the near future of help for them to carry on?

Mr. BENNETT: The hon. member for Medicine Hat has referred to a matter that required no argument on his part to convince me of the importance that should attach to it. I was privileged many years ago to do something towards establishing a beet sugar industry in the irrigation belt near Calgary. There is now at Raymond an industry which has flourished, but which has recently been acquired by the cane sugar interests. There was a beet sugar industry in eastern Canada; I think there were two in the county of Kent, and they have been acquired by cane sugar companies. The question as to just what assistance can be given and how it can be given to the beet sugar industry is one that is not as easy of solution as it appears. If it were, I am satisfied that my hon. friends opposite would have solved it years ago. It has been complicated in recent years by reason of the West Indian treaty. We have endeavoured by that treaty to ensure the purchase of our sugar requirements in the raw state from British possessions. A part of that sugar will undoubtedly come from Australia; a part has come from the Fiji islands; another portion of it has come from another part of the world in the Far East, and a large portion has recently come from the West Indies. The hon. gentleman is quite right in what he says with respect to Cuban sugar. The real truth is that Cuban importations have had the effect of very seriously injuring the sugar refining business in Canada. I suppose the hon. gentleman saw in the newspapers a few days ago a case in point. The truth is that sugar from Cuba has been dumped on our market at a tremendously low price, so low that our beet sugar people could not meet it at all. I had very definitely concluded that a bonus should be given to the beet sugar industry. I was satisfied from representations made that that was the only method by which we could ensure the development of the irrigation areas south of Medicine Hat and east of Calgary, a great district which has been settled in a small way but which might easily be settled in a much larger way. To my regret I found that it was not possible to carry into effect the idea I had in my mind, and having regard to our treaty obligations and other matters to which I have referred I need hardly tell the committee that what I would have been doing, had the original thought in my mind been given effect to, would be to bonus the cane sugar refineries.

Mr. NEILL: Beet sugar?

Mr. BENNETT: No, what I would have been doing would be to bonus the cane sugar refineries which at the moment I was not prepared to do. The matter is being carefully studied to ascertain if something cannot be done to meet the situation to which reference has been made. I might point out further that following the sale to the cane sugar interests of the industry at Raymond those who are interested in beet sugar are finding it difficult to secure the capital for another plant. It seems to me that it may be almost impossible for them to do so unless very considerable assistance is afforded by the government. I can only say to the hon. gentleman that I have not abandoned hope that some satisfactory solution may be found, but in all frankness, having regard to our treaty obligations with respect to the West Indies and to the ownership by the same interests of both the refineries and the factories in the centre west, we are faced with a matter of extreme difficulty. Having said this much I need hardly add that the matter has not escaped the attention of the government.

Mr. GERSHAW: Will the new owners of the refineries at Raymond continue to operate the industry? The Prime Minister mentioned that difficulty was being experienced in the securing of capital for new plants. I am wondering if the present plant will continue to operate at its present capacity.

Mr. BENNETT: My hon. friend knows that a large quantity of beets has been planted for conversion into sugar, and my understanding is that at least for this season there is no question concerning the operation of the factory. Although my figure may be somewhat overestimated, I think the production is in the vicinity of 20,000,000 pounds.

Mr. McMILLAN (Huron): What is the investment in that industry?

Mr. BENNETT: Roughly speaking, refineries cost about a million dollars each. The one in question cost a million dollars, and when installed it was not absolutely new.

Mr. McMILLAN (Huron): I am referring to the investment in the corn syrup industry.

Mr. BENNETT: I thought the hon. member was talking about the beet sugar industry.

Mr. McMILLAN (Huron): I should like to know the number of employees and the wages paid.

Mr. BENNETT: I explained to the hon. member that the factories are not operated as glucose or syrup factories alone. Glucose is the advanced stage in the manufacture of starch, and corn syrup is a product arising out of the use of the raw material which enters into the manufacture of such products as starch, glucose and corn syrup. It is impossible to say how many hands are employed with respect to one particular part of the industry, but in the various parts of Canada, employment is afforded to a considerable number of persons. At one point in this Dominion which undoubtedly some hon. members have passed while travelling west, there is an idle factory. With improved general economic conditions the present proposed legislation would ensure its operation. I need not say there is any demand which at the moment would warrant its operation. I am sorry that I cannot answer my hon. friend's question in connection with the exact amount invested in these enterprises.

Mr. YOUNG: A moment ago the Prime Minister made a statement concerning the extension of the sugar industry in Canada. Would he tell us what percentage of the Canadian market is already supplied by Canadian refineries?

Mr. BENNETT: We are not dealing with the sugar item, and I am not at present prepared to go into that phase of the matter. A few years ago we were exporters of substantial quantities of refined sugar. Our factories and refineries would be capable not only of meeting our requirements, but of meeting them at least twice over; in other words we have facilities capable of taking care of our own requirements and of supplying an equal quantity in addition. While we are not discussing the sugar item yet I think the hon. member for Medicine Hat (Mr. Gershaw) adequately indicated why and how our export business was lost.

Mr. COOTE: In reference to the statement of the Prime Minister that there would be no increase in the price of syrup due to the increased tariff, I should like to ask whether there is any one in his department charged with the duty of ascertaining whether or not prices are advanced. It seems to me such provision would be essential.

Mr. BENNETT: Since last year an effort has been made to keep a record of prices, and if any complaint is received it is forthwith investigated.

Mr. BEAUBIEN: Are there any reports on those investigations?

Mr. BENNETT: They are not that kind of investigation, being of a departmental nature.

Mr. BEAUBIEN: Does the Prime Minister know that during the budget debate I made a complaint in connection with which I gave price lists showing that the prices of certain commodities had been increased, and that those commodities were the ones upon which the tariff had been raised at the last session. I gave the names of the firms and also the price lists for 1930 and 1931. I gave the prices prior to and following the tariff legislation of last fall.

Mr. BENNETT: Those were imported items.

Mr. BEAUBIEN: No, they were articles made by the Emerson people, of Winnipeg, Saskatoon and Edmonton.

Mr. BENNETT: The items in connection with which increases took place were all imported. The matters to which my hon. friend referred were investigated and subsequently the Massey-Harris Company, the Cockshutt Plow Company and one other concern published advertisements in the daily press indicating that there had been no increase in prices and desiring at once to correct the erroneous impression left upon this house and the country. The truth is that obviously imported items would be increased in price.

Mr. BEAUBIEN: The commodity I refer to particularly was made by the Emerson people of Winnipeg, Saskatoon and Edmonton. I am informed that their factories are in the city of Winnipeg, and that the increase in the price of their product corresponded exactly with the increase in the tariff. What is the Prime Minister's information on that point?

Mr. BENNETT: The evidence was that there was no increase in the price of any implements made in Canada. That fact was clearly established, and the large manufacturing companies risked their reputations by making public declarations to that effect. The firm in Winnipeg certainly made it clear that with respect to goods produced in Canada the statement was not true.

Mr. BEAUBIEN: The statement I made in the house concerned a matter which received a great deal of publicity in western newspapers. So far I have seen no denial by any firm. I believe my statement was accurate, namely, that the smut cleaning machine about which I am speaking is made in Winnipeg by the Emerson Manufacturing Company.

Mr. COOTE: Does the present item include the commodity commonly known as sugar syrup? If not, what is the rate of duty on that particular commodity?

Mr. BENNETT: Did I understand the hon. member to ask the rate on raw sugar?

Mr. COOTE: Does this include what is commonly called sugar syrup, as well as corn syrup?

Mr. BENNETT: No, this covers only the one class of syrup.

Mr. BEAUBIEN: Would it not be natural for a Canadian manufacturer to take advantage of the tariff when his competitors in foreign countries are not able to compete with him? Would he not take substantial even if not full advantage of the tariff?

Mr. BENNETT: I have intimated to the hon. member and to the other members of the committee on more than one occasion that there is legislation in force to protect the country against such a practice, and I have no reason to believe that advantage has been taken of the tariff as has been suggested by the hon. member.

Mr. BEAUBIEN: Suppose that is so, the Prime Minister knows the cost of raw material has gone down far more than the price of the finished product. It is very easy for him to say the prices of commodities have not risen since the special session last September, but surely in view of the decreased cost of production of the raw material which goes into the manufacture of commodities, he ought to be able to give the committee some information as a result of any investigations he has made whether those firms have taken advantage of the tariff, even if they have not increased the price of their commodities since the tariff was raised. I think the house and the country are entitled to know if the department through its officials has made any investigation along these lines, because, as I have said before, and I repeat it now, if the prices of the commodities which we have to buy do not come down to the level of the commodities we have to sell, I do not see how we are going to carry on—I am speaking of the agriculturists—for the Prime Minister has said that we cannot expect much higher prices for our farm commodities for some time to come. Unless the prices of the commodities that we have to buy come down to the level of the commodities we have to sell, I do not see how the farm industry is going to survive.

Mr. TOTZKE: At the special session last September the Prime Minister read a number of letters from manufacturers undertaking not to take advantage of the tariff and increase their prices. Has he any similar undertakings with respect to the tariff items which are now being increased?

Mr. BENNETT: I have not brought any here, but in considering this item I have stated to the hon. member that assurance was given that the price would not be increased.

Mr. BEAUBIEN: How can the Prime Minister say that if he has not made any investigation?

Mr. BENNETT: I have indicated to the hon. member that in no case where the undertaking has been given has there been any breach of it so far as we have been able to ascertain.

Mr. BEAUBIEN: But assurance has not been given in every case.

Mr. BENNETT: Certainly not. The hon. member knows, perhaps as well as any member of this committee, that the economic stress has greatly decreased manufacturing production, and he doubtless knows that the unpaid liabilities for implements, due not only to Canadian producers but to producers outside Canada who have maintained branches in this country, amount to millions of dollars, and that at the moment there have been practically no purchases at all of agricultural implements in western Canada. It is obvious that a reduction in price can come about only if there is a demand for the article produced, for the cost of production will not decrease materially until increased requirements lower the unit cost of production. It is one of those matters which I am sure the hon. member thoroughly understands and which works in a complete circle. On the one hand you desire to obtain a reduction in the

cost of production, and on the other hand it is not possible unless there is an increased demand for the manufactured article; and until there is such an increased demand as will enable the factories to operate at a lower cost per unit how are you going to get a decrease in price? In the meantime while raw materials may decrease in value, that decrease is more than offset by the increase on the unit cost of production, brought about by a curtailment of production due to the economic depression through which we are passing.

Mr. BEAUBIEN: In other words, it means that the only man who will be able to go through this economic depression will be the man who can hide behind the tariff. It cannot mean anything else. If the lack of business has increased the cost of production of the manufacturing industry to the extent the Prime Minister has intimated, and the manufacturer is going to make up that increased cost of production by putting the tariff on the price of his commodities, then we are back to the statement that has been made in this house time and again since I have been a member—that the agricultural industry and other consumers will absorb the whole depression. I do not see how it can be otherwise, if the Prime Minister's argument is sound, that through the depression having resulted in a lower volume of business the cost of production in our factories has increased, and consequently the prices of manufactured commodities will not go down materially. I think I understand the Prime Minister's argument rightly; if not, I am ready to be corrected before I proceed further. If I am not corrected, then my interpretation of the Prime Minister's remarks must be all right. If the cost of production due to the depression which exists to-day has placed the manufacturer in that position; if that be true, as the Prime Minister has said, then the people who buy those manufactured commodities, the agriculturists and consumers generally, are paying for the whole depression which the manufacturing industry is suffering from to-day. I have made this statement before, and I repeat it. The Prime Minister knows it to be true probably better than anybody else, because having lived in the west he knows that the wheat grower, the butter producer and the stock man are not going to be able to continue to produce unless they are able to buy what they require at prices comparable with the prices they receive for their own products. I think it is just as well that the argument of the Prime Minister should go out to the country so the people may know that the farmers and the consumers generally are shouldering the burden of the manufacturers who are able to get behind the tariff.

Mr. BENNETT: Mr. Chairman, it is idle to take up the time of the committee making statements so little warranted as that which the hon. member for Provencher (Mr. Beaubien) has just made. The other evening I read to the house that 15,000 manufacturers had made income tax returns showing that they have suffered a net loss of nearly $100,000,000, notwithstanding which they have maintained their plants and paid out $388,000,000 in wages.

Mr. BEAUBIEN: Nobody denies that; I have not denied that.

Mr. BENNETT: If that is not bearing the burden I do not know what is. There they are maintaining their plants with the demand for their daily production not equal to the demand for wages and other costs; there they are, losing money steadily to the extent of nearly $100,000,000 and still paying out $388,000,000 in wages. And this effort on their part to bear their share of the economic depression is met by statements such as that to which we have just listened! That is one of the difficulties in this country—an endeavour to arouse one section of the country against another—

Mr. BEAUBIEN: I resent that statement.

Mr. BENNETT—an endeavour to make it appear that the agriculturist is suffering and someone else is getting the entire benefit. In my judgment that is not rendering any service to the country. There are the facts; they cannot be controverted or denied. In this period of distress it is quite obvious that the over-production of cereals was reflected in the tremendous reduction in prices, because last December there was sufficient wheat in the world to meet the requirements of the entire consuming population for twenty months, with no further production. That was the statistical evidence. The reduction in the price of wheat as a commodity is well known to every member of the committee, and that diminution in the selling price is reflected at once, of course, in the diminution in purchasing power on the part of those among whom the money circulates. If the producer of primary products is not able to purchase his implements, of course it follows that the manufacturer has his interest charges running against his inventory, which he cannot reduce. There is no doubt about that, and in turn he must absorb that loss; we have

endeavoured to ensure under this legislation that he shall not pass it on to the producer, and the record of the financial position of the various enterprises engaged in the production of agricultural implements both here and elsewhere, whether they be in this country, in the United States, in France or in Germany, sufficiently answers the observations made by the hon. gentleman.

It is idle to make statements as wholly unwarranted as those which the hon. gentleman has made and endeavour to pass them off as facts, because the record of the Department of National Revenue makes clear what the position has been. I might go further, if I desire, and point out to hon. gentlemen what they must read in the press every day, that the condition of industry in this country is even worse than that of agriculture. Every thoughtful man knows that.

Some hon. MEMBERS: Impossible.

Mr. BENNETT: Impossible? All I can say is that it is impossible with respect to people who for three successive seasons have had no crops; of course nothing could be as bad as that except the destruction of an industry by fire, without insurance. I am eliminating that, of course; that is disaster; that is not a normal condition. But if you apply the rules that should be applied with respect to normal conditions, and eliminate those which are due to what you might call acts of God, I think you will observe that there could not be anything in this country much worse than the condition which has overtaken industry; it is quite like that which has overtaken agriculture.

Mr. BEAUBIEN: The Prime Minister is very fond of giving everybody a lecture when he says anything which does not agree with his own views. The Prime Minister can give me all the lectures he wishes, but he is not going to change my attitude with regard to legislation of this kind. In the first place, the Prime Minister admitted that industry was having a very hard time, and he almost admitted that the tariff legislation was brought down to take care of that condition. The Prime Minister talks about manufacturing being in had shape, but the picture he gave us the other day in regard to western Canada was fairly black also. This was what we heard from the right hon. gentleman who gave us two lectures during the session with regard to statements we had made as to conditions in western Canada. I do not think anyone could have drawn a darker picture than that of the Prime Minister.

I have no desire to hurt any industry in this country; my only desire is to give the primary industries a fair show. Under the tariff legislation which has been introduced since this government has been in power, the primary industries have no show. I made the statement that the manufacturing industries were taking advantage of the economic depression to hide behind the tariff concessions, and to a certain extent the Prime Minister has confirmed that statement by saying these changes were necessary to take care of the overhead. If many of these industries threw out their watered stock perhaps they would not be in such bad condition. In addition, many industries overbuilt and increased their capacity during the war, thinking it would last forever; now they must be protected in order to take care of that unnecessary expenditure. What about the farmer? What about his income tax? He cannot even pay his municipal tax or his school tax in order to give his children primary education. I resent any lecture from the Prime Minister accusing anyone on this side of the house, myself in particular, of trying to hurt any industry. The Prime Minister need not pose as the saviour of industry in this country, except through the tariff.

The CHAIRMAN (Mr. Sen[illegible]): Shall the item carry?

Mr. BENNETT: Just a moment; there is one statement which must not be allowed to go unchallenged. The Prime Minister made no such statement with respect to the effect of the tariff on manufacturing industries as was indicated by my hon. friend. The Prime Minister did say that economic conditions had severely tried those industries, which the statistics clearly prove. It is equally clear that there is no endeavour to shift the burden of that economic condition on to the purchaser. On an average quarter-section of land consisting of 150 acres in grain and wheat, if the average production were 10 bushels per acre the total would be 1,500 bushels which, at 5 cents a bushel, would be $75. No farmer in western Canada has made any such contribution to tariff items this year.

Mr. BEAUBIEN: How can the Prime Minister ascertain how much the tariff has cost each farmer in western Canada? He has given nothing to this committee to indicate how he could come to that conclusion. The Prime Minister did say that industry was in very bad shape, and there can be no doubt that, if he makes that admission and gives them this tariff concession, they are going to take advantage of it. Those are not my words; they are the words of the Prime Minister.

Mr. BENNETT: No, just the opposite; I said they would not take advantage of it.

Mr. BEAUBIEN: Has the Prime Minister ascertained whether prices should not go down in view of the lower prices of the raw materials which enter into the manufacture of many articles? The Prime Minister intimated that he did not expect the prices of commodities to go down because of economic conditions; I think I am right in that construction of his remarks.

Some hon. MEMBERS: No.

Mr. BEAUBIEN: If I understood the Prime Minister correctly that is my interpretation of what he said. Therefore industry is taking advantage of the tariff in order to keep up prices, instead of letting the prices go down in conformity with the prices of the raw products. The Prime Minister cannot get away from that.

Mr. BENNETT: It is singular that anyone should continue to make statements such as those which have just been made. My hon. friend stated that the Prime Minister said the manufacturers had taken advantage of the tariff. What I said was that they would not be permitted to do so, and that the Massey-Harris Company and the Cockshutt Plow Company, our largest manufacturers of agricultural implements, have advertised lower prices. That anyone who can read can see and understand. That is the position to which I made reference, and as to my observations with regard to present conditions in western Canada, I do not suppose anything could more clearly indicate the unfairness of the remarks just made by my hon. friend. These conditions have arisen since June 1, and have been brought about through lack of moisture. Everyone knows that hope deferred maketh the heart sick, and the people of the west waited, waited and waited for rain. It came probably ten days too late to ensure a crop, but at least it may ensure some green feed. Now an hon. member of the committee stands up and says that his party were criticized for having talked of the condition of this country, but that the Prime Minister himself admits that condition. The condition to which I referred the other day as a national calamity has arisen, as everyone knows, because of a lack of rains in the month of June.

Mr. BEAUBIEN: But conditions were bad even before then. I know the Prime Minister does not want to bother with anyone, but he knows that the conditions as we depicted them in the debate on the address were not a bit overdrawn. They have been aggravated by a lack of moisture, I admit. But the conditions were absolutely as we depicted them at that time.

Mr. STEWART (Edmonton): The Prime Minister has said that the secondary industries need protection because of the terrific loss they have sustained in this period of depression.

Mr. BENNETT: No.

Mr. STEWART (Edmonton): I am sorry I misunderstood the right hon. gentleman.

Mr. BENNETT: That is not the way I put it; that is the hon. gentleman's inference.

Mr. STEWART (Edmonton): My understanding of the Prime Minister's remarks—

Mr. BENNETT: I said there was an emergency in the country.

Mr. STEWART (Edmonton): Well, the Prime Minister is referring to the present condition, the depression through which every industry in Canada is passing. He might well say, however, that the primary industries have suffered a much greater loss, comparatively, than the secondary industries. I would ask any hon. gentleman who owns a considerable area of farming land in Canada whether he has not sustained a 100 per cent loss. If he were forced to liquidate at this moment, would not his loss amount to that? The Prime Minister says, "We are giving you 5 cents a bushel". But it is not only the wheat grower who is affected; it is not only western agriculture that is suffering but agriculture throughout Canada. And there are others who have been very seriously affected. The man who has put his money into the mining industry has suffered a loss. If he were to liquidate his assets to-day, what would they amount to compared to what they were two years ago?

Mr. MANION: What about all other industries?

Mr. STEWART (Edmonton): That is precisely my argument.

Mr. MANION: Why try to imply that the whole burden is being put upon the back of the farmer?

Mr. STEWART (Edmonton): Of course it is being put on the back of the farmer.

Mr. MANION: Nonsense.

Mr. STEWART (Edmonton): It is put upon the back of the primary producer every time, as my hon. friend will find out if he keeps on with this policy. When my hon. friend who has just interrupted me was on this side his constant argument was that the reductions we were making in the tariff, small and irritating as he said, would ruin Canadian industry. But in no period of our history were secondary industries in a more prosperous condition than they were under that tariff. We are arguing in the light of facts; we are not arguing on theories. Now, the statement which is invariably made is that increases in the tariff are intended to benefit labour. May I ask how many people of the ten millions are employed in secondary industries in Canada? Not more than one million; yet you are taxing the whole nine million for the benefit of these, if you put your argument on the basis of employment.

An hon. MEMBER: What about their families?

Mr. STEWART (Edmonton): But the fact is that labour does not get the benefit of these increases. Labour does not get any more employment, nor does it get higher wages. It has never so benefited under any system of this kind. When the Prime Minister says that he is doing all this for the sake of the secondary industries, I take issue with him, and I tell him that the primary industries are suffering to a much greater extent. And why load the whole burden on the primary industries? That is exactly what a policy of this kind does, and that is why we do not believe in increases that amount in many cases to complete exclusion. The Prime Minister says that if there are any increases in prices he will immediately remove the duty. But he is doing nothing for the primary industries, and by this legislation he is maintaining values in the secondary industries at a level beyond that which he can justify.

Mr. VALLANCE: The Prime Minister has stated time and again that the cost of implements of production will not be increased to the primary industries. I am going to cite some instances to show that they have increased. I know that he will say that the goods which I shall mention are imported, and I will admit that before he says it. But I want to show the difference that the tariff is making to the farmer. The farmer cannot to-day buy his implements at the prices at which he could obtain them last year. The Prime Minister has stated definitely that the whole object of these increases is to shut out imports, and the result is that the farmer cannot get his implements to-day as cheaply as he could a year ago. Let us take the catalogue of MacLeod's of Winnipeg, a firm doing a big business in western Canada. A 14 inch gang plough last year sold for $97.50, and in the 1931 catalogue it is $113.50. Yet the Prime Minister says that prices will not go up.

Mr. BENNETT: That does not apply to imported articles.

Mr. VALLANCE: But the fact is that the farmer has to pay so much more to-day for a gang plough.

An hon. MEMBER: Some implements have gone down.

Mr. VALLANCE: They have not. A disc harrow in 1930 was $39.25, and this year it is $46. Who pays for that? You are going to shut these implements out entirely, or you will make the producer pay so much more for them. Take repairs.

Mr. MANION: Why not buy Canadian goods?

Mr. VALLANCE: Why should we be taxed to this extent in order to buy Canadian goods? We have to compete on the open market with everyone else, and we have a right to expect some consideration. Take wagon repairs—

An hon. MEMBER: Give us Massey-Harris.

Mr. VALLANCE: We do not care where the implements come from or who makes them. We want to buy in the same market as that in which we have to sell.

Mr. MORAND: Even if your Canadian workmen die of starvation.

Mr. VALLANCE: We have to defend the interests of those whom we represent, just as my hon. friends over there must speak for those whom they represent. I have no quarrel with them. But I claim the right to speak for those in whom I am interested. Last year wagon wheels were $7.90; this year they are $11.50. Who has to pay that difference? Hon. gentlemen tell us to buy Canadian goods. But surely we should be allowed to purchase some of our requirements from outside Canada. The fact is that this tariff is made for the purpose of completely shutting out imports.

An hon. MEMBER: What is the size of the wheel?

Mr. VALLANCE: The size of the wheel makes no difference. These are comparative prices, as between 1930 and 1931, for the same articles. It would not make any difference if the wagon were as small as a baby carriage. I have the catalogue here and there are some items in the 1930 list which do not appear in the 1931. Because of the increased tariff importations have been made impossible. I object to these increases in the rates on implements of production.

Mr. POULIOT: During the last campaign it was stated that the farmers would find it easy to pay more for agricultural implements because they would receive more for their products. To-day they are receiving less for their products while they have to pay more for their agricultural implements.

Mr. YOUNG: The Prime Minister stated that 15,000 factories had lost $100,000,000. Were those factories all located in Canada?

Mr. BENNETT: They were all making returns to the Department of National Revenue.

Mr. YOUNG: Then all the losses were incurred in Canada?

Mr. BENNETT: Yes.

Mr. TOTZKE: I understood the Prime Minister to say that these factories would not take advantage of the increases in the tariff. Will he assure the committee that they are not going to take advantage of the tariff or that they are not going to increase the prices of their commodities?

Mr. BENNETT: There has been no increase in the duty in the case of repairs, either at the last session or at this, so that increase cannot be made referable to the tariff.

Mr. VALLANCE: Would not wagon repairs come under the wagon schedule?

Mr. BENNETT: Repair parts.

Mr. VALLANCE: I have the catalogue here. I will pass it over to the Prime Minister if he so desires.

Mr. MOTHERWELL: Does the Prime Minister know of any other country which has quadrupled the duty on farm implements as Canada did last September, and then claimed that the prices will be kept down by the government so that the farmers will not be exploited?

Mr. BENNETT: I do not carry in my head the customs tariffs of other countries, but I do know that any country would have been warranted in taking the action which was taken in Canada last fall if such action did not involve a higher cost to the farmer for his implements. The undertakings that there would be no increase in price will be found upon the pages of Hansard. The Canadian market had been divided with foreign manufacturers, and the Canadian manufacturers felt that they could continue their business on such a scale as to ensure there being no necessity of increasing the price.

Mr. MOTHERWELL: Are the prices not higher to-day than they would have been had the duty not been raised? If my right hon. friend takes that ground, then he will have to tell it to the marines, because we do not accept that statement.

Mr. TOTZKE: The Prime Minister admits that the manufacturers are taking advantage of the tariff.

Mr. BENNETT: He does nothing of the kind.

Mr. TOTZKE: He admitted that to me a moment ago.

Mr. BENNETT: He did not.

Mr. TOTZKE: I asked him if he had the assurance of the manufacturers that they would not take advantage of the tariff or would not increase their prices, and he stated to me that the manufacturers would not increase their prices. The gang plough which the farmer used to be able to buy for $95.25 now costs him $113.50. Those are the prices quoted for the same article, and the tariff is responsible for the increase. That price has to be paid whether we buy a plough which is imported or one which is not imported.

Mr. BENNETT: The hon. member is talking about an imported article. Why did he not say that?

Mr. VALLANCE: I did say that in the beginning.

Mr. BENNETT: Why does he not say quite frankly that he prefers to buy an article not made in Canada? If he buys anything not made in Canada he will have to pay that much more for it.

Mr. VALLANCE: I do not think the Prime Minister is justified in making that statement. I said I was willing to admit that I was dealing with an imported article.

Mr. MANION: Why not buy a Canadian article?

Mr. VALLANCE: Why should I buy a Canadian—

Mr. MANION: Why not?

Mr. VALLANCE: It is quite true that the government may not be responsible for our having to go out on the world market and meet the competition of everyone, but the government wants us to buy in a restricted market.

Mr. MANION: If my hon. friend can buy a Canadian article for the same or a lower price, why should he not do so? Why should he insist on an imported article?

Mr. VALLANCE: You cannot do it.

Mr. MANION: He quoted the prices on the imported article.

Mr. VALLANCE: You cannot go into the market and buy a Cockshutt gang plough for $95.

Mr. MANION: If a good deal of help will be needed in the province from which the hon. member comes, the necessary funds are not going to come from the United States; they will have to come from Canada. My hon. friends are not selling their wheat in the United States, so it is not a case of selling wheat and taking goods in return.

Mr. VALLANCE: I am not saying the imported goods—

Mr. MANION: Why buy imported goods when one can obtain just as good in Canada?

Mr. VALLANCE: Show the Canadian farmer that he can buy a gang plough to-day for the catalogue price quoted last year and he will buy the Canadian made article. The tariff has raised the cost of the imported article from $95 to $113.50, and the farmer has been deprived of that competitive price.

Mr. MOTHERWELL: The Minister of Railways and Canals forgets that there are certain implements manufactured in the United States which the prairie farmer prefers. These American companies have been in business a much longer time than the Canadian companies. We like to buy American ploughs and we intend to buy them whether the duty is on or off. On the other hand, we like Canadian binders. I would not buy any other binder, and I have not for years. The government wants to make me buy both articles from the Canadian manufacturer, and then pretends that the price has not been put up or kept up by the big jump in tariff. Why did not Great Britain put on a high tariff like this and then try to convince her people that it would not cost them any more? She did not do that because she knew she could not put that kind of stuff across.

[Mr. Manion.]

Mr. MANION: My hon. friends are arguing that the United States prices are so low, in spite of the fact that that country is the most highly protected in the world.

Mr. SIMPSON (Algoma): The item under discussion deals with corn syrup.

Mr. McMILLAN (Huron): We are discussing—

Mr. SIMPSON (Algoma): We have not reached the items covering agricultural implements, and this discussion should take place at that time.

Mr. McMILLAN (Huron): The question being discussed is whether or not the tariff has increased the price to the consumer.

Mr. VALLANCE: This discussion would have to be repeated, and I think it had better be finished right now. If the chairman rules accordingly, I should like to read from a book which I hold in my hand and which contains an address delivered by the Prime Minister. This portion is entitled "Canada from East to West" by R. B. Bennett, member of parliament, Calgary. The whole book is called "Addresses delivered before the Canadian Club of Montreal", so I suppose this was delivered before that club.

An hon. MEMBER: What year?

Mr. VALLANCE: Season 1911-1912. This is what the present Prime Minister has to say about tariffs. He talks about pitting one end of the country against the other, causing dissension. Listen to this:

> Then as to taxation. Nothing so tends to make men so discouraged and disheartened and unrestful as an uneven system of taxation, whether it be local or any other. Keep this maxim in mind, that all taxation should be borne in proportion of the ability of the man to pay it. The man in the west says he is paying too much. Last fall I went into the homes of these American farmers and talked to hundreds of them. I will give you the reply of a man which is typical of them all. He said, "Mr. Bennett, I came from Minnesota, and I can buy stuff from the store there and bring it in here for the price I have to pay for it here. The local cost is the price in the United States plus freight and duty. How long will they stand for that do you think? I am talking to you straight—that is a very serious problem. Do you mean to tell me that is just and fair, that on every article used in the west the price should be exactly the United States price plus freight and duty?"

Does he say it should be now?

Mr. BENNETT: Will the hon. gentleman finish his speech?

Mr. VALLANCE: The right hon. gentleman does not want me to read the whole book?

Mr. BENNETT: It would do the hon. gentleman good.

Mr. VALLANCE: Does the Prime Minister still hold those views?

At six o'clock the committee took recess

After Recess

The committee resumed at eight o'clock.

Progress reported.

BEAUHARNOIS POWER PROJECT

MESSAGES TO SENATE REQUESTING LEAVE FOR ATTENDANCE OF SENATORS BEFORE COMMONS COMMITTEE

Hon. W. A. GORDON (Minister of Immigration and Colonization): Mr. Speaker, if by unanimous consent the house will revert to the order for motions. I should like to move, seconded by Mr. Dupré:

That a message be sent to the Senate requesting that their honours will give leave to the Honourable Wilfrid Laurier McDougald, one of their members, to attend and give evidence before the special committee, appointed by the House of Commons, to investigate from its inception, the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence river, so far as the matters referred to are within the jurisdiction of the parliament of Canada, and without restricting the generality of the foregoing words, in particular, to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th May, 1931; and

That the clerk of the house do carry the said message to the Senate.

Motion agreed to.

Mr. GORDON: I should like to move further:

That a message be sent to the Senate requesting that their honours will give leave to the Honourable Andrew Haydon, one of their members, to attend and give evidence before the special committee, appointed by the House of Commons, to investigate, from its inception, the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence river, so far as the matters referred to are within the jurisdiction of the parliament of Canada, and without restricting the generality of the foregoing words, in particular, to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th May, 1931; and

That the clerk of the house do carry the said message to the Senate.

Motion agreed to.

Mr. GORDON: I should like to move further:

That a message be sent to the Senate requesting that their honours will give leave to the Honourable Donat Raymond, one of their members, to attend and give evidence before the special committee, appointed by the House of Commons, to investigate, from its inception, the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence river, so far as the matters referred to are within the jurisdiction of the parliament of Canada, and without restricting the generality of the foregoing words, in particular, to investigate the matters referred to, in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th May, 1931; and

That the clerk of the house do carry the said message to the Senate.

Motion agreed to.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house again in committee of ways and means, Mr. Cowan (Port Arthur) in the chair.

Mr. CHAIRMAN (Mr. Cowan, Port Arthur): When the committee rose we were considering item No. 139, concerning glucose or grape sugar.

Mr. GERSHAW: The Prime Minister has explained that in southern Alberta the people interested in cane sugar have control of the situation. Supposing in one of the districts the farmers' local raised sufficient capital to start a beet sugar industry, could they expect help by way of bonuses, and would the right hon. gentleman indicate how much?

Mr. BENNETT: I am sure the hon. member for Medicine Hat (Mr. Gershaw) realizes the great difficulty there would be in bonusing an industry in a particular locality, or in limiting the operation of such legislation. It is that difficulty which has stood in the way of something being done at the present session. Bonuses and bounties which heretofore have been limited to apply to particular industries, such as the lead bounties and copper bounties, would in this case operate over a very wide area, namely the provinces of Alberta, Manitoba and Ontario. I should be very glad to listen to any suggestion the hon. member may have to make by which we could work out a scheme to accomplish the end he has in view. During the recess I purpose to devote to this particular matter such time as I have at my disposal, believing as I do that without some assistance the industry in western Canada will not flourish and that it is important that there should be an opportunity for its development.

Item agreed to.

Customs tariff—168. Malt flour containing less than 50 per centum in weight of malt; malt syrup or malt syrup powder; extracts of malt, fluid or not; grain molasses—all articles in this item upon valuation without British or foreign excise duties, under regulations prescribed by the minister, per pound: British preferential tariff, 3 cents; intermediate tariff, 3 cents; general tariff, 5 cents; and, British preferential tariff, 25 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. BENNETT: This is an item which was introduced really at the instance of the importers, the effect being to increase the British preference. The product of the British manufacturers is very highly favoured in Canada. It will be noted that the ad valorem rates are not changed, but that the specific rates are changed to 3 cents, 3 cents, and 5 cents.

Item agreed to.

Customs tariff—181a. Pictorial post cards, greeting cards and similar artistic cards or folders: British preferential tariff, 22½ per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent; and, per pound: general tariff, 5 cents.

Item agreed to.

The CHAIRMAN (Mr. Cowan, Port Arthur): The next item is No. 184.

Mr. BENNETT: Items No. 184 and 184a may stand. I do not hope to be able to change the terms of the latter item, but it will be amplified so that it may be easier of administration. There is no change in the principle of the item.

Customs tariff—192b. Sandpaper, glass or flintpaper, and emery paper or emery cloth: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—195. Paper hanging or wall papers, including borders or bordering; British preferential tariff, 22½ per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent; and per pound: general tariff, 2 cents.

Item agreed to.

Customs tariff—199b. Containers wholly or partially manufactured from fibreboard or paperboard, per pound: British preferential tariff, 1 cent; intermediate tariff, 1¼ cents; general tariff, 1½ cents. Provided that when imported under the general tariff the duty shall not be less than: general tariff, 35 per cent.

Item agreed to.

Customs tariff—207. Blood albumen and dried blood: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent.

Item agreed to.

Customs tariff—208h. Ethylene glycol, when imported by manufacturers of anti-freezing compounds to be used exclusively in the manufacture of anti-freezing compounds, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—208i. Animal glands, wet or dry, when imported by manufacturers of pharmaceutical and medicinal preparations for use exclusively in the manufacture of such preparations, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—210. Peroxide of soda; silicate of soda in crystals or in solution; bichromate of soda; nitrate of soda or cubic nitre; sulphide of sodium; nitrate of soda; arseniate, binarseniate, chlorate, bisulphite and stannate of soda; prussiate of soda and sulphite of soda: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—210b. Barilla or soda ash; sal soda, per pound: British preferential tariff, ⅓ cent; intermediate tariff, 3/10 cent; general tariff, 3/10 cent.

Item agreed to.

Customs tariff—230. Castile soap, the weight of the cartons and wrappings to be included in the weight for duty, per pound: British preferential tariff, 1 cent; intermediate tariff, 1 cent; general tariff, 2 cents.

Item agreed to.

Customs tariff—238a. Manufactures of celluloid, or of which celluloid is the component of chief value, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 32½ per cent; general tariff, 40 per cent.

Item agreed to.

Customs tariff—265. Oil, whale, including spermaceti: British preferential tariff, 12½ per cent; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—265a. Fish oils, n.o.p.: British preferential tariff, 12½ per cent; intermediate tariff, 20 per cent; general tariff, 22½ per cent.

Item agreed to.

Customs tariff—282. Building brick and paving brick: British preferential tariff, 12½ per cent; intermediate tariff, 20 per cent; general tariff, 22½ per cent; and per ton: general tariff, $1.

An hon. MEMBER: Is this brick with which to build the tariff wall?

Mr. ELLIOTT: There is no change here except the additional $1 per ton?

Mr. BENNETT: That is right.

Item agreed to.

Customs tariff—282a. Manufactures of clay or cement, n.o.p.: British preferential tariff, 12½ per cent; intermediate tariff, 20 per cent; general tariff, 22½ per cent.

Item agreed to.

Customs tariff—296b. Magnesite, dead-burned, sintered, caustic-calcined or plastic magnesia; magnesium carbonate, basic or otherwise, excepting crude rock: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—296d. Feldspar, ground but not further manufactured: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—305. Flagstone, sandstone and all building stone, not hammered, sawn or chiselled, and marble and granite, rough, not hammered or chiselled: British preferential tariff, 10 per cent; intermediate tariff, 12½ per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff 306. Marble, sawn or sand-rubbed, not polished; granite, sawn; paving blocks of stone; flagstone and building stone, other than marble or granite; sawn on not more than two sides: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—306a. Building stone, other than marble or granite, sawn on more than two sides but not sawn on more than four sides, per one hundred pounds: British preferential tariff, 10 cents; intermediate tariff, 20 cents; general tariff, 25 cents.

Item agreed to.

Customs tariff—306b. Building stone, other than marble or granite, planed, turned, cut or further manufactured than sawn on four sides, per one hundred pounds: British preferential tariff, 30 cents; intermediate tariff, 45 cents; general tariff, 50 cents.

Item agreed to.

Customs tariff—306c. Marble, not further manufactured than sawn, when imported by manufacturers of tombstones, to be used exclusively in the manufacture of such articles, in their own factories: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—307. Marble and granite, n.o.p., and all manufactures of marble or granite, n.o.p.: British preferential tariff, 30 per cent; intermediate tariff, 35 per cent; general tariff, 40 per cent.

Mr. SPEAKMAN: Do we import much in the way of stone and marble material?

Mr. BENNETT: Yes, substantial quantities. I could give the importations under each item if desired. It is believed the operation of this tariff will encourage to a considerable extent the use of our own granite and marble. There is a very large deposit of marble in Quebec, and to a smaller extent in British Columbia, and there is stone in most of the provinces. We had imports under this item of $340,000; $78,000 under another item, and $450,000 of building stone and marble under a former item.

Mr. SPEAKMAN: I imagine these duties would be practically prohibitive.

Mr. BENNETT: There has been great pressure from many quarters to give the industry a chance. If it is to be developed it must be given sufficient opportunity, and this tariff will provide the opportunity.

Mr. SPEAKMAN: I am not complaining.

Mr. CAMPBELL: Does the price fixing arrangement apply to these items as well as to the others that have been dealt with?

Mr. BENNETT: Yes.

Item agreed to.

Customs tariff—308. Manufactures of stone, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—318. Common and colourless window glass: British preferential tariff, 7½ per cent; intermediate tariff, 12½ per cent; general tariff, 12½ per cent. Provided, that the governor in council may, when satisfied that common colourless window glass is being manufactured in Canada in quality and quantity sufficient for Canadian requirements, by order in council direct that there be substituted for this tariff item the following: Common and colourless window glass:

(a) in sheets not exceeding 80 square inches in area, per pound: British preferential tariff, 1¼ cents; intermediate tariff, 1¾ cents; general tariff, 1¾ cents;

(b) in sheets exceeding 80 square inches but not exceeding 120 square inches in area, per pound: British preferential tariff, 2¼ cents; intermediate tariff, 3 cents; general tariff, 3 cents;

(c) in sheets exceeding 120 squire inches in area, per pound: British preferential tariff, 3¼ cents; intermediate tariff, 4½ cents; general tariff, 4½ cents.

Mr. BENNETT: Here is an item that I am sure hon. members will be glad to talk about.

Mr. HANBURY: Mr. Chairman, I notice under this item the governor in council are taking to themselves authority to change the duty when they are satisfied that common colourless window glass is being manufactured

in Canada in sufficient quantities to meet Canadian requirements. Once again I should like to draw the attention of the Minister of Finance to the fact that certain areas in Canada cannot procure to advantage their glass from the central provinces, and I would ask him to keep that in mind should he at any time decide to change the duty on this item. I realize the difficulty of having, you might say, sectional tariffs, but at the same time the situation in British Columbia, particularly with reference to greenhouses and building construction, is such that we do hope the minister will keep it in mind and make some provision so that the glass consumers in that province will be protected until such time as Canadian manufacturers of glass can meet their requirements economically.

Mr. BENNETT: That is not an unreasonable request. Might I also indicate that there are vast deposits of raw materials between the lakes and the mountains that should be utilized. For instance, at Redcliff, near Medicine Hat, there is a very extensive glass industry; in fact it is the backbone of that community at the moment. I have great hopes that within a reasonable time there will be a development of that industry to meet the position taken by the hon. member for Vancouver-Burrard (Mr. Hanbury).

Mr. McMILLAN (Huron): Let the item go through. The fact is, no importance or stability can be placed on any of these rates, as the minister can and will change them whenever he may feel inclined so to do.

Mr. HANBURY: With reference to the remarks of the Minister of Finance, I would remind him that the freight on glass is a very large item and that even glass produced in the area to which he refers would be very much more expensive than the glass now imported from Belgium and England.

Item agreed to.

Customs tariff—322a. Laminated glass, sheet or plate, and manufactures thereof, n.o.p.: British preferential tariff, 17½ per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Mr. ELLIOTT: I take it this is the finished product, otherwise known as non-shatterable glass for use in automobiles?

Mr. BENNETT: In a general way that is what laminated glass is.

Mr. ELLIOTT: Will my right hon. friend tell me what is the drawback on laminated glass at the present time?

[Mr. Hanbury.]

Mr. BENNETT: When we finish these items, if the committee will accept my view there will be none; the item dealing with drawbacks will provide for no drawback on laminated glass.

Mr. ELLIOTT: I believe it is 25 per cent at present, and I take it from the latter part of the clauses referring to drawbacks that it will be 60 per cent. I would refer to item 1055:

Materials, including all parts—when used in the manufacture of goods enumerated in tariff items 438a and 438b.

I take it that laminated glass is one of the parts of automobiles, and that it would come under those items, carrying a drawback of 60 per cent.

Mr. BENNETT: The hon. gentleman will realize that the items with which we will deal presently will also deal with that substance. When we relate the two I think my hon. friend will see an improvement in favour of the Canadian development of the laminated glass industry. If the hon. gentleman desires to raise the point further when we come to the other items, I shall be glad to refer back to it.

Item agreed to.

Customs tariff—326b. Glass eyes for human use: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—348. Copper scrap, and copper in pigs, blocks or ingots; cathode plates of electrolytic copper for melting, per pound: British preferential tariff, 1 cent; intermediate tariff, 1½ cents; general tariff, 1½ cents.

Item agreed to.

Mr. BENNETT: I wish to add, for clarity of administration, a further item, which I will read to the committee and which will be moved by the Minister of Fisheries:

Customs tariff—348b. Tin plate scrap, when for use exclusively in recovering copper from acidic mine waters in connection with copper mining operations: British preferential tariff, free; intermediate tariff, free; general tariff, free.

I suppose the committee realizes that in connection with copper mining operations there is often carried, not in solution but in suspension, considerable quantities of copper. This tin plate scrap which is to be allowed in free is for the purpose of assisting in the recovery of this copper held in suspension in the waters coming from the copper mining operations.

Item agreed to.

Customs tariff—348c. Brass scrap and brass in blocks, ingots or pigs; copper in bars or rods, not less than 6 feet in length, unmanufactured, n.o.p.; copper in strips, sheets or plates, not polished, planished or coated; brass or copper tubing, in lengths not less than 6 feet, and not polished, bent or otherwise manufactured: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Item agreed to.

Customs tariff—356. Nickel in bars or rods, not including bars or rods depolarized or otherwise processed for use as anodes, and nickel in strips, sheets or plates: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—366. Watches of all kinds: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent; provided that, when imported under the intermediate or the general tariff, the duty shall be not less than, each, intermediate tariff, 40 cents; general tariff, 40 cents.

Mr. YOUNG: What are the rates of duty on a watch casing, a watch movement, and a watch movement in a casing respectively?

Mr. BENNETT: Watch actions and movements, finished or unfinished, are dealt with under item 366a, and come in at free, 15 per cent and 15 per cent. When they are imported under the intermediate or the general tariff, the duty shall be not less than 40 cents under each tariff. The next two items I am going to ask to have stand, because the very point the hon. gentleman is about to make applies with respect to them.

Item agreed to.

Customs tariff—366a. Watch actions and movements, finished or unfinished: Bristish preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent; provided that when imported under the intermediate or the general tariff rate, the duty shall be not less than, each: intermediate tariff, 40 cents; general tariff, 40 cents.

Item agreed to.

Customs tariff:—376a. Chromium metal and tungsten metal, in lumps, powder, ingots, blocks or bars, and scrap of alloy metal containing chromium and tungsten, when imported by manufacturers for use exclusively for alloying purposes, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—377d. Billets of steel of Bessemer quality, when imported by manufacturers of seamless steel tubes for use exclusively in the manufacture of seamless steel tubes, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Item agreed to.

Customs tariff—380. Plates of iron or steel, hot or cold rolled:

(a) not more than 60 inches in width, n.o.p., per ton: British preferential tariff, $4.25; intermediate tariff, $6; general tariff, $7.

(b) more than 60 inches in width, n.o.p., per ton: British preferential tariff, free; intermediate tariff, $3; general tariff, $5.

(c) flanged, dished or curved, n.o.p.: British preferential tariff, 10 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent: provided that the governor in council may, when satisfied that iron or steel plates are being rolled in Canada up to a width of 120 inches, and that the same can be rolled in quantity and quality sufficient for Canadian requirements, by order in council direct that there be substituted for sections (a) and (b) of this tariff item the following:

(a) not more than 120 inches in width, n.o.p., per ton: British preferential tariff, $4.25; intermediate tariff, $6; general tariff, $7.

(b) more than 120 inches in width, n.o.p., per ton: British preferential tariff, free; intermediate tariff, $3; general tariff, $5.

Item agreed to.

Customs tariff—386(f). Hoop, band or strip rolled or drawn, coated or not, when imported by manufacturers of mats for use exclusively in the manufacture of mats, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Mr. BENNETT: There is a slight change to be made in the wording, to meet a question of administration. The amendment to be proposed by the Minister of Fisheries is that the following be substituted for item 386 (f).

Customs tariff—386(f). Hoop, band or strip, hot or cold rolled or drawn, coated or not, when imported by manufacturers of mats for use exclusively in the manufacture of mats, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Item as amended agreed to.

Customs tariff—386(g). Sheets, plates, hoop, band or strip, not tempered or ground nor further manufactured than cut to shape, without indented edges, when imported by manufacturers of saws or straw cutters for use exclusively in the manufacture of saws or straw cutters, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—386(n). Hoop, band or strip, hot rolled, in coils not less than 100 feet in length, when imported by manufacturers for

use exclusively in the manufacture of cold rolled iron or steel, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Item agreed to.

Customs tariff—386(o). Hoop, band or strip, cold rolled, electro-galvanized, six inches or less in width, in coils of not less than 100 feet, when imported by manufacturers for use exclusively in the manufacture of rolling doors of steel, in their own factories: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 7½ per cent.

Item agreed to.

Customs tariff—399b. Tubing, of wrought iron or steel, not more than ½ inch in diameter, in lengths not less than 6 feet, coated with metal, not polished, bent nor further manufactured, when imported by manufacturers to be further processed in their own factories: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 7½ per cent.

Mr. BENNETT: This item must be slightly modified.

Mr. RHODES: I move that the words "other than zinc" be inserted after the words "coated with metal."

Amendment agreed to.

Item as amended agreed to.

Customs tariff—399c. Pipes and tubes, not exceeding 2 inches in diameter, made from puddled iron, when for use exclusively in casing oil wells: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I move that the following be substituted for this item:

Pipes and tubes, not exceeding 2 inches in diameter, made from puddled iron, when for use exclusively in recovering crude petroleum: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. STEWART (Edmonton): Would it not be free for drilling wells for water?

Mr. BENNETT: The effect of petroleum on a certain kind of pipe is to corrode it, and this puddled iron is to prevent such corrosion.

Mr. HANBURY: Is it not used in larger sizes?

Mr. BENNETT: No.

Mr. ELLIOTT: What other articles will the amendment include?

Mr. BENNETT:. None.

Amendment agreed to.

Item as amended agreed to.

[Mr. Bennett.]

Customs tariff—402a. Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.; wire cloth or wire netting, of iron or steel, coated or not: British preferential tariff, 25 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Mr. GARLAND (Bow River): I protest against this item. It seems to me to illustrate—

Mr. BENNETT: Perhaps I may anticipate the hon. gentleman's objection by informing him that there is to be an additional item providing for the importation of special fencing for use exclusively on fur farms, and under regulations to be prescribed by the minister.

Mr. GARLAND (Bow River): Why for fur farming only? Why not for sheep farming?

Mr. BENNETT: This item is intended to encourage the production of wire netting in this country. Representations were made that the netting used for fox farming purposes was of a special kind imported from Great Britain. No other representations were made to the department, and so far as we know the Canadian product for other purposes has been quite satisfactory.

Mr. LUCAS: What were the importations last year?

Mr. BENNETT: They amounted to $400,000.

Mr. BROWN: I protest against the increase in wire fencing. This is one of the most important articles of farm equipment in the west, and now, if we are to follow the counsel of so many of our eastern advisers to go into mixed farming, we shall need more wire fencing. The sheep industry is becoming very general in Manitoba and the cost of fencing adds largely to cost of operation. I must protest against this increase.

Mr. BENNETT: This item does not touch the matter to which the hon. member refers.

Mr. IRVINE: Has the minister had any assurance that the price will not be increased?

Mr. BENNETT: Yes; assurance has been given.

Mr. CAMPBELL: The largest imports of the commodity come from Great Britain. Is this ordinary farm fencing, or is it ornamental fencing, or fox fencing, or what? If the minister has that information I should like to get it.

Mr. BENNETT: The item has no reference to the class of fencing mentioned by the hon. member for Lisgar (Mr. Brown).

The fencing to which he refers comes under another item, which has not been touched either by amendment or by rewording. This refers largely to ornamental fencing and fencing of that kind. It includes the fencing used on fox farms. The fox farmers in various parts of Canada represented that they had been accustomed to a certain type of fencing manufactured in Great Britain for which they were paying the rate now on the schedule, and they asked to have that rate maintained. It is maintained in the amendment which will be offered by the Minister of Fisheries. The only change is in item 402a, with respect to which assurance has been given that there will be no increase.

Mr. CAMPBELL: I presume that it is not ordinary barbed wire.

Mr. BENNETT: No.

Mr. STEWART (Edmonton): Having had some experience with the definitions of tariff items, I fancy that woven wire fencing is the ordinary fencing used by farmers.

Mr. BENNETT: That item, 402, is not touched. That item is woven or welded wire fencing, of iron or steel, from wire not more than ·144 inch and not less than ·080 inch in diameter, with tolerance not to exceed ·004 inch, also wire fencing, of iron or steel, coated or not, n.o.p. The rates are free; 12½ per cent; 15 per cent.

Mr. CAYLEY: I have received a wire from the John Morrow Screw & Nut Company of Ingersoll, asking that twist drills be placed under the tariff item carrying a duty of 35 per cent instead of 30 per cent as at present. I believe this matter has been called to the attention of the Prime Minister.

Mr. BENNETT: That is an application for an increase on steel used in the manufacture of certain tools. After careful consideration we concluded that it would open up too many items in the iron and steel schedule. That schedule had been before the tariff board and action had been taken. We endeavoured to disturb it as little as possible. We decided not to take the action suggested by the telegram brought to the attention of the department some months ago.

Mr. BROWN: There will be no increase in the duty on ordinary wire fencing used on the farm?

Mr. BENNETT: We have not touched that item.

Mr. SPENCER: Under what item would ordinary fencing come?

Mr. BENNETT: Item 402, to which I referred a moment ago.

Mr. CAMPBELL: Would that item cover most of the ordinary wire fencing?

Mr. BENNETT: I am advised that practically ninety per cent would come under that item.

Item agreed to.

Sir GEORGE PERLEY: Mr. Chairman, I beg to move that the following item be inserted in resolution No. 2 of June 1, 1931:

Customs tariff—402b. Woven netting, of iron or steel, coated, made from wire of 17 gauge or heavier, with meshes not smaller than one inch and not larger than two inches, with specially strengthened joints, when for use exclusively on fur farms, under regulations prescribed by the minister: British preferential tariff, 15 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. MacLEAN: I desire to thank the Minister of Finance for taking this action. This is a very important article in our province. Representations were made to the minister and to the Minister of National Revenue by the fox breeders' association. I received a telegram myself from the president of the association, which I forwarded to the Prime Minister and the Minister of National Revenue, and I am pleased to see that the minister has given attention to this matter and left the duty as it was.

Amendment agreed to.

Customs tariff—403b. Flat or woven flat, including steel strip, in the coil, coated or not, ·064 inch in thickness or thinner, with tolerance not to exceed ·002 inch, when imported by manufacturers of corset clasps, steels, wires and dress stays for use exclusively in the manufacture of corset clasps, steels, wires and dress stays, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 7½ per cent.

Mr. BENNETT: It is desired to make this item a little clearer, and my colleague will move an amendment thereto.

Sir GEORGE PERLEY: I beg to move that the following be substituted for item 403 (b):

Customs tariff—403b. Flat or woven flat, including steel strip, in the coil, coated or not, ·064 inch in thickness or thinner, with tolerance not to exceed ·002 inch, when imported by manufacturers of corset clasps, steels, wires and dress stays for use exclusively in the manufacture of corset clasps, steels, wires and dress stays, in their own factories: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Item as amended agreed to.

Customs tariff—403(e). Steel wire, when imported by manufacturers of machine card clothing for use exclusively in the manufacture of machine card clothing in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—409e. Spraying and dusting machines and attachments therefor, including hand sprayers; fruit or vegetable grading machines and attachments therefor; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 25 per cent.

Item agreed to.

Mr. BENNETT: I think this item will be made somewhat clearer by the amendment which my colleague will move.

Mr. RHODES: I move that the following be substitued for item 409e:

Customs tariff—409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus especially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 25 per cent.

(ii) Fruit and vegetable grading, washing and wiping machines and complete parts therefor: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Item as amended agreed to.

Customs tariff—409q. Complete parts for repairs, if imported on or before the thirty-first day of March, 1932.

(i) For the implements or machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p, and 439c: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

(ii) For the implements or machinery enumerated in tariff item 409b: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 7½ per cent.

(iii) For the implements or machinery enumerated in tariff item 409d: British preferential tariff, free; intermediate tariff, 6 per cent; general tariff, 6 per cent.

(iv) For the implements or machinery enumerated in tariff items 409h and 409n: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

(v) For the implements or machinery enumerated in tariff items 409i and 409k: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 17½ per cent.

Mr. BENNETT: If the hon. member for South Battleford (Mr. Vallance) will look at this item he will see that it extends the time to which the old rates apply to March 31, 1932, the end of the next fiscal year.

[Sir George Perley.]

Mr. BROWN: It has been brought to my attention that the cream separator companies are charging an extra price claiming that the duty had been raised on repair parts for cream separators. I cannot discover that this duty has been raised at any time, but probably some change has been made by the department in the classification of these repair parts. It is clearly stated that they come in free when used by manufacturers in the manufacture of machines, but they are not free when sold to the farmers. In these days when farming is being carried on at a great loss we cannot afford to pay extra prices for repair parts for our machinery. The prices have been raised 15 per cent because of a supposed increase in duty, whereas I think a change has been made in the classification.

Mr. BENNETT: There has been no change made since the change in administration. I happen to know that these parts are free when imported by manufacturers in connection with their operations. I suppose in most cases the farmer does not import directly but buys through an agent. I am trying to ascertain if a change has been made in the designation because I know no change has been made in the tariff.

Mr. BROWN: I know that the DeLaval company notified their agents that the prices had been raised 15 per cent.

Mr. VALLANCE: I want to thank the Minister of Finance for drawing my attention to the fact that complete parts for repairs of all these machinery items are free. One would infer from his remark that I was discussing this before the dinner recess. I want to assure him there is nothing in the foregoing that I was discussing regarding repairs.

Mr. BENNETT: It was not my hon. friend. It was another hon. gentleman.

Mr. CAMPBELL: I presume the intention in this case is that after the 31st March, 1932, the increased duty applies. Is that so?

Mr. BENNETT: That does not follow.

Mr. CAMPBELL: While I appreciate the fact that the postponement of the higher duty has been put through in this budget, at the same time I think we should be prepared next year to consider a further postponement. Last year I drew the minister's attention to this and showed him the effect of increased duties on implement repairs, and the increased price this would mean to farmers who have United States-made machinery. At that time, of course, many of us thought these United States companies would establish plants in

Canada, but owing to the depression many of them will probably never do so, at any rate, not at the present time, and if the high rates of duty went into effect the farmers would be penalized. I trust the Minister of Finance will see to it that no such rates are put into effect, at least until some of these United States companies have a chance to establish plants in Canada.

Mr. BENNETT: Some months ago the hon. gentleman directed attention to this matter, and what has happened is that we have dropped any change in the tariff until at least after the 31st of March, 1932. Obviously I would not venture to express any opinion as to what may happen after that. At any rate, until that time the hon. gentleman may be assured there will be no change.

Mr. CAMPBELL: What I want to be clear on is whether or not the increased rate went into effect automatically.

Mr. BENNETT: No. I should like to speak with further reference to the question asked by the hon. member for Lisgar. The commodities to which he refers are dealt with under item 442b:

Materials which enter into the construction and form part of cream separators when imported by manufacturers of cream separators, for use exclusively in the manufacture of cream separators, in their own factories, under regulations prescribed by the minister.

Then follows item 442c:

Articles of metal when imported by manufacturers of cream separator parts for use exclusively in the manufacture of cream separators parts, in their own factories, under regulations prescribed by the minister.

Free; free; free. This refers to both items. I cannot see just where the difficulty has arisen unless it be that the farmer has purchased from some importer other than one importing for his own factory.

Mr. BROWN: The usual way of buying repairs for cream separators is to buy them from the dealer in the town where one lives. I know the dealer in my town received notice last summer that the price for repairs was up 15 per cent.

Mr. BENNETT: It would seem to me then this has nothing to do with the tariff, but by arrangement between the dealer and the factory producer, the former has increased his price.

Mr. BROWN: Well, they were blaming it on the tariff.

Mr. BENNETT: The hon. member for Lisgar knows that in his constituency everything has so often been blamed on the tariff since he has been there, naturally this is one of those instances.

Mr. BROWN: I thought they were wrong. They were blaming it on the coming budget.

Item agreed to.

Customs tariff—412. Machinery, being presses for use in the printing of newspapers, of not less value by retail than $1,500 each, of a class or kind not made in Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: There is no change in rates. It is only a change in the wording.

Item agreed to.

Customs tariff—422a. Concrete road-paving machines, self propelling, end loading type, with a capacity of 21 cubic feet of wet concrete or more; concrete and asphalt road finishing machines; form graders; sub-graders; trench and ditch excavating machines, round wheel or vertical or ladder boom, chain and bucket type, for digging vertical or sloping bank ditches; back filling machines and equipment, mounted on self-propelling wheels or crawling traction, semi- or full-revolving boom and scraper type; steam or air driven pile hammers or extractors; well-points; truck turntables; all the foregoing of a class or kind not made in Canada, and complete parts thereof: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 12½ per cent.

Item agreed to.

Customs tariff—427. All machinery composed wholly or in part of iron or steel, n.o.p., and complete parts thereof: British preferential tariff, 15 per cent; intermediate tariff, 27½ per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—427a. Rolling mill rolls, when imported by proprietors of rolling mills for use only in rolling iron or steel.

Provided, that the governor in council may, when satisfied that rolling mill rolls for rolling iron or steel are being manufactured in Canada, by order in council direct that this tariff item be cancelled: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: There is an amendment with respect to this item, to remove any doubt. The amendment I have suggested is as follows:

427a. Sand cast rolls and chilled cast iron rolls, imported by proprietors of rolling mills for use exclusively in rolling iron or steel: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Provided, that the governor in council may, when satisfied that sand cast or chilled cast iron

rolls, or both, are being manufactured in Canada, by order in council direct that this tariff item, in so far as it affects either or both of such rolls, be repealed.

We have not yet reached the stage in Canada where we are producing those steel rolls:

Mr. REID: There is no difference in the manufacture.

Sir GEORGE PERLEY: I move the amendment.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—440c. Racing shells or oars therefor, when imported by a bona fide amateur rowing club in Canada for use exclusively by such club: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff — 440j. Trawls, trawling spoons, fly hooks, sinkers, swivels, sportsmen's fishing reels, bait and hooks, and fishing tackle, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. BENNETT: There is no change in rates.

Item agreed to.

Customs tariff—445a. Electric head, side and tail lights; electric torches or flashlights and complete parts therefor: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Mr. BENNETT: The change in this item is adding the words, "and complete parts therefor."

Item agreed to.

Customs tariff—445e. Electric and galvanic batteries, n.o.p., and complete parts thereof, including separator walls of wood, cut to size or not: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Item agreed to.

Customs tariff—446. Electric steam turbo generator sets 700 h.p. and greater, of a class or kind not made in Canada, and complete parts thereof: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Mr. BENNETT: This is to meet municipal installations of steam plants, and it will be observed that it takes care of them to 700 horse-power and greater, but not under, of a class or kind made in Canada, and complete parts thereof.

[Mr. Bennett.]

Mr. COOTE: Do we import many of these from Great Britain?

Mr. BENNETT: Yes.

Mr. STEWART (Edmonton): This does not take the place of electric motors on which the British preference remains at 25 per cent?

Mr. BENNETT: This is the steam-driven turbine for the generation of electricity. The technical name is electric steam turbo generator. This is for municipal installation.

Item agreed to.

Customs tariff—446a. Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 27½ per cent; general tariff, 35 per cent.

Item agreed to.

AUSTRALIAN TRADE AGREEMENT

Mr. BENNETT: The next item is one which would be affected by the Australian treaty, and I shall avail myself of the opportunity, with the permission of the committee, to make a short statement with respect to the Australian agreement.

After negotiations extending over several months a trade agreement has been concluded between Canada and Australia. Copies were signed on June 5 by the Minister of Trade and Commerce (Mr. Stevens) and myself on behalf of the Canadian government, and by the Right Honourable J. H. Scullin, Prime Minister of Australia, and the Honourable Parker Moloney, Minister for Markets and Transport, at Canberra on July 8, on behalf of the Australian government. At the request of that government it was arranged that announcement of the conclusion of the agreement should be made here to-night and in the Australian parliament at 3 p.m. to-morrow, Canberra time, which is fifteen hours ahead of Ottawa time.

Since the adoption of a preferential tariff system in Australia more than twenty years ago, it has been the desire of all Canadian governments to secure for this Dominion the benefits of the British preferential tariff of Australia. Hitherto, this has not been found possible. The arrangement entered into by the late government in 1925, which is at present in force, secured the British preferential tariff on four items, or parts of items, only. The trade agreement signed on June 5 secures for Canada the benefits of the British preferential tariff on 415 out of 433 items which make up the Australian customs tariff. That is, out of a total of 433 items in the Australian tariff

they concede to us a British preference on 415. In addition, it assures for Canada the benefits of the intermediate tariff of Australia on six items, or parts of items.

Moreover, on commodities of great importance in Canada's export trade Australia has adjusted her tariff to accord our producers a great margin of preference. On canned salmon, for example, we will get a preference of three pence per pound; on logs a preference of 10 per cent ad valorem; on many classes of lumber a preference of two shillings per 100 board feet. On newsprint paper Canada is accorded free entry and the preference over foreign paper is increased to £4 per ton.

Thus the great bulk of commodities exported from Canada is guaranteed, under the new agreement, a substantial tariff preference in Australia. All foreign countries are under the Australian general tariff.

In return, as set forth in schedule A to the agreement, Canada will accord to Australia its British preferential tariff and reduced rates or greater margins of preference on some 28 items, or parts of items, of the Canadian tariff. This compares with reductions on 20 items, or parts of items, under the agreement at present in force.

I purpose at an early date to introduce a bill, giving notice to-night. I thought it desirable however to circulate a copy of the agreement forthwith so that all hon. members of the house may avail themselves of the opportunity to study its content.

Throughout the negotiations which have now culminated in the conclusion of a broad trade agreement, we have sought to adhere to the principle of diverting to each other trade which at the present time is being done with countries outside the empire. For several years past Australian purchases of goods from foreign countries have averaged considerably more than $300,000,000 per annum. Canada is in a position to supply a large proportion of this great demand, and under the new agreement we believe she will do it.

In closing I cannot do better, perhaps, than quote the words of the letter from the Honourable Parker Moloney, Australian Minister for Markets and Transport, which reached Ottawa over the week end. Mr. Moloney states:

> The step which we have just taken is undoubtedly a very material advantage towards that ideal of inter-empire preference which we all consider is a vital necessity in upholding the position of the British Commonwealth of Nations amongst the great trading nations of the world. When it is remembered that the various dominions are keen competitors, the consummation of an agreement such as that we have just made is a lasting memorial to the goodwill and cooperation displayed between two sister dominions.

I sincerely hope and trust that this agreement will bear the fruit which we so earnestly desire and that we will do business with one another which at the present time is being done with foreign countries.

There is only one clause of the agreement to which I might be pardoned for directing attention. I think the present will be found to be the first instance in which any such clause has been placed in a trade agreement. We are of the strong opinion that in agreements between sister dominions of the same empire there should be some provision which would not make it easy to terminate such agreements. If there be differences with respect to one or two items those differences should not result in the termination of the agreement. Therefore by article IX of this trade agreement we have for the first time in the history of trade agreements endeavoured to formulate a plan whereby differences which might occur will not result in the termination of such agreements, but only in the cessation of activities with respect to the item concerned, and the maintenance of the agreement with respect to the other items contained therein.

Article IX is as follows:

> If—(a) at any time either party to this agreement gives notice in writing to the other party that, in consequence of the importation of goods of a kind specified in the notice, being the produce or manufacture of the exporting country, into the other country, the sale of similar goods produced in that other country is being prejudicially or injuriously affected; and
>
> (b) measures sufficient in the opinion of the government of the importing country to remedy the conditions complained of, are not put into effect by the government of the exporting country within three months from the date of the notice,
>
> then, until the notice is withdrawn by the government of the importing country, goods of the kind specified in the notice shall, when imported into such country, be subject to the rates of duty under its general tariff.
>
> (2) The parties agree to endeavour to reach a satisfactory arrangement, with a view to the withdrawal of the notice with the least possible delay.
>
> (3) On the withdrawal of the notice, goods of the kind specified in the notice, shall again become subject to the tariff applicable to them before the notice was given.

It is but fair to say that under this agreement the dumping clause against Australia will not apply; further, their dumping clause against us will not apply. We believe that nothing is more conducive to the maintenance of good will than that differences with respect to one item should not imperil the whole structure which has been erected under an agreement. On more than one occasion I have pointed out how seriously we were affected because of the difference between

Australia and ourselves with respect to only one item. There being no provision whereby we could safeguard our interests without terminating the whole agreement, the government yielding to the unanimous views of the House of Commons gave notice to terminate that agreement with results which have not been pleasant to contemplate. Now by the provisions of article IX in this agreement to which I point with, I hope, not too great pride, such contingencies are provided for. It is our earnest hope and confident belief that with an arrangement such as this our relations with the great sister dominion of Australia will be placed upon a permanent basis. Whenever slight differences arise which become so acute as to make it desirable that we shall no longer continue to treat one particular item as an item under the agreement, we may for the moment terminate the provisions of the agreement with regard to that item, and when we adjust our difficulties the agreement will continue with full force and effect.

I think it will be found that the provisions of this agreement with respect to the newsprint and the lumber industry, and also with respect to other matters to which reference will be made, are peculiarly acceptable to this country at this particular time. We will offer the bill confirming it for first reading at as early a date as is convenient, and meantime I am giving notice to-night to that effect. Hon. gentlemen will find a copy of the agreement with the first page only of the bill that deals with the confirmation of it. We could get only two hundred copies printed this morning, but our own people can defer securing their copies until my hon. friends opposite are provided for.

Mr. LAPOINTE: Hear, hear.

Customs tariff—451d. Papier mâché shoe buttons, shoe eyelets, corset eyelets, shoe eyelet hooks, shoe lace wire fasteners: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—461. Safes, including doors; doors and door frames for vaults; scales, balances, weighing beams and strength-testing machines of all kinds, n.o.p.: British preferential tariff, 10 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—475c. Plates and electrotypes of metal, for printing music: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

[Mr. Bennett.]

Customs tariff—479. Materials and articles, when imported by manufacturers of artificial limbs or parts, for use exclusively in the manufacture of artificial limbs or parts, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—516. Blinds of wood, metal or other material, not textile or paper: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—519. House, office, cabinet or store furniture of wood, iron, or other material, in parts or finished: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 45 per cent.

Item agreed to.

Customs tariff—519a. Wire screens, wire doors and wire windows; cash registers; window cornices and cornice poles of all kinds; hair spring and other mattresses; curtain stretchers, furniture springs and carpet sweepers: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—536. Batts, batting and wadding of wool, cotton or other fibre, n.o.p.: British preferential tariff, 12½ per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—549e. Filter press cloth made from human hair, imported by manufacturers of linseed oil for use exclusively in the manufacture of linseed oil, in their own factories, under regulations by the minister: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—551b. Mohair yarns, imported by manufacturers of cut pile fabrics for upholstery purposes for use exclusively in the manufacture of such cut pile fabrics, in their own factories; British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 12½ per cent. Provided, that the governor in council may, when satisfied that mohair yarns are being produced in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that this tariff item be repealed.

Mr. RHODES: I beg to move that the following be substituted for tariff item 551b as contained in resolution No. 2 of June 1, 1931:

Customs tariff—551b. Mohair or alpaca yarns, imported by manufacturers of cut pile fabrics for upholstery purposes, for use exclusively in the manufacture of such cut pile fabrics, in their own factories: British preferential tariff, free; intermediate tariff, 10 per

cent; general tariff, 12½ per cent. Provided, that the governor in council may, when satisfied that mohair or alpaca yarns, or both, are manufactured in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that this tariff item, insofar as it affects either or both of such yarns, be repealed.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—560a. Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p.: British preferential tariff, 27½ per cent; intermediate tariff, 40 per cent; general tariff, 45 per cent; and, per lineal yard: intermediate tariff, 10 cents; general tariff, 10 cents.

Mr. YOUNG: In this case there is an ad valorem duty of 45 per cent plus a specific duty of 10 cents per lineal yard. What does that figure out at?

Mr. BENNETT: It depends on the value of the importation and the weight. I should like to say very frankly to the committee that this item represents a deliberate effort to maintain the silk industry. There are several small silk plants in Canada. They are manufacturing, I think, as economically and efficiently as any industries in this country. They have a substantial capital investment and in the very nature of things give employment to a large number of people as compared with the entire value of the product. I have reason to believe that the interests largely concerned in the success of similar enterprises in the United States have substantial stock holdings in these enterprises. I am further advised, and I am certain from my investigations, that under existing conditions they could put their product into this country and stop the activities of our mills. I have on my desk samples of the products of both the mills south of us and in Canada and of those in other countries. The mill at Louiseville, Quebec, is one of the industries to which I refer; that is not wholly, but in part, common ownership. There are others similarly situated, and after hearing what had to be said and investigating the matter as fully as possible, having regard to the apparent effort on the part of those who had substantial inventories in other countries to find here, if possible, a market, we concluded that it was desirable to maintain this industry, for reasons that I think are fairly apparent. The action indicated by the item in the tariff is the action which we believe will serve that purpose.

Mr. SANDERSON: What were the importations last year and from what countries?

Mr. BENNETT: The importations were 8,240,000 yards, valued at $4,366,000, of which $1,731,000 worth came from the United States and nearly $1,500,000 from Japan.

Mr. YOUNG: If I understood the Prime Minister aright he has revealed a most amazing situation. We have been told that it is desirable so to adjust our tariff that American manufacturers will establish branch factories in this country. Now we are told that certain American manufacturers who have established branch factories in Canada for the manufacture of silk will close them unless we raise our tariff still higher and allow them to make a still greater profit from their Canadian factories, out of the pockets of the Canadian people, to be taken to the United States. That is an amazing situation. I do not think we should tolerate it for one moment—to induce factories to come here by a high tariff, and then have them tell us that unless we give them a higher tariff they will close down and throw their workmen out of employment. I should like to ask the Prime Minister how many people are employed in the factories; what is the total wage bill; what percentage of the product represents wage costs; what is the duty he expects to lose by shutting out these products, and any other information which will give us a clear understanding of what this will cost us.

Mr. BENNETT: Might I ask the hon. gentleman to be good enough to read from his book the answer to the questions he has asked?

Mr. YOUNG: I only have some notes here which I jotted down while my right hon. friend was talking.

Mr. BENNETT: The hon. gentleman has the information.

Mr. YOUNG: Where?

Mr. BENNETT: Right beside him, as I understand it.

Mr. YOUNG: No, I have not.

Mr. BENNETT: I thought my hon. friend told me he had it. I have not the information that has been requested; I did not undertake to prepare it with respect to all the industries in Canada. But my hon. friend did not quite follow me. I did not say they controlled the industry, but that they had an interest in it, and that they also had an industry in the United States. There are

several thousand people employed in the industry in Canada, scattered over the two provinces of Ontario and Quebec. I have not before me at the moment the exact number, nor have I brought other information with me, because we are dealing with only one phase of the industry, not the whole of it. If it is desired, the item could stand until the information is forthcoming.

Mr. STEWART (Edmonton): I think it would be well if we had that information, because to my mind this is one of the very extravagant increases in this schedule, amounting to almost 100 per cent.

Mr. BENNETT: Depending on the value.

Mr. STEWART (Edmonton): In the cheaper lines of silk it runs to approximately 100 per cent. There are mills already established under the existing protection, and I fail to understand the necessity for this very drastic increase in tariff. I should like to know how many people are employed in this industry.

Mr. BENNETT: I shall be quite content to have the item stand. Perhaps my hon. friend has that information before him, in his brief.

Mr. STEWART (Edmonton): No, I have not.

Mr. BENNETT: I can get it for the industry as a whole. I am sure the hon. gentleman understands that it cannot be segregated.

Mr. STEWART (Edmonton): We are asking for the information having to do with that part of the silk industry covered by this drastic increase.

Mr. BENNETT: I cannot give the information in respect to the portion of the industry covered by this item, but with respect to the silk industry as a whole, last year the silk production in this country was valued at in the vicinity of $12,000,000, speaking from memory. This is an exceptional condition now prevailing; it is really an emergency. I quite agree with what the hon. gentleman has said; the rate is very high as compared with the present rate, but I may tell my hon. friend what one of the gentlemen who came to us said to me about it. He said, "I am in this business in the United States in a very large way. My people have a small interest in Canada, only in one place. In the United States we have taken steps to prevent the importation of these goods by rates of 55, 60 and 65 per cent, and unless some action is taken, with our surplus inventories in the United States your mere dumping duty will not be sufficient to shut out these goods." Of course there are very large importations from countries other than the United States. After the matter was very carefully gone into it was realized that a specific duty was necessary in addition to an ad valorem duty, unless we imposed an ad valorem duty that seemed out of all proportion to what such a duty should be. Those are the facts of the matter, as it stands.

Mr. McMILLAN (Huron): So you are putting on a specific duty in order to deceive the people and not let them know the cost?

Mr. BENNETT: No, to give them knowledge.

Mr. YOUNG: Did I understand my right hon. friend to say that this was an American who came with this information?

Mr. BENNETT: Yes, he said he came from New York.

Mr. YOUNG: And he asked that the Canadian duty be raised?

Mr. BENNETT: No, he presented the situation as it was. He did not ask for an increase in the duty; he put it in this way, that he had confidence in the intelligence of the Canadian people who desired to protect this industry from destruction, and I am inclined to think he was right.

Mr. YOUNG: This American is very much interested in Canadian industry.

Mr. BENNETT: No, he said quite frankly what I afterwards found to be true. I might correct my hon. friend's statement in regard to the money being made, because this industry has not yet made money. This gentleman told me he would make much more money if he were able to supply Canadian requirements from his mills in the United States, and it did not require very much arithmetic to see why that should be so. But, having made an investment here, not in his own company but in a stock investment which is rather widely held, he and his associates believed that the Canadian people would be interested in knowing what was the situation; from other sources I took the trouble to verify his statements, and this is the result. I hardly expected that it would commend itself to my hon. friend, but I still believe that in this time of stress we cannot afford to let that industry, employing several thousand people, suffer. One of the people who came to me represented a plant in the Welland district near St. Catharines, I believe, and he made the position perfectly clear. The other application, as I say, was from this gentleman from New York. He did not come with any group of people; he simply

came up on the train and said, "Here is the position as to costs, and here is our position as to sales. We would be better off financially if we could supply the Canadian market from our American plants." I saw at once the force of that argument, because they could keep their large plants going to capacity, and would be much better off in that way. We chose this course.

Mr. YOUNG: My right hon. friend says this gentleman told him that he would make more money by supplying the Canadian market from his American factories, but he knew perfectly well that if the tariff were lowered so that the American product could enter, the products of factories in France, Germany and other countries could enter also. He wanted high protection so his Canadian branch factory could enjoy a monopoly.

Mr. BENNETT: He has not a monopoly, and I am sure my hon. friend knows that. There is no relation between the Welland plant and the other plant mentioned; they are competitors. One of the real objections urged against this tariff was what I daresay my hon. friend saw in the newspapers, that we had too many silk factories in Canada, that competition had grown too keen, and that they could not expect to make much money because ten million people could not absorb the products of the number of mills there are in this country. That was the position taken by some people. I put to my hon. friend the converse of the position which he took.

Mr. YOUNG: Let us accept that statement; let us say there are too many factories in Canada to have all their products absorbed by the Canadian people. What is the remedy? There is only one; that is to reduce production costs to the point where these products can be exported in order to capture some of the world market.

Mr. BENNETT: Our best hope of capturing some of the world market is to have a market at home. We shall capture some of the world market, as we have done in a small way, but we cannot hope to do so extensively unless we can produce something at unit rates of cost comparable with those of competing countries. As matters now stand, I think my hon. friend will agree that unless some such action as this is taken we shall certainly not have a silk industry in Canada.

Mr. STEWART (Edmonton): If with the duty at present in force we cannot have a silk industry in Canada, then it seems to me it is a pretty expensive luxury.

Mr. BENNETT: Under present economic conditions, with distress sales all over the country, I should like the committee to understand my view of the situation. Every business man opposite me, if he will take the trouble to investigate, will arrive at exactly the conclusion I have reached. This is an age, not of competition in production but of competition in reducing inventories; and in the effort to reduce inventories prices have been disregarded and commodities offered on a basis not heretofore thought possible. Now we have to conclude what action we shall take, not starting at the very threshold of these undertakings, but facing the fact that the undertakings are with us. For instance, the silk industry was not established last fall, nor the fall before that. It has existed in Canada for many years, having been slowly developed. Whether hon. gentlemen opposite or we ourselves, facing the issue to-day, would decide upon developing a silk industry in Canada, I cannot answer. I am sure some hon. gentlemen opposite would say it was not desirable; I am sure some of us on this side would say the same. But the fact is that the industry is here; the investment has been made.

Mr. STEWART (Edmonton): We have the raw product for rayon silk.

Mr. BENNETT: That is a separate thing. In this industry we had last year a production amounting to $12,000,000, and under the tariff of 1928, $10,000,000. I put to the committee the question I had to ask myself, and the only answer I could give was that I was not prepared to see the industry destroyed. I ask one question further: What action may I take in this emergent condition as will ensure the maintenance of the industry without permitting exploitation? What the committee sees before it is about as reasonable as we can do under the circumstances, high though it looks. I actually had in my desk—I should not care to say where they came from—samples from various countries, and the fact is that the price at which one of these articles, similar to one produced in this country, can be produced abroad represents just 50 per cent of what it costs to produce here.

Mr. HANBURY: Does not the dumping clause take care of that?

Mr. BENNETT: No. I asked myself that very question. The hon. gentleman is a man of business, and I could point out to him many cases in which the dumping clause will not effect the purpose we have in mind. That is why we put in force the section to which

I referred the other day. I know of no other way to save the situation in the present emergency. This is not being done for the sake of doing it. If I thought there was any other method by which it could be done, my colleagues and I would not take this course. But because we can see no other way we are bound to proceed as we are doing. Not that we might choose to create this industry if we had the power to determine that. But the industry is here and I am not prepared to take the responsibility of seeing it destroyed.

Mr. YOUNG: Perhaps I may tell the Prime Minister what information we should like to have. We want to have the total investment in Canada,—

Mr. BENNETT: That might be difficult to get.

Mr. YOUNG: —the number of employees, the salaries and wages paid, the cost of raw material, the percentage of the total product paid in wages, total production, total imports, duty collected, and the number of factories which are under American control.

Mr. BENNETT: With respect to the last question, I am afraid I cannot satisfy the hon. gentleman's laudable curiosity. I observe that the questions he has put are in the sequence in which they appear in the last year book. I shall therefore endeavour to transfer to a sheet of paper the information contained in the year book and read it to the committee.

Mr. VENIOT: Does this discussion relate to the silk industry as a whole?

Mr. BENNETT: My hon. friend from Gloucester will perhaps have heard the observation of the hon. member for West Edmonton (Mr. Stewart) that the rayon industry is entirely different; and the celanese industry depends on the chemical action of certain acids on cotton and wood. The experiments now being carried on at Drummondville and in the United States seem to indicate the possibility at an early date of treating wood in such a way that it may take the place of cotton. I believe the experiments have been reasonably successful and that we may soon expect wood properly treated chemically to be the raw material of both rayon and celanese. This item refers to what might be called the silk industry as distinguished from the artificial silk industry. My remarks had reference to an industry the raw material for which is imported.

Mr. VENIOT: There appeared in La Presse of Saturday, May 2, an interview with Mr. Brupbacher, manager of the Brupbacher Silk Mills, Limited, Valleyfield. Mr. Brupbacher said:

> A just protection established on a basis of equity cannot but help all industries of all countries. Canada will lose nothing by continuing this principle.

He goes on to give data with regard to this industry in Canada:

> The rapid expansion of the silk industry in Canada during the last eight years constitutes one of the major points of the economic development of our country. In 1922 Canada had seven factories. In 1928 this number reached twenty-two. The capital invested increased from $4,618,448 to $28,278,656. Our factory is the youngest in Canada.

This is one of the factories for the establishment of which credit was given to the new tariff. As a matter of fact, its construction began in May 1930, at the time the Dunning budget was introduced. According to this authority on silk manufacture in Canada, under a moderate tariff the silk industry has succeeded. In seven years it has increased its invested capital from nearly $5,000,000 to a little over $28,000,000. This gentleman, who is one of the founders of the silk industry in Canada, is certainly not asking for greater protection. It might be well to consider that.

Mr. BENNETT: Nothing could more clearly demonstrate the difficulty of the situation than the item which the hon. member has just read, a copy of which is on the files in the department. I said to the committee, what any hon. member can abundantly satisfy himself upon, that there was no break in domestic prices, with respect to many of the inventories of goods such as this, until as a matter of fact very recently. This is what happens in every crisis.

Mr. VENIOT: This was in May, 1931.

Mr. BENNETT: The crisis has occurred in Europe and there comes a time when the peak is reached and there is either a breaking up or an improvement. The position I desire to make clear to this committee is one I would like hon. members opposite, especially the hon. member for Weyburn (Mr. Young) to look into between now and to-morrow in order to satisfy themselves of what I have said. The inventories held by the silk and allied concerns were very considerable. Most of these companies did not believe that the economic crisis through which the world was passing would reach anything like the acute stage it has reached at the present time. They held on hoping against hope that they would not be compelled to sacrifice the price of their domestic production, but alas there

came a time when other countries would not absorb their surplus production at any price, and the price of inventories dropped As a matter of fact the situation in May was not anything like it is in July, and in July it is worse than it was last month. The resolutions of which I will give notice tonight contain specific modifications; I only wish I did not have to take this action, but I am convinced as to the necessity.

Mr. VENIOT: The right hon. member states that this extremely high duty is being placed upon this commodity in order to meet an emergency which has arisen since May. How does he expect to meet the situation if the emergency disappears during the next four or five months?

Mr. BENNETT: Under the general statute we have the right to reduce duties.

Mr. VENIOT: I know that.

Mr. BENNETT: And that action has been taken before. If it were not that I and my colleagues were convinced of the necessity, the time of the committee would not be taken up in this regard. I do not blame any party for the condition which exists, but I believe the duty is cast upon the government to see that this industry is not destroyed. The provisions of the law are such that we cannot increase a duty by order in council, but reduction can be made. I commend this to the committee.

Mr. VENIOT: There is no other method of meeting this emergency?

Mr. BENNETT: Prices for duty could be fixed. That would be exercising the third power I mentioned a few days ago, which was vested in the executive by the legislation of last fall. Hon. members opposite have, not unfairly, criticized that form of action—

Mr. VENIOT: It is the law.

Mr. BENNETT: It is a form of the law which we will use as little as possible.

Mr. YOUNG: Hear, hear.

Mr. BENNETT: I say that to my hon. friend. If it were not for my firm belief as to the necessity, it would not be there, but being there we will use it as little as possible. I and my colleagues felt that the proper place to deal with this matter was in this committee. We felt that the committee should be told the exact position and be asked for its judgment.

Mr. VENIOT: The budget was submitted on June 1, and these various items were part of the budget. The emergency referred to by the right hon. gentleman did not exist on June 1.

Mr. BENNETT: Oh, yes, it did.

Mr. VENIOT: There may have been some threat of it, but there certainly was no such emergency on June 1 when the budget was submitted. There was no such emergency existing at the time the interview to which I referred took place, and no change occurred between that time and the introduction of the budget on June 1. I am not convinced that the right hon. gentleman is correct when he says that this high tariff has been put into effect in order to meet an emergency.

Mr. BENNETT: In any event the item is to stand.

Mr. YOUNG: The right hon. gentleman has stated that our silk manufacturers, thinking the depression had reached the bottom and that prices would not go down any lower, held their goods off the market in the hope of being able to realize higher prices.

Mr. BENNETT: I did not say the manufacturers in Canada; I said out of Canada.

Mr. YOUNG: Not in Canada?

Mr. BENNETT: I tried to make it clear that the manufacturers in other countries had enormous inventories which they are now attempting to push into this country or any other country in which it would be possible to gain entry for their goods. I ask my hon. friend to interview any merchant who has to do with these matters and find out what his experience has been during the last six weeks. My hon. friend's information is my information.

Mr. YOUNG: Would my right hon. friend tell the committee whether the Canadian manufacturers had large inventories?

Mr. BENNETT: I have asked that the item should stand in consequence of what the hon. member said.

Mr. ELLIOTT: Could the minister give the committee an idea of the range of prices of fabrics included in this item?

Mr. BENNETT: My recollection is that it runs from 40 cents per yard, or perhaps a little less, up to something like $5 per yard.

Mr. ELLIOTT: It strikes me that a duty of 10 cents per lineal yard on a silk selling for 40 cents per yard is altogether out of pro-

portion to the same duty on silk selling at $5 per yard. There is a 25 per cent duty plus a 45 per cent duty, a total of 70 per cent which the poor person has to pay when buying a fabric costing 40 cents per yard as against the same duty per yard which is paid by the fortunate person able to pay $5 per yard for the fabric he purchases. It seems to me unfair that in one case the duty should be ten times as much as in the other.

Mr. BENNETT: Mr. Chairman, this committee is fertile in resource and I would ask it what suggestion it has to make in order to deal with the facts which I have outlined and which the committee can verify for itself, member for member. What suggestion has any hon. member to make with respect to a specific duty in addition to the ad valorem duty? The first suggestion was to apply the duty by weight; it was found that that would not work out. The next suggestion was to apply it according to the fineness of the texture of the fabric, as is the case with some of the woollen items; that was rejected. The next suggestion was to take length as the standard or yardstick; that one has been adopted. If the committee can suggest a better one, I hasten to assure it that I shall endeavour in anyway in my power to see that it is adopted.

Mr. BROWN: Is there any necessity for adopting a specific duty?

Mr. BENNETT: Yes; in view of the circumstances to which I have alluded, I see no other way of dealing with the matter.

Mr. SENN: Before the textile items are all put through, I should like to place before the committee the condition of another branch of the textile industry, namely, the knitted goods industry. When the duty was raised last fall on different classes of textiles, there is no doubt this was a great benefit to various branches of the industry. As an example I may say that my Liberal opponent in the last campaign is engaged in the textile industry and at the time of the election that industry was working four days a week and short hours. The last I have heard about it is that since the duty was raised last fall, it is working twenty-four hours a day and six days in the week. That, however, is not the case with the knitted goods industry. When the duty was raised on other branches of the industry last fall, owing to the provisions of the French treaty it was impossible to accord the same treatment to the knitted goods industry. Schedule D of the French treaty sets the duty on knitted goods at 25 per cent and because of that it prevents any increase in the British preferential rate, as the rate on British goods cannot, of course, be any higher than that on similar foreign goods. In addition to that it prevents any increase in the tariff on this class of goods from some twenty-one other countries which enjoy the privileges of the French treaty. These countries include Japan and Czechoslovakia. The last available figures which I have for imports of this class of goods are as follows, for the fiscal year ended March 31, 1930:

Country	Amounts
United Kingdom	$1,815,000
All countries	2,916,000
France	110,000

As the amount imported from France is only $110,000, the provision of the French treaty setting the duty at 25 per cent is of no immediate advantage to France, because only a very limited amount comes from that country, but at the same time is a very great disadvantage to the Canadian industry and to Canadian workers.

The artificial silk knitted industry is in the same situation as that of other knitted goods. Artificial silk yarns are coming into Canada to-day at a higher rate of duty than artificial silk knitted goods. For that reason it is increasingly difficult for the knitted goods industry to operate and carry on. I think in justice to the knitted goods industry some change should be made that would make it possible for the present administration to accord the same treatment to that portion of the textile industry as is being accorded to every other part of it.

Item stands.

Customs tariff—569c. Hat braids, of a class or kind not made in Canada, whether woven, knitted or plaited, not exceeding four inches in width, imported for use exclusively in the manufacture of hat bodies or shapes, but not for use in the ornamentation or trimming of such bodies or shapes, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tari, free.

Item agreed to.

Customs tariff—578. Regalia, badges and belts of all kinds, n.o.p.: British preferential tariff, 27½ per cent; intermediate tariff, 30 per cent; general tariff, 45 per cent.

Item agreed to.

Customs tariff—589. Charcoal, per ton: British preferential tariff, free; intermediate tariff, $7.50; general tariff, $7.50.

Mr. BENNETT: Purely as an administrative matter, and to remove any possible doubt, I wish to add to this item the words "from wood."

Mr. RHODES: I move that amendment.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—597. Pianofortes and organs: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Provided, that when imported under the intermediate or general tariff the duty shall be not less than, each: British preferential tariff, . . .; intermediate tariff, $75; general tariff, $75.

Mr. YOUNG: I notice there is a duty of 30 per cent under the general tariff, with a minimum of $75. That is to say, if a piano valued at $200 enters Canada, the duty would be $60, but there is a special provision which says that it must be not less than $75. That is another way of saying that the cheaper piano shall carry a higher rate of duty than the more expensive one. In that there is a discrimination against the poorer people who cannot buy expensive instruments. In view of what the Prime Minister told us the other day regarding the situation in the piano industry, could he not do something for that industry by making pianos cheaper and thus bringing more buyers into the market?

Mr. BENNETT: To make pianos cheaper would mean that they would come from some other country than Canada. The hon. gentleman can satisfy himself, by going to the factories in Montreal or cities in Ontario, that the actual cost of the materials that enter into the production of a piano of the cheaper kind represents more money than the price at which, for the reasons I indicated a few minutes ago, they are now being offered for importation into Canada. I wonder if the hon. gentleman realizes that pianos are not dearer in Canada; they have become very much cheaper in the last few years. Of course there is a class of piano, the concert grand, that is highly expensive, costing thousands of dollars. We imported some of them last year from Germany. We have imported them from the United States. One of them made in Philadelphia has had a reputation for almost a century now. There is one of the same type made in New York state. What one might call a piano of general use is one that is being sold at a reasonable price in this country.

Mr. HANSON (York-Sunbury): A cottage piano.

Mr. BENNETT: Yes, but recently they have been dumped into this country at a price which we cannot possibly meet. The piano people waited upon the government; they produced evidence of the cost in their own factories, and I have no hesitation in saying to hon. gentlemen that they will be glad to show them their methods of production. These factories are not nearly as active as they were before the radio came into general use.

Mr. STEWART (Edmonton): Is that not the cause of a large part of their difficulty?

Mr. BENNETT: As I said to my hon. friend the other day, I do not desire to minimize that. After all, however, $75, is as the committee will realize, 30 per cent on $250, and on the basis of reasonable value for the commodity offered, I think the committee will say that a reasonable price for the production of pianos would not be less than $250.

Mr. YOUNG: In Canada a fairly good piano would cost from $500 to $700.

Mr. BENNETT: Less than that.

Mr. YOUNG: My right hon. friend could not get a piano he would be any more than proud of for $700. A fairly good radio costs about $200. If a $200 radio is displacing a $600 or $700 piano the only possible way for the piano to gain ground is to find some means of reducing the price. Every measure taken to raise the prices of the piano places it under a still greater handicap as compared with the radio.

Item agreed to.

Customs tariff.—597a. Musical instruments of all kinds, n.o.p.; phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records therefor; and mechanical piano and organ players: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—604. Belting leather in butts or bends; sole leather; and all leather further finished than tanned, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—605. Leather produced from East India tanned kip, uncoloured, when imported by manufacturers of boots and shoes for

use exclusively in lining boots and shoes, in their own factories; genuine reptile-leathers: British preferential tariff, 12½ per cent; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. BENNETT: In connection with this item the Minister of Fisheries (Mr. Rhodes) will move an amendment to clarify a difficulty concerning colour, which was raised by some hon. members opposite. The amendment will read as follows:

605. Leather produced from East India tanned kip, uncoloured, or coloured other than black, when imported for use exclusively in lining boots and shoes; genuine reptile leathers: British preferential tariff, 12½ per cent; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Having had occasion to buy leather boots undoubtedly hon. members will know what kip is. Some difficulty arose with respect to the classification of this commodity, to overcome which the amendment adds the words "other than black." There is a special item with respect to the exception. The rates are not changed in the present amendment.

Mr. BROWN: How is sole leather affected by these changes?

Mr. BENNETT: Sole leather is dealt with by item 604, which has just passed. However if the hon. member desires information I shall be pleased to give it.

Mr. BROWN: In view of the fact that the exports of sole leather are enormously larger than the imports, an increase of that kind would seem to be altogether unnecessary. The imports are trifling as compared with the exports.

Mr. BENNETT: I suppose the hon. member knows, as I should have stated with respect to another item this afternoon, that the action of our friends to the south has shut us out of that market entirely, with the result that we have to look to other markets.

Mr. BROWN: We are not entirely shut out.

Mr. BENNETT: Not entirely, but largely, since last year.

Mr. STEWART (Edmonton): What is the necessity for the change in the definition of the item?

Mr. BENNETT: The amendment adds the words "other than black," owing to the fact that the black leather is used for another purpose. There is no restriction of the use to which it might be put, because it is of a different quality and may be used for the manufacture of the boots and shoes themselves as distinguished from the coloured kip which is used only for linings. The change may appear to be very slight, but it is one of importance.

Mr. STEWART (Edmonton): The black leather carries a higher duty?

Mr. BENNETT: Yes.

Mr. RHODES: I move in accordance with the terms of the amendment outlined by the Prime Minister.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—606. Leather produced from East India tanned kip, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent; and, per square foot: British preferential tariff, 4 cents; intermediate tariff, 4 cents; general tariff, 4 cents.

Item agreed to.

Customs tariff—607. Glove leathers, when imported by manufacturers of gloves for use, exclusively in manufacturing gloves, in their own factories: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent; provided, that the governor in council may, when satisfied that the glove leathers specified in this item are being produced in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that there be substituted for this tariff item the following:

Glove leathers, when imported by manufacturers of gloves, for use exclusively in manufacturing gloves, in their own factories: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 20 per cent.

Mr. BENNETT: I ask my hon. friend the Minister of Fisheries (Mr. Rhodes) to move an amendment. If hon. members will look at the printed item they will at once discern the difference. The amendment is as follows:

607. Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent; provided, that the governor in council may, when satisfied that the leather specified in this item is being produced in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that there be substituted for this tariff item the following:

Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 20 per cent.

The increase applies only in the general tariff. Undoubtedly the committee is familiar with the fact that leather is being used ex-

tensively in the manufacture of clothing. The rates are low, being only 5 per cent, 7½ per cent and 10 per cent. If we began to produce sufficient leather for that purpose the general tariff rate would be increased to 20 per cent rather than 10 per cent.

Mr. RHODES: I move in accordance with the amendment read by the Prime Minister.

Mr. ELLIOTT: I should like to know the meaning of the words "produced in Canada" as they appear in the item. I do not know whether the fact I am about to relate affects leathers which enter into the manufacture of gloves, but many other leathers finished in Canada are shipped in from various outside countries. Does the Prime Minister mean by the words "produced in Canada" that the skins shall be Canadian skins, or that they shall be shipped in from outside and finished in Canada?

Mr. BENNETT: The hon. member has been following the items, I am sure, with great care, and he will observe that the classifications have been rather narrow due to the fact that leather is a commodity of so many grades and qualities that necessarily attention must be paid not only to qualities but also to colours, as we noticed with respect to kip. The words "produced in Canada" mean that the leather shall be produced in Canada as specified by the item, namely from hides or various other things of that sort, some of which might have been imported. In the case of imported leathers duties would be payable.

Mr. YOUNG: What is the object in charging 10 per cent under the general rate until a factory is established in Canada, at which time the rate jumps to 20 per cent, while there is no change in the British preferential or intermediate tariffs?

Mr. BENNETT: Because the competition will come from countries other than those covered by the British preferential and the intermediate tariff. In addition to that, the hon. gentleman will remember that we have endeavoured in this tariff revision not to make any changes in the British preference rates, and I think there are only one or two changes in the whole list. The reason was obvious. I think if my hon. friend will take a little trouble to look at the exporting countries, he will have no difficulty in seeing that this increase will become essential to maintain our industry if we develop it to the extent indicated by the proviso.

Mr. YOUNG: Will this change make any difference in the raw material of these glove makers?

Mr. BENNETT: We think not, and they have agreed not to increase the price.

Mr. YOUNG: They cannot have agreed not to increase the price; they are not in existence yet.

Mr. BENNETT: My hon. friend is hardly correct there. For instance, I recall one plant at Kitchener where glove leather is being produced, and there is another in Quebec.

Item agreed to.

Mr. RYCKMAN: I beg to move that the following item be inserted in resolution No. 2 of June 1, 1931:

Customs tariff—607a. Leather, not further finished than tanned, in whole hides, in grains or splits, when imported by manufacturers of upholstering leathers, for use exclusively in the manufacture of upholstering leathers, in their own factories: British preferential tariff, 10 per cent; intermediate tariff, 15 per cent; general tariff, 15 per cent. Provided, that the governor in council may, when satisfied that the leather specified in this item is being produced in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that this tariff item be repealed.

Mr. BENNETT: I need hardly say to the committee that this is the raw material for upholstery leather, and it constitutes a substantial industry in the province of Quebec.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—608. Leather not further finished than tanned, and skins, n.o.p.: British preferential tariff, 10 per cent; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—609. Belting, of leather: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—611b. Leather garments, lined or unlined: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Mr. STEWART (Edmonton): In this case the manufacturer not only gets his raw product at a moderate rate of duty, but the duty on his manufactured product is increased to 35 per cent.

Mr. BENNETT: I think I can satisfy my hon. friend from West Edmonton (Mr. Stewart). In reality it is a reduction. This is the first time the item has appeared in the tariff. In administration it was found that the leather garment lined with cotton paid

a duty on that basis, lined with wool it paid a duty on that basis, and lined with silk it paid duty on that basis; in other words, the linings determined the rates of duty. The rates now proposed are really a reduction. What is pointed out by my hon. friend is for the purpose of assisting the industry with respect to the importation of the raw material.

Mr. STEWART (Edmonton): I can never understand why the consumer when he gets the raw material for his own use has to pay a higher duty than the manufacturer, particularly when I find the finished product carries an excessive rate of duty. Presumably there will not be any importation of the finished article because the high duty is imposed to prevent that, and the whole difference goes into the pockets of the manufacturer.

Mr. BENNETT: The argument which the hon. gentleman has now made is one with which I am not unfamiliar, and members of the committee who read the reports of the tariff advisory board will find that argument frequently presented on behalf of the consumers league. It is an argument that should be directed to all countries which impose tariffs to develop their manufacturing industries. My hon. friend will find that from the very inception of tariffs in this country that general principle has been observed. I take it the desire was to stimulate industrial development, it not being thought likely that consumers would purchase in such quantities as to make them factors in such a market. I suppose other reasons might be given; for instance, drawbacks and rebates have been granted because export trade is conducted on a free trade basis. Great Britain has always allowed rebates or drawbacks, the United States has done so, and so have we.

Mr. STEWART (Edmonton): I can well understand the use of drawbacks because the manufacture of the goods exported gives employment to our own people, and consequently the country is benefited. But where the discrimination is against our own people, as it must be in cases of this kind, I have never been able to see the virtue of such treatment.

Mr. BENNETT: It is universal in its application.

Mr. SPEAKMAN: There is a point in connection with tariffs that applies very clearly to this particular item. I wonder whether it would be possible without destroying the tariff structure itself, to establish a graduated duty on such articles as leather garments, and so forth, in order to induce the manufacturer to use Canadian raw material—hides, wool and other things. In that way it would pass on in some degree to the producer of raw material the benefit derived by the manufacturer from these tariffs. I think that might be a matter worthy of some consideration.

Mr. BENNETT: The hon. gentleman has referred to something which, frankly, I should like to see applied, and I think he will find that one item in this tariff is a frank effort to apply it. In connection with automobiles my hon. friend will see, as we proceed to the end, an effort to apply that principle. It is a sound principle; there should be some incentive given to increase the use of our Canadian-produced materials, and I agree that it would be desirable to increase the use of the raw materials of this country in connection with the granting of tariff protection with respect to articles produced partly from domestic and partly from imported materials. As we deal with the item having to do with automobiles, not this evening but to-morrow, I would ask the hon. gentleman to remind me of this point, because I think he will find there an application in a small but effective way of the principle to which he refers.

Mr. SPEAKMAN: I am glad to hear what the right hon. gentleman has said; I have often thought of that, particularly in connection with wool and leather goods, where a certain percentage of our own raw hides and wool could be used. For years our raw hides have been simply a drug on the market, thrown into a fence corner and allowed to rot. Certainly I would like to see that principle carried further and applied to some of the raw materials produced by our farmers, in order to give them a little taste of tariff advantage in that way.

Mr. YOUNG: I should be very sorry to see the suggestion of my hon. friend from Red Deer carried into effect. If we try to compel our Canadian manufacturers of leather goods to use Canadian leather, whether or not it suits their purposes, the people who buy those leather goods will suffer for it. In Canada we raise certain animals; their hides are useful for certain purposes, but not for other purposes. My hon. friend is a farmer. I wonder how he would like to buy a set of harness made from the side of a steer which grows heavy, thick hair, as compared to a set of harness made from the hide of a Texas steer which does not grow much hair at all.

He would find that it made a big difference in the quality of the harness.

In regard to the question of the ex-Minister of the Interior as to why there should be a higher rate on the finished article than on the half-finished article, I have just one observation to make. In the manufacturing process only about 50 per cent or less of the cost represents raw material, and when a manufacturer pays 20 per cent duty on his raw material he is paying that 20 per cent duty on half his production cost. But in selling his goods, if he gets only 20 per cent it is on the whole of his production cost. He has an advtange there, and when you give him a higher rate, say a rate of 35 per cent which you give here as against 20 per cent, you are giving him a double advantage which I think is quite unnecessary.

Mr. SPEAKMAN: I might say that the remarks of my hon. friend from Weyburn are perfectly correct, but those facts were so obvious that I thought it hardly worth while referring to them. I quite realize that there are many of our raw materials which are not suited for certain classes of work, and naturally I intended this to apply only where it could properly apply, to those raw materials which can be used.

Mr. BENNETT: I think perhaps the hon. gentleman did not hear me read item 607a, which contains this proviso:

> Provided, that the governor in council may, when satisfied that the leather specified in this item is being produced in Canada in quantity and quality sufficient for Canadian requirements by order in council direct that this tariff item be repealed.

That is the amended item, and that meets the very suggestion which, despite what my hon. friend from Weyburn says, I think is a sound one, that we should encourage the production within this country, at the earliest possible moment, of those which enter into the production of the finished article with which we are dealing.

Mr. CHAPLIN: The system of granting rebates of duty which has grown up in this country during the last few years has been one of the curses of the system of protection.

An hon. MEMBER: One of the curses?

Mr. CHAPLIN: Yes; there may be others as well, but if this could be corrected—and I understand from the Prime Minister he is on the way to correcting it—I certainly will approve of what he is trying to do. I do not believe in the rebate system. I believe in protection, and I think if we can do away with the rebate proposition we will accomplish something worth while.

Item agreed to.

Customs tariff—613. Manufactures of leather, including manufactures of rawhide, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—624. Bead ornaments, and ornaments of alabaster, spar, amber, terra cotta or composition; fans of all kinds; statues and statuettes of any material: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—624a. Dolls and toys of all kinds: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 40 per cent.

Item agreed to.

Customs tariff—651. Buttons of all kinds covered or not, n.o.p., including recognition buttons, and cuff or collar buttons: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent; and, per gross: British preferential tariff, 5 cents; intermediate tariff, 5 cents; general tariff, 5 cents.

Mr. YOUNG: Here again we have the dual rate, the ad valorem and the specific. I would suggest to the Prime Minister that wherever this occurs he come to the house prepared to tell us what this will amount to, or else reduce it to an ad valorem basis.

Mr. BENNETT: I think neither the Minister of Finance nor anyone else, without taking a very much longer time that I think he has at his disposal, could give the answers to all the questions and suggestions of the hon. gentleman. I may say to him that of all tariff items we have considered to-night there was no item concerning which such vigorous representations were made as was the case in connection with the items affecting buttons. We do manufacture buttons in Canada, and I suppose the hon. gentleman is as well aware as anyone of the raw material from which buttons are manufactured. But notwithstanding that we have been endeavouring to build up an industry of that kind in Canada, last year we brought in about $400,000 worth of buttons, and the change in the rates is from 22½ per cent, 30 per cent and 35 per cent to 20 per cent, 35 per cent and 35 per cent, and 5 cents a gross. I am bound to say to the committee that these are not the rates

for which we were asked. We were invited to provide a much higher rate, and very representative gentlemen gave us instances of the difficulties they have experienced in connection with their industry. I believe there is at least one factory in the constituency represented by my hon. friend the former Minister of National Revenue. Investigations indicated that there was no doubt as to the soundness of their position with respect to the present danger to that industry, and this rate certainly does not provide an opportunity for exploitation. They still contend that the 5 cents a gross and the ad valorem rate will not enable them to meet the competition which is confronting them.

Mr. STEWART (Edmonton): Where do these buttons come from principally, Germany?

Mr. BENNETT: Yes, and from Japan. We imported $185,000 worth from Japan.

Mr. TOTZKE: Has the Prime Minister assurances from these manufacturers that prices will not be put up?

Mr. BENNETT: Yes, they gave us an assurance about prices.

Mr. SANDERSON: How many button factories are there in Canada?

Mr. BENNETT: I am afraid I cannot answer that question. I am moderately certain of five, but beyond that I cannot go.

Mr. YOUNG: Is this increase traceable to the investigation made before the former tariff board?

Mr. BENNETT: My hon. friend has found the reports of the proceedings before the tariff board very valuable literature, and if he will once more read the evidence he will realize how changed conditions are. This rate is slightly different from that which was requested at that time. But neither the rate then asked for nor any other was granted. As the hon. gentleman will recall, there was no decision upon the application.

Mr. YOUNG: The factories did not go out of business.

Mr. BENNETT: They did not and I hope they never will. I hope they will continue to function.

Mr. YOUNG: Nothing was done and they did not go out of business.

Mr. BENNETT: I need scarcely remind the hon. gentleman that such a statement can be made once too often. He will remember that the oldest book which we read records the story of those who declined to listen. There would be no flood, they said; and for a long time there was no flood. Then the deluge came and that was the end of them.

Mr. HANBURY: And then Noah built a tariff wall.

Mr. BENNETT: No, but he built an ark, and he pitched it within and without so as to make it watertight in order that those within might be saved. In this instance we are trying at least to make sure that those within our ark, Canada, shall be saved from destruction.

Mr. HANBURY: And the Australian treaty is the dove of peace.

Mr. BENNETT: That helps.

Item agreed to.

The CHAIRMAN: Item 651a.

Mr. BENNETT: No, that involves buttons manufactured from particular materials. There are one or two questions I want to speak to with respect to that, and it can stand.

Customs tariff—653. Brushes of all kinds: British preferential tariff, 17½ per cent; intermediate tariff, 30 per cent; general tariff, 40 per cent.

Item agreed to.

Customs tariff—655. Pens, penholders and rulers, of all kinds: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Mr. GIROUARD: What was the value of imports from Great Britain last year under item 655 and item 655a?

Mr. BENNETT: Under item 655, pens, penholders and rulers of all kinds, the imports were $1,126,000, of which $280,000 came from Great Britain and $580,000 from the United States.

Mr. GIROUARD: Has the Prime Minister received applications for an increased tariff against goods coming from Great Britain under that item?

Mr. BENNETT: We have not changed the rates at all. This is only the residue of the pencil item. The figures I gave included pencils, with respect to which there is no separate item. I did not quite catch the question in the first instance. My first answer dealt with all items.

Mr. BROWN: I presume that next year we shall not have on our desks Eagle pencils manufactured in the United States.

Mr. BENNETT: I commend the hon. gentleman's strong spirit of patriotism, and I may

inform him that we have just received a sample of the Eagle pencil manufactured in Canada. I shall write the manufacturers to see whether the hon. gentleman can be given a sample so that he may take back to his constituents some of the first fruits of his repentance.

Mr. GIROUARD: Has the Prime Minister received applications from the Eagle Pencil Company, the Dixon Pencil Company of Newmarket, and the Venus Pencil Company, for an increased tariff against goods coming from Great Britain under this item?

Mr. BENNETT: We received representations from the manufacturers for increased protection against Great Britain, and we advised them, in view of the statements made in connection with the present revision, that we felt we were not in a position to comply with the request, because increases have taken place only in two or three instances and they were incidental to the general purposes for which the revision was made.

Item agreed to.

Customs tariff—655a. Lead pencils and crayons: British preferential tariff, 15 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—665a. Fuse, not metallic; British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—670. Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—682a. Net floats of aluminum or glass of a class or kind not made in Canada, for use only in deep sea or lake fishing, not to include floats for sportsmen's use: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—711. All goods not enumerated in this schedule as subject to any other rate of duty, and not otherwise declared free of duty, and not being goods the importation whereof is by law prohibited; provided that duty shall not be deemed to be provided for by this item upon dutiable goods mentioned as "n.o.p." in any preceding tariff item: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Mr. YOUNG: This is the basket item—"all goods not enumerated." I do not not know who particularly would be interested in this item. Can the Prime Minister say where the requests came from?

Mr. BENNETT: I should say there were no fewer than two score and ten applications, and if my memory does not deceive me, probably sixty. It was general throughout the country. The hon. gentleman will realize why the applications were made. This is an item of such importance that under present economic conditions if it were left at the rates at present provided the effect might be disastrous with respect to many matters that fall within it. In order to maintain some measure of uniformity between other items and this one the rates have been raised as indicated, from 17½ per cent to 25 per cent. Coming specifically within the item are certain drugs and preparations on which an increase was sought, and there are a great many items of that kind.

Mr. YOUNG: The position is something like this. The manufacturer of a certain kind of drug finds that his product falls into the basket and he asks for an increase in the whole basket in order that he may obtain a higher rate for his particular line. And that happened with sixty other commodities. Requests were made for increases on sixty different articles and the Prime Minister responds by increasing everything in the basket.

Mr. BENNETT: The hon. gentleman does violence to his own understanding when he speaks that way. He does not mean to put it in that form. The item in its present form has stood for about twenty years, and although there has been a very general change with respect to most other items, especially during the present stress and strain, this item has remained without a change during all that period. It is therefore out of line with the other tariff items. My hon. friend will agree that, if we are to apply to items that have been enumerated the general principles to which I have alluded in the course of the discussion, the basket item, to be in line with the others, should be increased at least from 17½ per cent to 25 per cent. Of the importations under this item, $1,500,000 came from Great Britain and $18,250,000 from the United States. The total is much greater, but those are the largest items. The old rate was 15 per cent, 17½ per cent and 17½ per cent. It is not usual that the intermediate and general tariffs should be the same, but twenty years ago there was practically no protection

such as that to which I alluded during the discussion this afternoon, and so this item has been increased to be brought in line with the other items of the tariff. Although my hon. friend may disagree with the general principle of our tariff legislation, I think he will agree that there is in this increase a general recognition of the necessity of maintaining some relative proportion between the various items which go to make up the tariff as a whole.

Item agreed to.

DRAWBACKS

3. Resolved, that schedule B to the customs tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the Acts of 1928, chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first session) and chapter three of the Acts of 1930 (second session), and by order in council, be amended by striking thereout tariff items 1050 and 1055, and by repealing order in council, P.C. 1201, dated the seventh day of June, one thousand nine hundred and ten, and by inserting the following items, enumerations and rates of drawback of customs duties in said schedule B:—

Customs tariff—1050. Sugar, viz.: raw sugar produced in the British Empire, or sugar refined in Canada from raw sugars produced in the British Empire.

When used in the manufacture of wine in Canada—payable as drawback, 99 per cent.

Mr. CHAPLIN: When would the old law cease to be effective? A wine manufacturer may have in his storehouse sugar which he bought over one year ago; he has paid the duty and under the old law he was entitled to a drawback when he used the sugar. What provision is made for a case of this kind?

Mr. BENNETT: The item went into force on June 1, and it follows that the drawback of 99 per cent is referable to raw sugar produced in the British Empire or to sugar refined in Canada from raw sugars produced in the British Empire, when used in the manufacture of wine in Canada. Do I understand that the sugar in question was not produced in the British Empire?

Mr. CHAPLIN: Under the old law it did not need to be produced in the British Empire, and the manufacturer would be entitled to a rebate when he used it

Mr. BENNETT: I do not know that I can add anything to what appears in the item. If sugar is bought in Cuba at prices destructive to the maintenance of the industry in the West Indies or other British countries, and the tariff is changed to make the rebate applicable only to British sugars, the importer of the Cuban sugar would lose the rebate. That is the position under the statute.

[Mr. Bennett.]

Mr. CHAPLIN: These sugars were bought months ago, and the old law has been in effect for a number of years. The manufacturer must look ahead in making his purchases.

Mr. BENNETT: The drawback is not earned until the sugar is used. The amount of drawback earned last year amounted to $276,000.

Mr. YOUNG: Do the wineries use raw sugar in the making of wine?

Mr. BENNETT: I do not think it would be unfair to say that they could, but they have not been using raw sugar of late.

Mr. SPEAKMAN: Is this drawback given because the commodity produced covers a heavy excise tax?

Mr. BENNETT: It is a gallonage tax.

Mr. CHAPLIN: It seems to me that there should be some redress in a matter of this kind. These people found a law on the statute book. They took the ordinary business precautions and purchased a quantity of sugar to be used in accordance with the law. The law is changed, and what are they to do with their sugar?

Mr. BENNETT: Sell it and buy British sugar.

Mr. CHAPLIN: He has been told that if he does that he will be subject to the dumping duty.

Mr. STEWART (Edmonton): The hon. member will have to vote Grit next time.

Mr. CHAPLIN: This is a serious matter. It is not a matter amounting to 75 cents or $1.50, it involves hundreds of thousands of dollars' worth of sugar. These men are told that they must not sell this sugar. They have paid the duty but they cannot obtain any rebate, and they have been told that if they sell the sugar it will be subject to a dumping duty.

Mr. BENNETT: If I import goods and sell them there is no possibility of the dumping duty being applied.

Mr. CHAPLIN: I am glad to hear that.

Mr. BENNETT I am advised that no such statement was ever authorized by the department. It is competent for any Canadian importer to sell goods and he will not be subject to the dump. He may sell them for less than what he paid, but the dumping duty will not apply.

An hon. MEMBER: Not if the goods are in the country.

Mr. BENNETT: Exactly.

Mr. CHAPLIN: I never said that the department had issued such a statement; what I did say was that the refiners had threatened this man that if he sold his sugar he would be taxed with the dumping duty.

Mr. REID: Last year when the producers of strawberries could not dispose of their crop, the government of British Columbia advanced the price of the sugar necessary to process these strawberries in cold storage. Has the minister considered sugar used for this purpose.

Mr. BENNETT: This item would not cover that. I would like to pay a tribute to the hon. gentleman's resourcefulness as this is the first time the suggestion has been offered.

Mr. REID: The government of British Columbia advanced the price of the sugar to the growers.

Mr. BENNETT: I will take up this matter with the departmental officials between now and to-morrow.

Item agreed to.

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

AUSTRALIAN TRADE AGREEMENT

Right Hon. R. B. BENNETT (Prime Minister): I should like to table a copy of the trade agreement between Canada and Australia, in order that it may be printed in the votes and proceedings of to-morrow.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I was going to ask my right hon. friend whether it would be possible to give us the Australian rates,—preferential, intermediate and general, opposite the items which appear in the schedule of the agreement. Although the schedule states that the British preferential rate, for example, is the rate that will govern, we do not know what the British preferential rate in Australia is.

Mr. BENNETT: We are being advised daily of changes in the Australian tariff rates. One came in on Friday. Their tariff is engaging their attention at present, but to the extent to which that information may be available, my colleague the Minister of Trade and Commerce (Mr. Stevens) tells me that it will be given.

Mr. MACKENZIE KING: It has been pointed out to me that article II, section 1, paragraph (b) reads:

> To all other goods the produce or manufacture of Canada, when imported into Australia, the benefits of the British preferential tariff.

What are the items that would be included under that section?

Mr. STEVENS: All the items that are not set forth in the schedule.

Mr. MACKENZIE KING: Could the minister give us a list of them?

Mr. STEVENS: There are, I think, some 416 items. I shall endeavour to-morrow to give what the right hon. gentleman asks for but it may not be strictly accurate because the Australian parliament is now engaged in a revision of its tariff.

Mr. MACKENZIE KING: We shall be satisfied with whatever reservations the minister wishes to make so long as we get such information as may be available.

Mr. STEVENS: We shall do the best we can.

On motion of Mr. Bennett the house adjourned at 10.58 p.m.

Tuesday, July 14, 1931.

The house met at three o'clock.

CANADIAN NATIONALS ACT

On the orders of the day:

Hon. FERNAND RINFRET (St. James): Mr. Speaker, may I inquire of the Secretary of State (Mr. Cahan) if he intends to proceed with Bill No. 24, an act to define Canadian nationals?

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, my hon. friend from St. James (Mr. Rinfret) very courteously gave me notice that he intended to ask this question, and I desire to make the following statement:

I regret that we will be unable to proceed, during the present session, with Bill No. 24, entitled "An Act to define Canadian nationals and to provide for loss or renunciation of Canadian nationality."

I think that the underlying principles of that bill meet with the general approval of this house. There is an increasing demand for such legislation from all Canadian religious organizations, which have missionaries in foreign countries; from Canadian commercial and industrial companies, which maintain agencies in other countries for the develop-

ment of their overseas trade; and from representatives and agents of the dominion and provincial governments, who, necessarily, reside outside of Canada. They all desire that provision should be made in our statutes whereby they and their families while residing abroad, may retain their status as Canadian nationals, and maintain their permanent domicile in Canada, though temporarily resident abroad while representing in other countries Canada and Canadian institutions.

Obviously, they also desire to have and to maintain the right for themselves and their families to return from time to time to Canada to visit their principals and their relatives and their friends, and, when deemed desirable, to resume their permanent residence in Canada.

To assure Canadian nationals of this right will require certain amendments and modifications of our existing immigration laws. Inasmuch as the Minister of Immigration is now constantly engaged as chairman of the special committee which is investigating the Beauharnois project, it has been deemed expedient to postpone, for this session, further consideration of Bill No. 24, which has passed its second reading in this house, in the hope that some satisfactory compromise may be reached in respect of the amendments of the existing immigration laws, which should be made to protect fully the rights and interests of Canadian nationals and their families who are resident abroad and who may desire to resume their permanent domicile in Canada.

INQUIRIES FOR RETURNS

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, might I inquire of the government when certain returns for which I have asked will be brought down? On May 11 an order was passed by this house for the production of certain documents with regard to an ice-breaker. I drew attention some time ago to the fact that this return had not been brought down. Also on June 1 an order was passed for the production of documents relating to the public building at Pointe-au-Pic in the county of Charlevoix. Also on June 18 an order was passed for the production of lists of all the officials and employees on the various ships or ice-breakers under the control of the Department of Marine in the province of Quebec, and a similar order was passed with respect to vessels under the control of the Department of Public Works. I should like to have these returns as soon as possible.

[Mr. Cahan.]

Mr. J. L. BROWN (Lisgar): A return was ordered by the house recently with reference to a report by Mr. Little concerning the dismissal of Mr. Graham. The Prime Minister (Mr. Bennett) said I was not likely to get as full a report perhaps as I wished. I should like to know as soon as possible just what will be the nature of the report to be furnished.

Right Hon. R. B. BENNETT (Prime Minister): The report was, in part, an interdepartmental report and as such would not be brought down. So far as the balance of it is concerned, I understand it is in course of preparation.

Perhaps I should say to the hon. member for Charlevoix-Saguenay (Mr. Casgrain) that one of the returns he refers to necessitates an enormous amount of correspondence in order to get the names of all the persons employed in various parts of the public service throughout the province of Quebec. This information cannot be collected in a day or a week. As perhaps the hon. member realizes, the number of returns asked for this session has been so very great as compared with previous sessions that the staffs of the various departments have been very much overworked. However, I will make further inquiries with respect to these returns.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, yesterday you advised me that the clerk was looking into the matter relating to some questions that I desired to place on the order paper and that a decision would be arrived at in a very short time. I do not see those questions in votes and proceedings to-day, and I should like to be definitely informed on what authority my questions have not been placed on the order paper.

AUSTRALIAN TRADE AGREEMENT

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, yesterday evening I promised to table a copy of the Australian tariff; I do so now. I submit, however, that it would not be serving any very useful purpose to have it printed in full. I am tabling it for the consideration of the members interested. There are a few tabulations showing certain of the changes as far as we know; also a statement of primage duties and a statement showing certain prohibitions, which are all internal matters. I am having tabulated a list of the items affected by the schedules of the treaty, showing the com-

parisons, but that is not yet ready. At the moment I am drawing the attention of the house to what seems to me the inadvisability of printing the whole of this tariff.

Mr. LAPOINTE: Will the other tabulation be printed?

Mr. STEVENS: If the house so desires.

ROYAL CANADIAN MOUNTED POLICE

RETIREMENT OF COLONEL STARNES AND APPOINTMENT OF MAJOR-GENERAL MACBRIEN

On the orders of the day:

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, as a matter of general public interest, I desire to mention the retirement of Colonel Starnes as Commissioner in Command of the Royal Canadian Mounted Police. The retirement is to become effective on the first of August next.

As most hon. members are aware, Colonel Starnes has had a very long and a very active career in the Royal Canadian Mounted Police.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: He joined the force as a young man of twenty-two years of age and has now served continuously over a period of forty-six years. Since 1923 he has been in command of the force. He has at all times given most excellent and most efficient service.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: I would also announce that his position has been filled by the appointment of Major-General MacBrien, to become effective on the first day of August next. General MacBrien commenced his military career as a constable in the North-west Mounted Police. At the outbreak of the war in South Africa he joined the Canadian forces and served throughout that campaign, and at the conclusion of peace he spent about six years in the organization of the South African constabulary, which was organized very largely upon the lines of the mounted police in Canada. He has in that way had a great deal of experience in regard to police work. Subsequently he entered the permanent force of Canada and rose to a very high position as a military commander during the late war, and is to-day undoubtedly one of the most outstanding military men that this country has produced. General MacBrien will become commissioner of the Royal Canadian Mounted Police on the first of August next.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I desire to associate myself with the words of the hon. Minister of Justice in praise of Colonel Starnes, the retiring commissioner of the Royal Canadian Mounted Police. His career should certainly serve as an example to all the servants of the crown and of the country. In my relations with him as head of the department for a few years, I may say that I have never met a more assiduous, devoted and loyal officer. I have no comment to make with regard to General MacBrien, who certainly is a fine officer and who has served his country faithfully; I have no doubt he will discharge his new functions with dignity and ability. My only reservation is that the system of promotion in the Royal Canadian Mounted Police might perhaps have been observed.

22110—237½

FARM AND UNEMPLOYMENT RELIEF

PURCHASE OF WHEAT TO BE GROUND INTO FLOUR FOR SALE AND DISTRIBUTION

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it is not improbable that hon. members, especially those who reside in western Canada, may be interested to know that the government, in view of the situation which obtains, has concluded to direct the purchase of 2,000,000 bushels of wheat, which will be ground into flour by the mills of the west, thereby enabling the municipalities and those requiring assistance to obtain flour at a very reasonable price. Where distribution has to be made, we will be in a position to do so without delay. This will produce approximately 450,000 barrels of flour, and the bran and shorts remaining also will be available if so desired. I mention this at once in order that hon. members who may be receiving communications from municipalities and other parts of the west may be able to reassure those who are so directly affected by the drought conditions in their provinces.

Hon. CHARLES STEWART (West Edmonton): May I ask whether this will be distributed in the usual way, by the municipal authorities?

Mr. BENNETT: That has not been settled as yet.

MONTREAL HARBOUR COMMISSION

On the orders of the day:

Hon. FERNAND RINFRET (St. James): I regret that the Minister of Marine (Mr. Duranleau) is not in his seat; I should like to direct to him a question to which he may possibly reply at a later sitting of the house. I notice that several newspapers are carrying advertisements of the Montreal harbour com-

mission very similar to those issued early this year and last fall by the Minister of Trade and Commerce (Mr. Stevens) in connection with the Canada first policy. I should like to ask the government, or the Minister of Marine, whether these advertisements have been authorized by his department, and whether they are to be continued.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. LaVergne in the chair.

Right Hon. R. B. BENNETT (Prime Minister): If the committee will resume its deliberations on section 2, now that the Australian schedule has been presented to the house, we will be able to proceed continuously, I think, with the exception of one item, and clear up the various items to which attention was directed last evening.

Customs tariff—6. Live hogs, per pound: British preferential tariff, free; intermediate tariff, 1¼ cents; general tariff, 3 cents.

Mr. BENNETT: The committee will perhaps recall that since some of the items between item 2 and item 48 were affected by the Australian treaty items, we began with item 54a. We are now taking up the items from item 2 to item 54a, and the item under consideration is item 6.

Mr. BROWN: I notice that the general tariff is raised from 1½ cents to 3 cents. What is the reason for this increase?

Mr. BENNETT: The request for this increase came from western Canada; various members representing western constituencies, as well as others interested in farming operations, believed that the tariff did not afford them that protection from unfair competition which is so desirable, and the item is being changed to free, 1¼ cents and 3 cents.

Mr. BROWN: I presume the demand for protection is based on the supposition that large numbers of hogs have been shipped into Canada; I imagine that is the only basis there could be for such a request. It would be very interesting for the committee to know just exactly what has been the importation of live hogs, and I have taken the trouble to look up the statistics covering importations from the United States for the last four years. I have assumed that live hogs imported would run about 200 pounds per hog; the figures are given in pounds, and therefore I have taken them on that basis. In 1928 there were 2,802 pounds imported, which would mean about 14 hogs. It is true that in 1929 the imports were a little larger; they amounted to 110,885 pounds, which at 200 pounds per hog would mean about 550 or a few more hogs. In 1930 the imports were 2,523 pounds, or 12 hogs, or a little more, and in 1931, 7,649 pounds, or about 38 hogs. That is to say, during the last four years, on this basis, the numbers would be 38, 14, 550 and 12. So that even the greatest number, 550, is so insignificant in comparison with the hogs produced in Canada that it is hardly worth while using printers' ink to make the change. Sometimes these demands for increases in duties come from people who do not know the facts, and I am sure that the representatives of western agricultural interests who made this demand for an increased duty on live hogs were simply not aware of the situation. This is not a matter of producing more revenue; it is not even a question of giving protection to the farmers. The increase is made simply for the purpose of fooling the farmers who allow themselves to be fooled. Let me point out to western members who are so anxious to have so-called protection on agricultural products that this is something which appears to give protection to the farmer while in reality it affords no protection at all. What do 12 hogs amount to, or 14, or even 550, the greatest number in the last four years, in comparison with the large number of hogs produced and slaughtered in Canada? This is in reality a duty to fool the farmers.

Mr. HANSON (York-Sunbury): In the same category as Dunning's cut flowers.

Mr. YOUNG: Are any of these hogs brought in for breeding purposes?

Mr. BENNETT: That is not covered by the item.

Mr. BROWN: I have the exports of live hogs to the United States, and the comparison is interesting. In this case the figures were given in numbers of animals shipped. In 1928 the number was 116,581; in 1929, 6,758; in 1930, 1,793, and in 1931, 244. It is true that the exports to the United States have gone down of late years but they still exceed the amount of imports from that country.

Mr. BENNETT: Hon. members of this house, who perhaps are as well able to judge as the hon. gentleman, were very much concerned over a situation that had rapidly developed owing to the economic stress in the United States. The number of swine produced there has increased by leaps and bounds during the last few months. The hon. gentleman knows that, for he keeps himself thoroughly

familiar with what transpires. It will be remembered that only a few years ago we sold nearly $3,000,000 worth of swine products to the United States. That market entirely disappeared by reason of the Smoot-Hawley tariff, and this is a precautionary measure. It can do no harm, and at least it will do some good; because if the occasion arises, as apparently it may, we shall have provided against it. Let me ask the hon. gentleman, does he suggest that hogs should be free?

Mr. BROWN: It would make little difference.

Mr. BENNETT: Does he suggest that the item should be free?

Mr. BROWN: I have no objection.

Mr. BENNETT: That is all that is wanted.

Item agreed to.

Customs tariff—2. Domestic fowls, pure-bred, for the improvement of stock, homing or messenger pigeons, and pheasants: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: This item was passed but the fact is not recorded.

Item agreed to.

Customs tariff—7. Meats, fresh, n.o.p.:
(a) beef and veal, per pound: British preferential tariff, 4 cents; intermediate tariff, 6 cents; general tariff, 8 cents;
(b) lamb and mutton, per pound: British preferential tariff, 4 cents; intermediate tariff, 6 cents; general tariff, 8 cents;
(c) n.o.p., per pound: British preferential tariff, 2 cents; intermediate tariff, 2½ cents; general tariff, 5 cents.

Mr. YOUNG: The old rates were 2 cents, 2½ cents, and 3½ cents. The new rates are 4 cents, 6 cents and 8 cents. Why this large increase?

Mr. BENNETT: This is the first item that is reflected in the Australian treaty; tariff item No. 7, meats, fresh, beef and veal, 3 cents per pound, lamb and mutton, 3 cents per pound; canned meats, poultry or game extracts being included in another item. My hon. friend will see that there is a difference between the two items of beef and veal of 1 cent in the British preference, 3 cents in the intermediate and 5 cents in the general tariff. Our treaty proposed to give them that preference, and this item has been raised accordingly.

Mr. YOUNG: The preferential rate is higher than it was. The duty has been raised against Australia.

Mr. BENNETT: No.

Mr. STEVENS: The Australian rate is 3 cents.

Mr. YOUNG: I have not the same figure; what I have is 4 cents.

Mr. BENNETT: That was before the new treaty. Last night I pointed out that this was the first item, and if the hon. gentleman will look at schedule A, page 6, he will see the item.

Mr. YOUNG: In the September budget we had, in the beef and veal item, rates of 2 cents, 2½ cents and 6 cents. We have now 3 cents where formerly it was 2 cents.

Mr. CHAPLIN: The Australian treaty in regard to meats gave a rate of ½ cent per pound.

Mr. STEWART (Edmonton): One cent.

Mr. CHAPLIN: I have it before me; it is ½ cent.

Mr. BENNETT: I suggest that the hon. gentleman turn to the present Australian agreement. He had an erroneous figure a moment ago.

Mr. YOUNG: The present rate is 3 cents.

Mr. BENNETT: Yes.

Mr. YOUNG: The old rates, after the September budget came in, were 2 cents, 2½ cents and 6 cents under the general. Now, 3 cents is higher than either 2 cents or 2½ cents.

Mr. BENNETT: The new rates are 4, 6 and 8 to afford a preference of 1 cent to Australia under the British preference. To effect that purpose our rates were increased.

Mr. YOUNG: We raised our rates so that we could lower them again to Australia.

Mr. BENNETT: That is what the late Minister of Finance desired but was not permitted to do.

Mr. SPEAKMAN: How much fresh meat of this kind came last year from Australia under the old treaty?

Mr. BENNETT: Of beef and veal we imported 2,000,000 pounds odd under the former item, valued at $198,000. There came from New Zealand, 1,336,000 pounds and from the United States 382,000 pounds. The Australian item covers lamb and mutton, and the imports from that country amounted to 1,257,000 pounds.

Mr. SPEAKMAN: How much came in last year from the United States? My object in asking this question is to discover if any trade has been diverted.

Mr. BENNETT: Under the lamb and mutton item 393,000 pounds came in from the United States; under the beef and veal item, 382,000 pounds; fresh meats, not otherwise provided for, 1,063,000 pounds valued at $156,800, chiefly from the United States.

Mr. SPEAKMAN: The effect of the treaty has been to divert some of this trade from the United States to Australia.

Item agreed to.

Customs tariff—8. Canned meats, poultry or game; extracts of meat and fluid beef, not medicated: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—9a. Quails, partridges, and squabs, dead or alive, n.o.p.: British preferential tariff, 10 per cent; intermediate tariff, 20 per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—9b. Rabbits, frozen, when imported exclusively for fox-breeding purposes: British preferential tariff, 12½ per cent; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Mr. BENNETT: This is a new item to meet the suggestion made by Australia, it being free under the Australian treaty.

Mr. COOTE: How is the department to decide that these rabbits are actually fed to foxes after being imported?

Mr. BENNETT: The department has to deal with many matters of this kind where the use to which the imported article is to be put is defined by the tariff. The regulations have met the situation heretofore in connection with defaulting.

Item agreed to.

Customs tariff—10. Meats, prepared or preserved, other than canned:
(a) bacon, hams, shoulders and other pork, per pound: British preferential tariff, free; intermediate tariff, 1¼ cents; general tariff, 5 cents;
(b) n.o.p., per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 6 cents.

Item agreed to.

Customs tariff—15. Beswax: British preferential tariff, 15 per cent; intermediate tariff, 20 per cent; general tariff, 20 per cent.

Mr. CASGRAIN: Representations in connection with this item have been made to the house. I have received letters from concerns in the province of Quebec which are interested in the manufacture of candles, in connection with which they use a certain amount of beeswax. Two of these letters I will read in the French language.

(Translation): J.-C. Frenette, of Quebec, has sent me the following letter, dated June 18, 1931:

Together with other candle manufacturers I wish to protest against this increase in this tariff item from 7½ to 20 per cent, on beeswax.

It is unnecessary to repeat the reasons given by my fellow-manufacturers, however, may I state that I entirely agree with their request not to alter the tariff, at least on beeswax imported by candle manufacturers. This protection of 20 per cent will in no way benefit beekeepers or wax-bleachers, because they cannot supply us with the special product required in our industry.

Trusting that the request of the candle manufacturers will be granted, I beg of you to accept my sincere thanks.

J.-C. Frenette,
(sgd.) I. Hardy.

J.-B. Lasnier, Inc., of Levis, is another company which manufactures candles and utilizes beeswax. This company contends that the proposed changes to the tariff would really be detrimental to its trade. The following letter was forwarded to me by this company on June 18, 1931:

We wish to protest, together with other candle manufacturers, against this uncalled for increase of 300 per cent in the tariff of beeswax, from 7½ per cent for the intermediary tariff, to 20 per cent for the general tariff, which changes have been in force since June 1, the date of the budget statement.

This increase probably made at the request of the Beekeepers Association of Canada, at the suggestion of the Ruddy Mfg. Co. of Brantford (Ontario) will in no way benefit this association or the Canadian wax-bleachers, and it will not have the results expected; namely, to oblige candle-makers to purchase their supply of beeswax in Canada; on the contrary it will hinder our industry which already has to compete with foreign industries and particularly those of the United States; it will bring about a proportional increase in the price of candles in Canada, and will the more accentuate this competition.

Our churches already much in need of money, and as a whole, the congregation already otherwise taxed, will have to meet this increase without any compensation forthcoming to whomsoever.

The candle manufacturers will continue to purchase their supplies from the same source, because they exclusively utilize pure beeswax, bleached by the sun and air, and that special product cannot be supplied to them by the Canadian beeswax bleachers, because the summer, being the only season when this operation can be carried on is too short, the changes in temperature too frequent and sudden, and therefore detrimental to this work. This exposes the wax-bleachers to great losses. The other bleaching processes, whether chemical, mechanical or electrical, principally the

latter, used by the Ruddy Mfg. Co. has the great defect of extracting the fat ingredient which renders it unsuitable for the making of candles, a defect which we were able to ascertain because, with the hope of encouraging this new industry, we made purchases from this company. However, the poor results obtained from their products force us to discontinue placing further orders with this firm.

May we further add that the Ruddy Mfg. Co. take advantage of this tariff increase to unfairly raise their price by some cents per pound when the market for beeswax is down and does not seem to pick up.

We place these facts before you in the hope that the tariff will not be raised, at least in respect to beeswax, which is imported by candle manufacturers. France seems to be the country which lends itself best to the bleaching of beeswax by the sun and air and the tariff of 7½ per cent should not be changed.

Kindly accept our sincere thanks.

(Sgd.) J.-B. Lasnier, Sr. Inc.
per Alf T.

In view of these representations I think this item should not pass.

Mr. BENNETT: The hon. member in his presentation of this case has fallen far short of my expectations.

An hon. MEMBER: He always does.

Mr. BENNETT: I am rather surprised that he has not made in this committee the presentation of the case which some of his colleagues made by circulars which were sent throughout the province of Quebec. I am rather astounded that he has not seen fit to assert that my hand is against the church, as has been stated in the circulars. I am rather amazed that it has not been said that in enacting this section I was acting for the Imperial Oil and the Standard Oil companies. That was said in the circulars, so why was it not said here? I have before me the circular put out by my hon. friends opposite in which it has been indicated that the tax on beeswax was a direct effort on the part of this man Bennett to make it more difficult to conduct services in the church, and that the price of candles would be greatly increased by reason of his action.

Mr. CASGRAIN: I never signed that.

Mr. BENNETT: It was stated that my purpose was to improve the Imperial Oil and Standard Oil enterprises. Let me hasten to assure the committee that such is not the case. I fancy that very few people have been misled by such statements but I desire to avail myself of this opportunity—I thank my hon. friend for providing the opportunity—to make a denial to the committee. I cannot hope that the same publicity will be given to the denial as has been given to the unfounded statements, but one becomes accustomed to almost any form of attack. Imagine an attack as far fetched as to make such assertions when the beekeepers of Canada, in convention assembled, producing as they do very large quantities of wax, have suggested that they should be given a little more opportunity to carry on their business under fair competition. This industry has assumed great proportions and when we met their suggestions it was circulated amongst the confiding and faithful people that this action was being taken to strike a blow at the mother church.

Mr. CASGRAIN: I never said that.

Mr. BENNETT: That is politics as practised by my hon. friends opposite. This is one item in which an increase has been made in the British preferential tariff. The rates have been increased from free to 15 per cent, from 7½ to 20 per cent and from 10 to 20 per cent. The proportion of beeswax entering into the manufacture of candles is not very great. I think hon. members know something of the enormous development which has taken place in this industry. In looking over the figures of production a few weeks ago I was amazed to find that the industry has assumed great proportions in every province of Canada. In the province from whence I come the production of honey has reached a figure which a few years ago would have been thought impossible. It is so in all the provinces. The gentleman, Mr. Baillargeon, is a manufacturer of candles. He has communicated his position to the department. He gave evidence before the tariff advisory board in connection with an application for increased protection on candles. Perhaps the hon. member for Weyburn (Mr. Young) will recall the testimony and the application. We believe, in taking the course we have pursued, we have done something that will be of incalculable benefit to a very large number of people in every portion of every province of Canada; its application is not limited to one. I again assure my hon. friend (Mr. Casgrain) that when he replies to the communications that have been directed to him, he may give the most solemn assurance that there is no desire or intention on the part of that legendary figure, by name Bennett, that is being held up to the view of the confiding people of Quebec, in any way to interfere with the use of candles in churches, to increase their cost or to increase the profits of any refining company in the world.

Mr. SPEAKMAN: What was the importation of beeswax last year? I assume that this

is a laudable attempt upon the part of the government to maintain a high standard of living amongst our Canadian working bees.

Mr. BENNETT: Importations to the value of $76,000.

Mr. PARENT: I have listened with great interest to the remarks of the Prime Minister about beeswax. The duty on this commodity has been increased 200 per cent under the intermediate tariff and 100 per cent under the general tariff. Under the old tariff schedule the general rate was 10 per cent whereas now it is 20 per cent. Beeswax is a raw product which is used in the manufacture of candles, but it has to be bleached before it is so used. It has been said that beeswax is mostly used in candle manufacturing. May I say that 60 per cent of the candles that are used in Canada are made of paraffin; 40 per cent with the proportion of 60 per cent of beeswax and the balance other products, such as paraffin and acid. In order to manufacture high class candles, the beeswax has to be bleached, and I have been informed that on account of climatic conditions beeswax cannot be properly bleached in this country. The chemical process of bleaching beeswax for candle making has not been a success, and it has not given any satisfaction. Therefore the candle manufacturers have to import their beeswax mostly from Europe. Two hundred thousand pounds have been imported from France and Belgium and 40,000 pounds from England.

Sixty per cent of the domestic production of beeswax is used, or I might say, re-used in the honey-making industry, so that whatever balance is offered on the market is far from being sufficient to meet the Canadian demand for beeswax for candle-making, and this is the reason why so much is imported. At present there is a tariff of 25 per cent on manufactured candles, and this has not been touched. If there is an increase in the tariff on beeswax which is one of the primary products to be used in the manufacture of candles, and if the tariff on manufactured candles is to remain as at present, what is going to be the result? It will most likely be that candles will be imported from the United States. There will be no protection whatever and in this way the industry of candle-making in this country will be greatly affected. Therefore the committee should decide that this tariff should not be increased because it will not benefit the honey industry and it will not benefit the candle-makers; the duty on manufactured candles remaining at 25 per cent, importation of the finished product will result. More than half a million dollars of capital is invested in the candle-making industry of Canada and therefore the old rate of duty of 10 per cent on beeswax should remain.

Mr. BENNETT: I might say to my hon. friend that it was the Honey Producers Association and the Beekeepers' Association, national organizations, that pressed for this. The duty on beeswax in the United States is 30 per cent.

Mr. PARENT: It may be that the honey producers might ask for some further protection so that they might be able to sell their products a little dearer, but have they proved that the bleaching of their beeswax has been successful in this country? It is acknowledged that owing to climatic conditions beeswax cannot be properly bleached in Canada in order to be used in making high quality candles to the satisfaction of the candle manufacturers, and as long as this raw product cannot be properly treated for use in making the finished product, I do not see that a higher tariff will in any way protect the honey industry.

Mr. COTNAM: I should like to inform the hon. gentleman that a good quality of bleached beeswax is being produced in the factory of the Ruddy Manufacturing Company in the city of Brantford.

Mr. PARENT: The Ruddy Manufacturing Company may have asked for protection, but I have under my hand letters which I shall read to the committee showing that since the duty has been increased, they have increased their price three cents per pound on beeswax. I have other letters from candle manufacturers stating that their product is not giving entire satisfaction. I did not want to mention this to the committee, but I have to do so in reply to the observations of the hon. member.

Item agreed to.

Customs tariff—16. Eggs in the shell, per dozen: British preferential tariff, 2 cents; intermediate tariff, 5 cents; general tariff, 10 cents.

Mr. REID: Why is it that eggs should be allowed under the Australian treaty to enter Canada free in the months of January and February? Those are the months in which we expect a high price in British Columbia.

Mr. STEVENS: The reason is that those are perhaps the two months which would least affect the egg producers of Canada.

This was one of the few things we could do to assist in the passing of this treaty, and it will not seriously affect the egg producers of this country.

Mr. REID: Will it be possible for Australia to dump eggs during those two months?

Mr. BENNETT: I think the hon. member may rely upon there being no dumping by Australia of their products in our market. They treated us last year with singular generosity with respect to matters of this kind, and the provisions of article IX of the treaty contemplate the maintenance of friendly relations that will prevent the possibility of friction arising in connection with just such matters as my hon. friend has mentioned. I think we can, if no untoward event occurs, look forward to the most friendly administration of this treaty, and the fact that article nine appears in the document is in itself some evidence that that is the purpose and intent of both parties.

Mr. NEILL: We are going to get into a somewhat complex situation, Mr. Chairman, if we are going to discuss the Australian treaty in connection with these items. I think it would be better to wait until the treaty is under consideration. But now that the subject has been introduced, might I say with regard to the remarks of the hon. member for New Westminster that when he used the word "dumping" perhaps he did not mean it in the legal sense. The Prime Minister said that there was nothing to prevent dumping under the treaty. As long as eggs can be brought in from Australia during the months of January and February—those are the flood months of production in Australia—there is nothing to prevent enormous quantities being brought in and put in cold storage, and that, of course, would affect our market the whole year around. But as I say, perhaps that had better be considered when the Australian treaty is before us. But certainly that point is there, unless of course, you are going to specify that eggs brought in during January and February are laid in the month of January and February, which it would be practically impossible to do. The Minister of Trade and Commerce says that those are the months in which eggs can be brought in with the least interference with the Canadian poultry keepers. But those are the very months in which our poultry keepers hope to make up the loss which they have sustained during the rest of the year. If it is possible during those two months to bring in eggs in unlimited quantities, it may be a serious blow to the egg producers in Canada. It will work along the same line as the duty on cracked corn and on alfalfa hay.

Mr. BARBER: Under the old treaty eggs came in from Australia free the year around

Mr. BENNETT: No dumping duty applied against them.

Mr. CAYLEY: What quantity of eggs came into Canada in January and February in 1930? I presume that most of them came in from the United States under the three cents tariff.

Mr. BENNETT: I have not that information by months, but by years, and I am happy to inform the hon. gentleman that the action that was taken last year has seriously affected imports. They have fallen to 158,000 dozen for 1931, as compared with 2,853,000 dozen the year before.

Mr. CAYLEY: Was that under the three cents tariff against the United States?

Mr. BENNETT: No, that was the total importation.

Mr. LUCAS: What was the importation, if any, of eggs from Australia last year?

Mr. BENNETT: Practically none.

Mr. NEILL: From what countries does the bulk of the eggs come in under the intermediate tariff, and in what quantities? That is the item that is being raised.

Mr. BENNETT: Of the total of 158,000 dozen imported, 113,000 dozen came from the United States.

Mr. NEILL: Under the intermediate tariff?

Mr. BENNETT: No, under the general tariff.

Mr. NEILL: What country sends the most in under the intermediate?

Mr. BENNETT: There are many countries shipping eggs into Canada, but there have been no imports amounting to any particular value or quantity, because of the 158,000 dozen, 113,000 dozen came from the United States under the general tariff.

Mr. NEILL: Then why the need for changing the intermediate item if there is no movement?

Mr. BENNETT: Because of the treaty.

Item agreed to.

Customs tariff—17. Cheese, when in packages weighing two pounds, each, or less, the weight of such packages to be included in the weight for duty: British preferential tariff, 3 cents per pound; intermediate tariff, 7 cents per pound; general tariff, 7 cents per pound.

Item agreed to.

Customs tariff—20a. Butter produced from the cocoa bean: British preferential tariff, free; intermediate tariff, 2 cents per pound; general tariff, 2 cents per pound.

Provided, that the governor in council may, when satisfied that cocoa butter is produced in Canada in quantity and quality sufficient to meet Canadian requirements, by order in council direct that there be substituted for this item in schedule A to the customs tariff, the following:

Butter produced from the cocoa bean: British preferential tariff, 3 cents per pound; intermediate tariff, 4 cents per pound; general tariff, 4 cents per pound.

From and after the publication of such order in council in the Canada Gazette, this item as it appears in said schedule at the time of the passing of this act shall be repealed and the provisions of the said tariff item as it appears in the last preceding subsection of this section shall be substituted therefor.

Item agreed to.

Customs tariff—28a. Tea, imported direct from the country of growth and production or purchased in the United Kingdom: British preferential tariff, 4 cents per pound; intermediate tariff, 8 cents per pound; general tariff, 8 cents per pound.

When in packages weighing five pounds, each, or less, the weight of such packages to be included in the weight for duty.

Provided, that tea shall be entitled to entry under the British preferential tariff upon evidence satisfactory to the minister that such tea has been produced wholly in the British dominions, colonies or possessions, and not otherwise.

Mr. STEWART (Edmonton): What is the reason for this increase?

Mr. BENNETT: There has been a decrease in reality with respect to part of it. There has been so much misapprehension that once more may I direct the attention of my hon. friend from St. James (Mr. Rinfret) to the literature which has been sent out in regard to tea in the province of Quebec? There are two tea items which it might be well to consider together. There is item 28a, dealing with tea imported direct, and 29a, dealing with tea not otherwise specified or provided for. Under the tariff as it stood prior to the first of June all tea in bulk imported direct from the place of production or from the United Kingdom entered under item 28a at the rate of British preferential free, intermediate nine cents per pound, and general ten cents per pound. The importations in 1931 were as follows: 52,703,000 pounds, of which 21,375,000 pounds came from Great Britain, 19,651,000 pounds from British India, 8,546,000 pounds from Ceylon, and approximately 2,500,000 pounds from Japan. It will be observed that all other tea, including bulk tea not imported direct, as well as all package tea of all kinds, entered under the former item 29a at a rate of 10 per cent under the British preference, and 10 per cent intermediate, and 10 per cent general, with an additional specific duty of 10 cents per pound under the British preferential, and the same rate under the intermediate and general tariff. That was the tariff before the 1st of June. There has been a change of items as will be observed from 28a and 29a, the basis of the division being directness of shipment or otherwise in the first instance. In other words, the new 28a will cover all direct shipments of tea and all United Kingdom teas, whether in bulk or in packages, with a proviso that when in packages weighing five pounds or less the weight of the package shall be included in determining the weight for duty. Similarly the new item 29a will cover all indirect shipments of teas whether in bulk or in packages, with a similar proviso with respect to the weight of the package. It will be observed that the rates have been changed under old item 28a from free, 9 cents and 10 cents per pound, to 4 cents, 8 cents and 8 cents per pound, with the qualification that I have just mentioned as to directness of shipment and as to bulk and package tea. It will be observed in connection with item 29a, dealing with tea very largely consumed in the province of Quebec, that there has been a removal of the 10 cents per pound specific duty provided for under the former item as it stood prior to the first of June. The 10 cent rate has been taken out and the 10, 10, 10 cents left.

Item agreed to.

Customs tariff—29a. Tea, n.o.p., per pound: British preferential tariff, 10 cents; intermediate tariff, 10 cents; general tariff, 10 cents.

When imported in packages weighing five pounds, each, or less, the weight of such packages to be included in the weight for duty.

Item agreed to.

Customs tariff—35. Hops, per pound: British preferential tariff, 8 cents; intermediate tariff, 16 cents; general tariff, 16 cents.

Mr. STEWART (Edmonton): What is the importation of hops?

Mr. BENNETT: The importation last year was 2,746,000 pounds, valued for duty

purposes at $408,000. Our exports for the same period amounted to about $48,000 in value. The production is largely limited to British Columbia, where last year it amounted to nearly 1,200,000 pounds.

Item agreed to.

Customs tariff—39. Starch, including corn starch, potato starch, potato flour and all preparations having the qualities of starch, the weight of the package to be included in the weight for duty, per pound: British preferential tariff, 1 cent; intermediate tariff, 2 cents; general tariff, 2 cents.

Item agreed to.

Customs tariff—43a. Powdered milk, the weight of the package to be included in the weight for duty, per pound: British preferential tariff, 2½ cents; intermediate tariff, 5 cents; general tariff, 5 cents.

Mr. SPEAKMAN: What are our imports of powdered milk?

Mr. BENNETT: We have no detailed statistics. An application has been made for an item defining powdered milk, powdered cream, powdered buttermilk and powdered skim milk, but it is too difficult in this first effort to deal with an item of this kind to attempt to make that separation having regard to administration. So far as we know powdered milk produced in this country last year had a value of about $1,240,000; condensed milk, $2,700,000; condensed skim milk about $575,000. The rate provided will apply to all these powdered milk products. This item appears in the tariff because of the strong representations made by the National Dairy Council, and at the moment all forms of powdered milk will be covered by the item. It may be possible as we progress that a separation can be made, but at the moment all those products are covered by the broad term "powdered milk."

Mr. SPEAKMAN: What is the value of the imports under that general heading?

Mr. BENNETT: Unfortunately there is no method by which to determine what they are. An effort was made by going over some of the invoices, but it was impossible to determine it with any degree of exactitude as it now stands; hereafter it will be.

Item agreed to.

Customs tariff—48. Peas, n.o.p., per pound: British preferential tariff, free; intermediate tariff, ¾ cent; general tariff, 1 cent.

Item agreed to.

Customs tariff—62. Rice, uncleaned, unhulled or paddy: British preferential tariff, free; intermediate tariff, free; general tariff, free.

The governor in council, when satisfied that Australia can supply Canadian requirements, may by order in council, direct that there be substituted for tariff item 62 in schedule A of the customs tariff, and the enumeration of goods and the rates of duties of customs set opposite the said item in schedule A the following:

Customs tariff—62a. Rice, uncleaned, unhulled or paddy: British preferential tariff, 25 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

From and after the publication of such order in council in the Canada Gazette, tariff item 62 as it appears in the said schedule at the time of the publication of the said order shall be repealed and the provisions of tariff item 62a shall be substituted therefor.

Mr. BENNETT: If the committee will permit—and it is entirely for the committee to say—we will proceed now with the items of which I gave notice last night and which hon. gentlemen have before them in votes and proceedings. The first item will be No. 62, rice, uncleaned, unhulled or paddy. Hon. members will recall I said that until the Australian treaty had been tabled I might not properly go on with it. I think what this item means is abundantly clear from the mere reading of it. We are giving Australia this preference, and as and when they are able to supply our entire requirements—which they believe will be within a reasonable time—it is provided that the rate of duty will be 25 per cent.

Mr. YOUNG: If we bring in rice from any other source Australia will not have this preference?

Mr. BENNETT: There is no limitation on the importation, but obviously the commodity would be imported from Australia. Last year I explained to the committee that we brought in about 449,000 hundredweight and we paid for it about $1,100,000. The effect of this is merely to give that preference to Australia.

Mr. TOTZKE: From what countries were our chief importations?

Mr. BENNETT: The largest importation was from the United States.

Mr. COOTE: Does the department believe that Australia will furnish us with rice at the same price as we are paying now?

Mr. BENNETT: The Australians agreed not to raise the price.

Item agreed to.

Mr. BENNETT: The next item arises out of the seed group, 76b, the item that I gave notice of yesterday.

Customs tariff—76b. Seeds, viz: Field, root, garden and other seeds, when in packages weighing one pound each, or less: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. BENNETT: The hon. member for Bow River (Mr. Garland) raised this question yesterday, and I stated that a new item would deal with these small packages of seeds. This is the new item.

Mr. EULER: May I ask whether this includes bulbs, or is there a separate item?

Mr. BENNETT: There is a separate item.

Mr. EULER: Is there any change?

Mr. BENNETT: No, bulbs are not dealt with in this tariff schedule.

Item agreed to.

Customs tariff—95b. Passion fruit (passiflora edulis): British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Mr. BENNETT: I need hardly say this is an Australian treaty item, which will be found in the votes and proceedings. This fruit is indigenous to Australia, where it has become a highly popular ingredient in the making of salads. That country is doing a very considerable export trade in this fruit. At the moment we cannot trace the imports, since there has been a change in rates under tariff item 96. This fruit is now given a separate classification at the rates indicated.

Item agreed to.

Customs tariff—99a. Plums or prunes, dried, unpitted, per pound: British preferential tariff, free; intermediate tariff, 1 cent; general tariff, 1 cent. When in packages weighing 2 pounds each, or less, the weight of such packages to be included in the weight for duty.

Customs tariff—99c. Raisins and dried currants, per pound: British preferential tariff, free; intermediate tariff, 4 cents; general tariff, 4 cents. When in packages weighing 2 pounds each, or less, the weight of such packages to be included in the weight for duty.

Mr. BENNETT: These items were permitted to stand yesterday. If the Australian treaty is referred to it will be seen that these two items should be taken together. So I will ask my hon. friend from Argenteuil to move a new item which will conform to the treaty.

Sir GEORGE PERLEY: I beg to move that the following be substituted for tariff item 99c, as contained in resolution No. 2 of June 1, 1931:

Customs tariff—99c. Raisins and dried currants:

(i) for a period of two years from the date on which the Australian trade treaty comes into force, per pound: British preferential tariff, free; intermediate tariff, 4 cents; general tariff, 4 cents;

(ii) thereafter, per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 3 cents.

When in packages weighing two pounds, each, or less, the weight of such packages to be included in the weight for duty.

Mr. BENNETT: I know the committee is being put to great inconvenience through this method of considering these items, but necessity has arisen because of the delay in receiving the treaty, a circumstance over which we had no control. I am greatly obliged for the courtesy of the committee in permitting us to proceed in this way.

Mr. STEWART (Edmonton): We understand, then, that for the first two years after the Australian trade treaty is in effect, the intermediate and general tariffs will each be four cents, and that after the two-year period the tariffs will be each three cents?

Mr. BENNETT: That is correct.

Amendment agreed to.

Customs tariff—99g. Apricots, nectarines, pears and peaches, dried, desiccated, evaporated or dehydrated: British preferential tariff, free; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Mr. BENNETT: It will be observed that there is no change in the rates, but the item is new to meet the provisions of the treaty. Last year our imports were approximately 1,627,000 pounds, of which 1,300,000 pounds, in round figures, came from the United States. That is with reference to dried apricots. We imported 119,000 pounds from Great Britain, and 184,000 pounds from British South Africa. Our imports of dried peaches were 1,253,000 pounds, of which 1,187,000 pounds came from the United States. We cannot give in detail the figures of production in Canada of these dried and evaporated fruits, but the Australians feel quite confident that under this preference they will be able to supply a substantial part of our requirements.

Mr. STEWART (Edmonton): I very much fear we will find considerably increased prices in the process.

Mr. McMILLAN (Huron): There is nothing said about pineapples; is anything being done about that fruit?

Mr. BENNETT: We are coming to that in a moment.

Item agreed to.

Customs tariff—101. Oranges, per cubic foot: British preferential tariff, free; intermediate tariff, 35 cents; general tariff, 35 cents.

Mr. BENNETT: This is an item which yesterday I asked to have stand. As I explained yesterday this is a new item, oranges and lemons heretofore being linked together. The imports were 2,406,000 boxes, valued at about $9,500,000, coming chiefly from the United States. During the fiscal year 1930 the total value of our imports was $9,368,000 in round figures, of which $8,680,000 came from the United States, $361,000 from Japan and $211,000 from the United Kingdom. During the fiscal year 1931 there was a distinct development of trade with Australia and British South Africa, a considerable quantity of oranges from both countries being available last fall and winter in retail fruit shops both in western and eastern Canada. Perhaps it would be interesting to the committee to learn something of the imports for the fiscal year ending March 31, 1931, together with the places of origin:

Country	Boxes	Value
Great Britain	83,437	$ 373,700
Australia	25,189	97,475
Bermuda	75	225
British South Africa	17,589	64,324
British Guiana	30	66
British West Indies	807	2,447
Hong Kong	476	1,789
Jamaica	15,580	70,499
Palestine	179	348
Trinidad	101	236
Brazil	10,829	34,011
China	1	3
Honduras	346	2,072
Italy	41,171	147,519
Japan	104,219	319,698
Mexico	1,795	3,141
Portuguese Africa	1,130	5,487
Spain	23,261	88,141
United States	2,080,218	8,281,741

The separate classification is for the purpose of securing, if possible, a larger proportion of our requirements from empire sources, and the item in the treaty, it will be observed, is predicated upon that assumption.

Mr. MORAND: Is there a common standard of measurement throughout the world? I see that oranges of various kinds are coming in in bags. How is the value for duty purposes arrived at?

Mr. BENNETT: The measurement is by cubic feet and I understand that there is no difficulty in administration.

Mr. CHAPLIN: It seems to me that the measurement of oranges by cubic feet is going to present some difficulty to the department. I understand that at present if a box of oranges spreads out a little the customs officers insist on bringing it out even in order to get the cubic measurement. Evidently it will be a difficult matter to handle. Has the minister made provision for the manufacturers of jams and marmalade? Has any consideration been given to them in this matter?

Mr. YOUNG: Tariffs do not increase prices.

Mr. CHAPLIN: I am not asking the hon. gentleman; I am asking the Prime Minister. I did not know we had a new minister over there.

Mr. BENNETT: The hon. member for Weyburn (Mr. Young) thinks he could at least make a better job of it than some of us, and under the circumstances he must be permitted to have his say. There is no special provision with regard to oranges such as the hon. member refers to. The yardstick of measurement is one that has been in vogue for a long time and the Australian treaty negotiators regarded it as preferable. As it was a standard with which we were well acquainted, the government, on the advice of its technicians, accepted it.

Mr. NEILL: Subsection 2 of resolution No. 17 provides that in the event of anyone taking advantage of the tariff the duty will be removed. Under that provision are oranges regarded as an agricultural product?

Mr. BENNETT: That provision applies to Canadian products.

Mr. BROWN: Is there any prospect that in the immediate future Australia or other British dominions will be able to supply our needs?

Mr. BENNETT: I gave the figures to indicate the extent to which in recent years various parts of the empire have been able to produce oranges. The information at hand is that South Africa is making very great strides in this regard. Our Australian friends were quite confident of their ability very soon to meet the difficulties of production now that they have some assurance of a continuing market; and from Australia and South Africa and Jamaica, to say nothing of other possessions in the West Indies and of that part of South Africa known as Rhodesia, the indications lead us to believe that a very substantial part of our requirements will be met within a reasonably short time.

Mr. BROWN: I have here an extract from the Jamaica Gleaner, the concluding part of which reads:

But it is scarcely to be imagined that the Canadian consumer would take kindly to any increase in the price of his oranges. Our output of oranges will have to show at least the probability of development on a large scale before the preference in Canada can come within the bounds of the practical.

Mr. STEWART (Edmonton): What will be the duty on the ordinary box of oranges?

Mr. BENNETT: Approximately 70 or 75 cents.

Mr. STEWART (Edmonton): I am entirely in accord with the idea of inter-empire trade. But having sampled most of the oranges produced in the empire, I think it must be admitted that the oranges coming from British countries do not compare with the California fruit. It seems that we are adding a substantial duty on those oranges. Perhaps we may look upon California oranges as a luxury, and I am not averse to taxing luxuries. But we have been importing between eight and nine millions of these oranges annually and the duty does seem to be considerable. Naturally people have been buying the better quality of oranges, the prices having been almost equal. Now undoubtedly these oranges coming from the United States will be classed as a luxury fruit. I am inclined to think that the revenue will not suffer materially, because people will pay the extra 87 cents a box, or whatever it is, to secure the superior quality.

Mr. BENNETT: It is about 70 cents a box.

Mr. STEWART (Edmonton): This is a tax on a food which is becoming more and more popular every year in Canada. I have heard the importation of oranges criticized on the ground that it affected the consumption of Canadian apples, but I fail to see the necessity for such an increase in the duty to provide a market for imports from the empire. If empire countries produced the same quality of fruit then no one would suffer materially, because I think there is ample competition within the empire to regulate prices.

Mr. MOTHERWELL: How many oranges are there in a box?

Mr. BENNETT: It ranges from 180 to 320.

Mr. EULER: What would be the duty in ad valorem terms?

Mr. BENNETT: Perhaps other hon. gentlemen could answer that more readily than I.

Mr. EULER: It is rather difficult to judge intelligently from the specific rate just what the increase in price will be.

Mr. BENNETT: The hon. member for Parkdale (Mr. Spence) informs me that the value of a case varies from $5 to $5.50; the duty would range from 70 to 75 cents, so that it would amount practically to 12 or 14 per cent. I would say to the hon. member for West Edmonton (Mr. Stewart) that during recent years South Africa, including Rhodesia has so increased the export of oranges to Great Britain that last year they sent nearly one million cases. I took some little trouble to investigate the condition of the fruit coming in from South Africa, and I was amazed at what I found. Modern cold storage facilities have been so improved as to permit the ready movement of fruit provided the proper precooling steps are taken when the fruit is taken from the tree. The fruit is delivered to the ships under conditions which have become a matter of scientific exactitude and it is delivered in London in an amazingly good condition. I did not think it possible that fruit could travel such great distances and be delivered in such excellent condition, but it is being done.

Our friends in Australia, as do our friends in South Africa, feel quite confident that with the opening of this market to them so freely, they can develop a considerable trade. Orange juice has to some extent been superseded by tomato juice in the public use, but it is believed that this step will result in a great stimulus to the production of oranges within the empire and greatly improve our present position. Those who have tasted the oranges produced in the West Indies and Jamaica are amazed at the quality. I do not pose as an expert, but I do say that the oranges from South Africa appear to me to be as fine in flavour as any I have been privileged to eat. This is an experiment in the development of empire trade, and from the evidence before us, we believe it will be successful.

Mr. MOTHERWELL: I am going to surprise my right hon. friend by telling him that I am in favour of this item.

Mr. BENNETT: That statement delights me greatly but it makes me fear that I may be wrong.

Mr. MOTHERWELL: I had the opportunity of investigating the possibilities of increasing not only the quantity but the quality of oranges imported from Jamaica. A policy of this kind will certainly encourage inter-empire trade. It is the same principle under

which we raised the duty by 50 cents per stem on bananas under the general tariff, and allowed them to come in free under the British preferential.

Mr. CHAPLIN: This is the only item in the whole tariff where a duty is charged on the cubic measurement. This commodity will come in mostly by vessel, and ocean rates are charged on that basis. We should have a box which could be calculated easily as to cubic measurement, or else we will have trouble with the people handling these goods. There will not be two customs officials in the whole country who will measure these boxes alike, and a change should be made for the benefit of the traders of this country.

Mr. BENNETT: The administration has not been found to be difficult nor is it believed that it will become more difficult because this happens to be the standard or yardstick of measurement provided for in the treaty.

Mr. COOTE: I would like to enter a protest against an increased duty on oranges. Thousands of cases of this fruit are used in the hospitals in order to furnish drinks to the patients, thousands of doctors prescribe the juice of the orange for practically every patient they have and it is about the last thing that should be singled out for an increase. Orange juice is practically a medicine and it is needed by many people who cannot afford to buy oranges at their present price.

Mr. MOTHERWELL: I understood my right hon. friend to say that there were about one hundred oranges in a cubic foot, which would make the increase about one-third of one cent per orange. That is about the smallest possible recognition which could be given to empire oranges.

Mr. BENNETT: That is my understanding of it.

Mr. HANBURY: I understand that these oranges are to be imported into Canada in wooden boxes and I would like to ask the Minister of Finance whether the suggestion has been made to Australia that they use Canadian lumber in the manufacture of these boxes.

Mr. BENNETT: I hasten to assure my hon. friend that being wiser in our day and generation than were our predecessors, who did not include lumber in the last Australian treaty, the suggestion has been noted and I am happy to say that so far as may be reasonably possible, effect will be given to it. My hon. friend will remember the feeling of resentment which was expressed by some Canadians who had purchased commodities produced within the British Empire and found that they were packed in boxes made of wood which came from Sweden. I assume that that is what my hon. friend had in mind when he made his observation.

Mr. ELLIOTT: What is the relative price of the best Australian and best Californian oranges?

Mr. STEVENS: The business in Australia has not been developed to proportions comparable to that of California, but during the past year or two Australia has been shipping some oranges into Canada. I understand that there is a shipment en route of some 15,000 boxes, and the price must have been below the California quotation in order to meet that competition. Australia feels quite confident that within the next year or two she can secure a very substantial portion of this business, and then there are South Africa, the West Indies and other sections of the British Empire to be considered. This is looked upon as being one of the most hopeful developments which might be expected from this treaty. It must be remembered—this will appeal particularly to some hon. members opposite—that some commodities from Australia must find access to this market. This is one of the items where there is a very good prospect for development.

Mr. ELLIOTT: I thank the Minister of Trade and Commerce for his answers but I do not seem to get the information which I was desirous of securing with regard to the relative prices of Californian and Australian oranges. I understand he is unable to give it.

Mr. STEVENS: I do not happen to have it under my hand.

Mr. ELLIOTT: The great danger in connection with this is that we are imposing a duty of 35 cents per cubic foot on oranges and all we are going to be able to do is to increase the price by that amount to the consumer, not only on the oranges on which we collect a duty but on those that come in free. Is the Minister of Finance able to state whether or not in the different orange producing countries they have a system of grading similar, for instance, to our system of grading apples in boxes?

Mr. BENNETT: South Africa and Australia have perhaps gone further than most other countries with respect to grading. My hon.

friend will no doubt recall that in a grocery store in this city plums and peaches from South Africa were on sale during last winter and they arrived here in excellent condition.

Mr. ELLIOTT: When a box of oranges comes in from Australia or any other country, is it marked No. 1, No. 2 or No 3 in a way similar to that in which Canadian apples are marked when they are shipped?

Mr. BENNETT: It is putting it too strongly to say that there is an exact comparison, but broadly speaking, sizes determine No. 1 or No. 2 or No. 3. There is a fair degree of uniformity, but I should not like to mislead my hon. friend by saying that there is any absolute uniformity as between the countries.

Mr. TAYLOR: Could there be inserted in this clause a provision which would exempt oranges that go into the manufacture of marmalade? I have a telegram from a marmalade manufacturer in my riding, complaining of the additional cost to them of their raw material, that is, their oranges. I noted just a minute ago the minister mentioned that South African oranges were getting a market in Great Britain. This telegram reads:

New tariff on oranges if applied to Seville bitters is equivalent of reducing the import duty on orange marmalade from England by one-half cent a pound. This together with advantage English manufacturers have on buying sugar for export at two dollars and ten cents below Montreal prices and buying their containers at much lower prices than Canadian manufacturers as well as lower labour costs will prevent Canadian manufacturers from competing with English manufacturers in our own home market.

Mr. BENNETT: The hon. member has read a telegram the contents of which were communicated to me. The marmalade producers have perhaps overlooked the fact that last night we increased the duty on jams and this marmalade is so classified so that they have a measure of protection which is, I believe, quite equal to what they had before. The rate on jams under the new item which we passed last night is 2¾ cents, 3¾ cents and 5 cents per pound. The increase in the general tariff is 1¼ cents, so that I do not think there is any real cause for complaint in that regard.

Mr. YOUNG: My right hon. friend told me last night there was no marmalade coming in under the general tariff.

Mr. BENNETT: There is no traceable quantity.

[Mr. Bennett.]

Mr. YOUNG: Marmalade under the preferential tariff is at the same rate as formerly?

Mr. BENNETT: Yes. This is a small part of the production of jams.

Mr. FRASER: The item in the treaty reads:

Free during the months of May, June, July, August, September and October: British preferential tariff during the other months of the year.

Would these oranges not come in free during the whole year under the British preferential tariff?

Mr. STEVENS: That is quite true. The only answer is that we have undertaken with Australia to maintain that irrespective of what change, if any, we may make in the British preferential.

Mr. SPEAKMAN: I quite realize, as I suppose all of us do, that in order to maintain or develop trade between this or other countries we must give a quid pro quo, and that possibly there is no more suitable commodity than oranges on which we can give a preference. I realize too, that this will bring about a substantial increase in our revenue, because the oranges will continue to come in and upon them that duty of approximately seventy-five cents a box must be paid. It is equally obvious that for some time at least, when you take into account the very large quantities imported from the United States, and the very small quantities imported from within the British Empire, this will mean simply an additional cost of these oranges in this country of about seventy-five cents a box, with, in all likelihood, an additional cost for orange marmalade or any kind of preserves made from oranges, because if the duty is not increased at the present time to meet the increased cost of the raw material, it will undoubtedly have to be increased in the near future. At this time when people find it so extremely difficult to pay for fruits or for fruit preserves at present prices, it seems rather deplorable that we are obliged to make a definite increase in the cost of that essential fruit and of the preserves made from it. Of course we cannot do anything about the matter. I realize we have to sacrifice something in order to obtain a market for some of our own goods, but again, just as has so frequently been the case, the result is that the general run of consumers—I am not speaking particularly now of the farmers—will simply have to pay a little more in order that certain industries may be able to climb on their shoulders over the tariff walls of other countries.

Mr. STEVENS: I might take a few moments to draw the attention of the committee to the history of tariff as it relates to oranges. About twenty to twenty-five years ago Canada used to receive a very considerable portion of her supply of citrus fruits, chiefly oranges, from the West Indies and other countries. Then the Citrus Fruit Union of California was formed, and this citrus fruit union became a very highly developed and efficient organization. The formation of that organization and its control, through the tariff, of the United States market resulted in the destruction of citrus fruit production, as far as oranges are concerned, in the West Indies. Most of the growers there abandoned the production of oranges because they were denied access to the United States market, and as a result Canada suffered. The price of citrus fruit rose considerably and for twenty years or thereabouts it has been I think entirely under the dictation of the Citrus Fruit Union of California without any competition. All this time or most of it this same citrus fruit was on the free list so far as Canada was concerned. The result to this country was the higher price that we have paid for the fruit. The standard price for lemons, for instance, a few years ago was 20 cents a dozen and less, while in recent years lemons have rarely dropped as low as 20 cents. I am not complaining; I am not criticizing the Citrus Fruit Union, but the effect on Canada was an increase in price. We believe that, not this year, perhaps not next year, but within a reasonable time, Australia, South Africa, probably all of the West Indies, and other parts of the British Empire, will again get into the citrus fruit business, and with a market such as we have to offer in Canada we really expect that as a result of this action the price of citrus fruit within the next few years will actually drop instead of being increased. I venture to say that even this year, at the commencement, when it is rather too much to expect it, there will really be no increase in prices.

Mr. MOTHERWELL: I think that the reason of that is that the duty is so small; it is less than one-third of a cent per orange. I am disposed to agree with the minister in this case, although I rarely agree with his deductions on tariffs, but in this case he happens to be Liberal, and I am not going to oppose him.

Mr. YOUNG: I confess I cannot understand the wording of this item. It says free during the months of May, June, July, August, September and October, and the British preferential tariff during the other months of the year. Now the British preferential tariff is free, so I would take it that these oranges are to be free in May, June, July, August, September and October, and free during the rest of the year.

Mr. STEVENS: I have already explained that. We are giving to Australia a guarantee that as long as the treaty exists oranges shall be on the free list so far as Australia is concerned. At the present time we are leaving oranges free under the British preference, but it does not follow that they will always be free under the British preference. We will be at liberty to change the British preferential rate, but the rate for Australia will be free whatever we do with the British preference, with the limitation fixed in the treaty.

Mr. McMILLAN (Huron): Then why insert that stipulation?

Mr. STEVENS: I am afraid it must be my fault or my hon. friend would have caught the point, because I have already explained it twice. At present oranges are free under the Australian treaty and under the British preference. We have undertaken with Australia to keep oranges free during certain specified months no matter what we may do to the British preference.

Mr. McMILLAN (Huron): Why insert this stipulation if you have made them free for the whole year?

Mr. BENNETT: I need hardly explain to the hon. gentleman, with his well-known qualities of understanding, that during the other months of the year this parliament might make the British preference one cent. This provision ensures freedom of entry during the months mentioned whatever the British preference may be. It would not be correct to say, free the year round, for the British preference might not some day be free.

Mr. YOUNG: Speaking from memory it seems to me that normally oranges are cheaper in the spring months, and if the government saw fit at some future time to impose a one cent duty under the British preference, we could surely let Australian oranges in free the year round.

Mr. BENNETT: They have not asked for it.

Mr. HANBURY: This item contemplates that there are certain months of the year during which Australia is not anxious to furnish our requirements, and in the other months there will be a surplus. It is reasonable to

assume, if we give this advantage to Australia, that there should be storage facilities in Canada sufficient to take care of our requirements when Australia cannot supply them. Are the Australians contemplating providing storage facilities in Canada so that their oranges may be placed on the market evenly throughout the year, or if not, is the government contemplating any action to facilitate the marketing of these oranges, or will it be left in the hands of private importers?

Mr. BENNETT: We have not gone into that matter as yet.

Item agreed to.

Customs tariff—104a. Fruit pulp, other than grape pulp, not sweetened, in air-tight cans or other air-tight packages: British preferential tariff, 1½ cents per pound; intermediate tariff, 2½ cents per pound; general tariff, 3 cents per pound.

Mr. BENNETT: The item covered by this amendment, which will be found in the votes and proceedings of yesterday, is inserted in the tariff schedules by reason of the Australian agreement. It is a re-wording of the former item 781, under which the imports were nearly 500,000 pounds, all from Australia. If the committee will be good enough to read the item, they will observe that grape pulp is left out; that is pulp that is capable of being made into jams and preserves. It comes in in the form indicated, in air-tight cans or other air-tight packages. The rate fixed is the rate agreed upon with Australia.

Mr. FRASER (Cariboo): Is this a new rate?

Mr. BENNETT: The former rate was free. The rates now are as indicated.

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: British preferential tariff, 2 cents per pound; intermediate tariff, 4 cents per pound; general tariff, 5 cents per pound;
(b) pineapple: British preferential tariff, 3 cents per pound; intermediate tariff, 4 cents per pound; general tariff, 5 cents per pound;
(c) n.o.p.: British preferential tariff, 2 cents per pound; intermediate tariff, 4 cents per pound; general tariff, 5 cents per pound.

Mr. BENNETT: This provides for an increase in the rate on pineapples, of which the hon. gentleman spoke.

Mr. McMILLAN (Huron): You intend to leave it at five cents per pound?

Mr. BENNETT: At 3, 4 and 5 cents per pound.

[Mr. Hanbury.]

Mr. STEWART (Edmonton): Does this apply to pineapple alone?

Mr. BENNETT: This is the treaty item, not the budget item. The old rate was half a cent.

Mr. YOUNG: This is an increase?

Mr. BENNETT: Yes.

Mr. YOUNG: Even to Australia?

Mr. STEVENS: Yes, half a cent.

Mr. McMILLAN (Huron): I would like to know the reason for this.

Mr. BENNETT: The Australian rate will be one cent, and in order to give them a preference the rate has been increased to other countries. The rate to other countries being three cents, and the rate to Australia being one cent, there is a preference of two cents to Australia under the British preferential tariff, three cents under the intermediate tariff, and four cents under the general tariff. On importations of pineapple from the United States, for instance, the preference in favour of Australia would be four cents, and under the intermediate tariff the preference would be one cent less than that. So far as other countries of the British Empire are concerned—this is one of the few items of which this may be said—Australia gets a preference of two cents more per pound on pineapple than would be available to those other countries.

Mr. YOUNG: Where does it say that the Australian rate will be one cent?

Mr. STEVENS: In the schedule to the treaty, page 7.

Mr. STEWART (Edmonton): This is giving Australia a considerable preference over the other British dominions.

Mr. BENNETT: Yes, it is. I thought my hon. friend would ask that question. It probably does not put them on an equality with their competitors in other British possessions, for the principal point of production of pineapples outside of Australia is Singapore in the Straits Settlements, from which considerable quantities are exported and where labour conditions are such that the cost of production is very much less than elsewhere. One might say that the native population there receives much less for its labour than does the population of Australia.

Mr. NEILL: Why not in that case make pineapples free from Australia and place the general tariff at four cents? We do not produce pineapples; therefore why put a tax on them?

Mr. STEWART (Edmonton): I was just going to suggest the same remedy. As we cannot produce pineapples, it seems to me that the duty should be very low, and if we propose to give Australia a preference over the other British dominions why not allow Australian pineapples to come in free?

Mr. BENNETT: It will be observed on reference to the item that these are:

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, 1 cent per pound;
(b) pineapples, 1 cent per pound;
(c) n.o.p., 1 cent per pound.

There is a very considerable business done in Canada in canning pineapple.

Mr. NEILL: Where?

Mr. BENNETT: In Canada, a very substantial business. This tariff is to prevent that business being entirely destroyed, while at the same time affording the preference I have indicated to Australia over other competing countries, the particular country being that to which I have just referred, where the wages of the native population are so low that even other parts of the empire have found it necessary to have recourse to the tariff to afford them fair competition.

Mr. BROWN: How are fresh pinapples affected?

Mr. BENNETT: They are not dealt with at all. If my memory serves me aright, they are free.

Mr. CHAPLIN: Is any inquiry made by the department with respect to the sanitary conditions under which pineapples are canned in the Straits Settlements? In this country we have very strict food and factory laws and our canning plants are frequently inspected by government officials. Yet, as I understand it, we allow canned goods to come into Canada without any knowledge at all of the conditions under which they are put up.

Mr. BENNETT: I always hesitate to be too critical with respect to conditions under which other countries carry on their business.

Mr. CHAPLIN: I am not criticizing, I am asking for information.

Mr. BENNETT: I have only said that I hesitate to be too critical with respect to it. My information is that some form of sanitary inspection is provided for by the laws of the Straits Settlements, but that the factory conditions are not such as obtain in modern factories in Canada and elsewhere. Certainly it is wholly within the mark when one says that the wages and conditions of labour of the native population in that community are very different from the conditions of labour and wages that prevail in other countries where we have stringent pure food laws. There are factory regulations in force in most exporting parts of the British empire, but obviously in Singapore they have not reached the same advanced stage in their canning operations as would be expected under the wholly different habits and modes of life that prevail in this country.

Item agreed to.

Customs tariff—109a. Peanuts, green, in the shell or not further processed than shelled: tariff on goods the produce of manufacture of Australia, free. The governor in council, when satisfied that Australia can supply Canadian requirements, may, by order in council, direct that there be substituted for tariff item 109a in schedule A of the customs tariff, 1907, and the enumeration of goods and the rates of duties of customs set opposite the said item in schedule A the following:

Customs tariff—109b. Peanuts, green, in the shell or not further processed than shelled: tariff on goods the produce or manufacture of Australia, free: British preferential tariff, 4 cents per pound; intermediate tariff, 4 cents per pound; general tariff, 4 cents per pound.

From and after the publication of such order in council in the Canada Gazette tariff item 109a as it appears in the said schedule at the time of the publication of the said order shall be repealed and the provisions of tariff item 109b shall be substituted therefor.

Mr. BENNETT: These two items will be found on page 7 of the Australian treaty, one being the complement of the other. The committee will observe that green peanuts under the British preference are free and 1 cent under the intermediate and general, while peanuts green in the shell or not further processed carry a rate of 4, 4 and 4 cents; under the treaty they are free.

Mr. CHAPLIN: Does the Minister of Trade and Commerce (Mr. Stevens) know how Australian peanuts compare in quality with those from North Carolina or Virgina?

Mr. STEVENS: I have not made a personal comparison, but I am informed that Australian peanuts are of excellent quality and compare very favourably with those produced in any other country. The Australians expect they will be able to fill our requirements as indicated in this item.

Item agreed to.

Mr. BENNETT: The next items will be 115 and 116 on page 3 of votes and proceedings.

Customs tariff—115. Mackerel, herring, salmon and all other fish, n.o.p., fresh, salted, pickled, smoked, dried or boneless, per pound: British preferential tariff, ½ per cent; intermediate tariff, ¾ cent; general tariff, 1 cent.

Item agreed to.

Customs tariff—116. Halibut, fresh, pickled or salted, per pound: British preferential tariff, ½ cent; intermediate tariff, 2 cents; general tariff, 2 cents.

Mr. BENNETT: As will be observed, there is an increase in the rate on halibut.

Item agreed to.

Mr. BENNETT: Items 184 and 184a may stand for the moment.

Mr. STEWART (Edmonton): The leader of the opposition would like to be present when they are discussed.

Mr. BENNETT: Quite so.

Customs tariff—192. Tarred paper and prepared roofings (including shingles), fibreboard, strawboard, sheathing and insulation, manufactured wholly or in part of vegetable fibres, n.o.p.; blotting paper, not printed nor illustrated: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 35 per cent.

Hon. gentlemen will observe that this is item 192 in the budget resolutions, but owing to there being a slight amendment it appears in votes and proceedings at page 4. The words "blotting paper, not printed or illustrated" have been added.

Item agreed to.

Mr. BENNETT: The next item is 200a at page 18 of the tariff resolutions, with respect to which it is proposed to make an amendment that I will ask my colleague, the Minister of Fisheries (Mr. Rhodes), to move.

Mr. RHODES: I beg to move that the following be substituted for tariff item 200a, as contained in resolution No. 2 of June 1, 1931:

Customs tariff—200a. Regenerated cellulose and cellulose acetate, transparent, in sheets, not printed: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Provided, that the governor in council may, when satisfied that regenerated cellulose, transparent, in sheets, is being manufactured in Canada in quantity and quality sufficient for Canadian requirements, by order in council direct that there be substituted for tariff item 200a the following:

[Mr. Stevens.]

Customs tariff—200a. Regenerated cellulose and cellulose acetate, and manufactures of regenerated cellulose or of cellulose acetate: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Here is a rather interesting circumstance which I feel it would be fair to bring to the attention of the committee. This is a chemical substance, the basis of which is pulp, upon which acids have operated. Since the budget was proposed the attention of the government has been directed to an entirely new production of cellulose acetate in sheets which cannot be distinguished, except by laboratory tests, from regenerated cellulose. The amendment brings this newest development within the terms of the item. Perhaps I might bring it more forcibly to the mind of the committee as to what is meant when I say this is that thin, transparent substance in which candy boxes are wrapped, and which is so much used now in the wrapping of cigars and food products of various kinds, since it enables them to be kept free from contamination by outside sources.

Amendment agreed to on division.

Customs tariff—219a. Non-alcoholic preparations or chemicals for disinfecting, dipping or spraying, n.o.p.: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. ILSLEY: Spraying materials have been free of duty since 1928, and at that time there was a drop in prices as a result of their being placed on the free list. These preparations are used very largely by the fruit growers of Canada, and I should like the Prime Minister to explain why he felt it necessary to restore the duty.

Mr. BENNETT: I think my answer will satisfy the hon. gentleman that the course being taken is one which he himself would pursue. As a result of the action taken previously, three Canadian plants were closed and have not since operated. Assurances have been given that prices will not be increased, and the plants already producing disinfectants of a certain type now will become increasingly engaged in the production of other forms of insecticides and disinfectants which are covered by this item. The horticultural society at their annual meeting supported this action, and if as a result there is any increase in price, as the hon. gentleman fears, the remedy lies in the hands of the government. I think when one contemplates the fact that at least one or two of these industries are equipped and will at once proceed to manufacture when they have an assurance that the Canadian

market is available, it will be seen that we have at least taken the precaution to provide within our own boundaries for the production of a very necessary commodity without involving an increased price to the consumer. I believe that is worth while, having regard to the existing conditions and the desirability of being in a position to deal with a matter of such importance within our own country.

Mr. ILSLEY: Would the Prime Minister tell me whether dry dusting materials are dutiable at the rate of 15 per cent, together with liquid preparations? They were classed with liquid preparations at the time the duty was taken off, if my memory is correct.

Mr. BENNETT: The hon. gentleman will observe that there is no change in the item.

Mr. ILSLEY: Could the minister give me an idea of how important these factories are which were closed as a result of the duty being taken off, and how many hands they employed?

Mr. BENNETT: Prior to 1928 these arsenical insecticides were dutiable at 15 per cent, 17½ per cent and 17½ per cent, with others dutiable at 10 per cent, 15 per cent and 20 per cent. I have some knowledge of only about a half dozen of these factories; I am bound to say to my hon. friend that I could not give him even approximately the number of people who would be employed, but I am informed that a substantial number of people would find employment. They sent a delegation here; I took a statement, which was investigated; they were willing to undertake not to increase the price, and they realized what would be the result if that were done. They were all manufacturers of certain types of disinfectants or insecticides, but I think two of the factories had been closed for some two or three years. They were endeavouring to start up again with respect to another line and wanted also to be able to secure this production. I am inclined to think that under similar conditions the hon. gentleman would have adopted the same course.

Mr. ILSLEY: I remember very distinctly the debate which took place when these articles were placed on the free list in 1928. Certain private members stated that factories would be adversely affected, and I tried to get an idea of how many people would be so affected, but was unable to do so. I formed the impression, perhaps wrongly, that the industries were not very important, and that is why I requested the information from the minister.

Mr. BENNETT: I think I can procure some little information for my hon. friend at a later date. One of the hon. members has a very large plant of this character in his constituency, and I will communicate to my hon. friend the number of people employed there, though I believe I can give the details with reference to only two factories.

Mr. ELLIOTT: Does this refer to animal dip, that is, sheep dip and cattle dip?

Mr. BENNETT: Any sort of dip; it is the same wording.

Mr. BOUCHARD: Has the right hon. gentleman received any representations from the Canadian wool growers' cooperative society with regard to the powder they use for dipping sheep? This powder is used all over Canada, and I should like to know whether the Prime Minister has been assured that a real substitute will be found for this preparation, which is called the Cooper dip powder. Has the minister received any representations from the wool growers' cooperative or the sheep breeders' association?

Mr. BENNETT: I am bound to say no such representations have reached me, and I am told by the officials that no such communications have reached the department. I will make a note to make further investigation, but certainly I have no knowledge of it myself.

Mr. BOUCHARD: I should like to have this information, because this is a very important factor in sheep raising.

Mr. ILSLEY: I want to place on record my opposition to this item. I am opposed to it because in 1928, although it was stated that no difference would be made in the price when the duty was taken off, immediately after the duty was taken off the price of these spraying materials dropped in my constituency. Advertisements appeared in the local press offering spraying materials at considerably reduced prices. It is all very well for the Prime Minister to say that the price will not go up as a result of the duty. But it is going to be difficult for my constituents to keep a check on the prices. I shall do the best I can to keep a check on it myself, and if there is the slightest evidence of an increase in prices I will bring the matter to the attention of the Prime Minister. This is something of great importance to the people I represent, and before the item carries I want to have it recorded that I am opposed to it.

Mr. STEWART (Edmonton): Was any intimation given to the fruit growers and others interested of the application made by the manufacturers of this commodity?

Mr. BENNETT: The horticultural council recommended that this be done.

Mr. STEWART (Edmonton): Through the influence of the manufacturers?

Mr. BENNETT: I cannot say through whom. I know they made that recommendation.

Mr. STEWART (Edmonton): I cannot help thinking that those who will be affected will learn too late, to their sorrow, what has happened to them.

Mr. SPEAKMAN: It is rather difficult to understand how it will be possible for those firms who have gone out of business to resume without increasing prices. Apparently they went out of business because they could not meet the prices. Is it expected that if the entire market is assured to them through a virtual monopoly they will be able to produce at a lower cost than they have been able to do? I cannot understand how they will be able to carry on, seeing that, unable to manufacture at present prices, they have been obliged to shut down.

Mr. BENNETT: The curtailed production has had the result I have indicated. One large firm had on hand a very considerable quantity of arsenate of lead which was used in the production of their commodity. When their business was curtailed, because of the circumstances to which I have alluded, they stopped operations. They still have that raw material and it is unimpaired; age has not affected it. They believe, as I do, that the increased production, resulting from a greater demand by reason of the domestic market being available, will ensure their being able to carry on their business. The hon. member for Hants-Kings (Mr. Ilsley) places altogether too modest a value upon his own resourcefulness, for I am satisfied that if his constituents are called upon to pay enhanced prices—barring, of course, an increase in raw material, for which he will always make allowance—it will not be very long thereafter before the government is made aware of the fact.

Mr. SPEAKMAN: I trust that the Prime Minister's hopes will be realized and that the manufacturers will be able to carry on. But I understand that they ceased producing when imports began to come in under the free list, because they could not meet the prices. I think it is rather doubtful that this tariff will enable them to carry on. It is an interesting experiment and—I have no axe to grind—I hope they will succeed.

Mr. ILSLEY: The Prime Minister says that the Canadian Horticultural Council passed a resolution or in some other way expressed themselves in favour of this increase. Has he a record of the stand they took?

Mr. BENNETT: No, I have not. The hon. member for Yale (Mr. Stirling) is one of the members of that council and he can give some evidence on the point.

Mr. STIRLING: This question was considered at the annual meeting of the horticultural council. The fruit growers represented there by their delegates did not raise any objection to the increase in the protection on these spray materials for the special purpose of increasing production to meet their requirements.

Mr. MOTHERWELL: Does this item include chemical sprays used for the killing of weeds? If it does I have strong representations from those who manufacture these chemicals. They say that the change is going to increase the cost of chemicals which are being tried out generally in the west by the municipalities for the destruction of weeds.

Mr. BENNETT: Chemicals are not covered by this item. Some may come under the item and others may not: that is the only fair way to put it and be frank. The chemicals the hon. gentleman mentions will not come under the item; compounds will.

Mr. ILSLEY: The hon. member for Yale represents an important fruit growing constituency in British Columbia and he follows with great care the proceedings of the horticultural council. I have tried to do so myself, and I understand that what happened in the council this year was this. Certain members desired higher duties on apples and they felt that they would be hampered in their demand if they objected to higher duties on spraying materials. That is the reason for the stand they took. The hon. gentleman says they took that stand because they desired an increase in the production of these goods—

Mr. BENNETT: In Canada.

Mr. ILSLEY: —in Canada, yes. But I think the hon. gentleman will agree with me

when I say that the reason they took the position they did was that if they did anything else it would have an adverse effect on their own demand for a higher duty on apples.

Mr. STIRLING: I do not know where the hon. member met those individuals who desired a higher duty on apples. I have never met them.

Mr. ILSLEY: There is no question about it that demands have been made for higher duties on apples. In the Halifax Herald of Monday, July 13, 1931, there appears a report to the effect that the government has placed higher duties on apples for the purpose of protecting the home market. There is a long despatch reporting the paternal and beneficial action which the government has taken in connection with this industry. There certainly was a demand. The hon. gentleman and I look on these matters from different points of view. I think a better policy for the apple industry would be to keep down costs of production and place such articles as spraying and dusting materials on the free list. That would be better than attempting to keep up the prices of the product by these high valuations for duty purposes and higher duties.

Item agreed to.

Customs tariff—219c. Proprietary or trade-marked preparations, non-alcoholic, such as are used only for disinfecting, dipping or spraying, when in packages not exceeding three pounds each, in weight, the weight of such packages to be included in the weight for duty: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Mr. RHODES: I beg to move that the following be substituted for item 219c:

Customs tariff—219c. Non-alcoholic preparations or chemicals such as are used for disinfecting, dipping or spraying, when in packages not exceeding three pounds each, in weight, the weight of such packages to be included in the weight for duty: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Mr. MacLEAN: Would anything under three pounds in weight come in free?

Mr. BENNETT: Over three pounds would be considered as bulk, under three pounds would be covered by this item.

Mr. MacLEAN: They would be in the same category as far as duty is concerned?

Mr. BENNETT: Yes.

Mr. BROWN: Is the item sufficiently general in its terms to include anything which might be brought forward as an insecticide? I notice that a discovery has been made which is likely to prove effective in the treating of warbles in cattle. Every hon. member knows that that disease causes a very serious loss to agriculturists, and if a preparation has been found which is effective for that purpose it is desirable that it be made as easily available as possible to all farmers.

Mr. BENNETT: This is the same language as has been used for many years. The item covers all forms of compounds used for the purpose of disinfecting, dipping or spraying. As the hon. member knows, there is a provision in the statute which permits action being taken by order in council to place a commodity on the free list or to reduce the duty.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—232c. Gelatine, edible: British preferential tariff, 17½ per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Item agreed to.

Customs tariff—366b. Parts of watch movements, finished or unfinished, not including plates: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. BENNETT: The hon. member for Weyburn (Mr. Young) raised a question last evening and I said that items 366b, 368 and 369 might stand. This is a new item, and the rates have been changed from free, 12½ per cent and 12½ per cent to free, 15 per cent and 15 per cent.

Item agreed to.

Customs tariff—368. Clocks, time recorders, clock movements, clock-work mechanisms, and clock cases: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Provided, that when imported under the intermediate or the general tariff rate, the duty shall be not less than, each: intermediate tariff, 50 cents; general tariff, 50 cents.

Mr. BENNETT: The hon. member for Weyburn was inquiring as to why parts of watch movements might be imported at a lesser rate than the finished product. It has always been the policy to encourage the importation of parts rather than the finished product in order that labour, which is an important item, should enter into the assembly of these parts. In connection with watch cases it has always been said that no advantage was ever taken of the duty. The largest producer in this country, now passed to his reward, was able to say that he had saved the country

a considerable sum by not taking advantage of the duty. These items maintain the differentiation between parts and the finished product.

Mr. EULER: What was the valuation of the importation of clocks?

Mr. BENNETT: Clocks valued at $760,000 were imported; $275,000 from the United States and $350,000 from Germany. It may be of no interest to the committee, but I might state that the watch I carry is the product of a Canadian manufacturer, and I think it sells for $2.75.

Mr. EULER: I was referring to clocks.

Mr. BENNETT: I gave the figures for clocks.

Mr. EULER: I think there are only two clock factories in the Dominion, one of which happens to be located in my constituency. Have representations been made by the clock manufacturers since these proposals were brought down as to the sufficiency of the rate proposed?

Mr. BENNETT: There are three clock factories in Canada, one at Peterborough, one at Kitchener, and I believe one at Brantford. The brief filed by the clock and watch parts makers—I refer now to the cheaper watch which is something like a clock—asked for an increase over the existing rate. When this item was published these manufacturers indicated that an upward change would be highly regarded, but the largest producer, whose operations run to something over 2,300 watches and clocks per day, thought it worth while to allow the item to stand for a year as it gave a much better rate than had existed previously. I think the considerations which moved us to make this change might well have moved my hon. friend when he had the chance of doing the same thing.

Mr. EULER: I had not the opportunity of making a change. I understood that the small producers who have found considerable difficulty in meeting foreign competition were not satisfied and felt that the change did not do them very much good.

Mr. BENNETT: What does the hon. gentleman suggest?

Mr. EULER: I am not making any suggestion. I desire only to find out whether representations were made, and if so, what answer was given.

Mr. BENNETT: My memory is that one manufacturer said that he was pleased with the item and no further change was desired; another suggested an upward movement from 15 per cent to 27½ per cent, and another suggested that the rate should be 30 per cent. As a matter of fact, the differentiation between parts and the finished product has been maintained. My personal view was that it might have been increased a little, but having regard to the reports of the industry generally, the changes should afford to Canada an opportunity to compete on fair terms against importations from at least the United States, and, I believe, from Germany. That is, I think, the representation that was most strongly made. I am speaking from memory and subject to correction.

Mr. EULER: It has always been represented that the purpose of protective tariffs was to foster new or, as they are so often called, struggling industries. If any industry could go into that category it would be the clock making industry. As I know from the experience of a factory in my own town, it had a struggle for many years. While I am not necessarily advocating, if the duty is regarded as sufficient, that it should be higher, it is still comparatively low, may I say to some of my hon. friends on this side, as compared with the tariff that has been given to what can hardly be described as infant industries.

Mr. BENNETT: My hon. friend will see that clocks, time recorders, clock movements, clock-work mechanisms and clock cases are now 20 per cent, 30 per cent and 35 per cent. The general tariff of 35 per cent is, I think, a fairly reasonable one having regard to the information we had as to, shall I say, large capacity for production. I cannot recall that any communication came from the particular industry in Kitchener to which my hon. friend refers, but I shall endeavour to find out during the recess if there has been any.

Mr. YOUNG: Can the minister give us any information as to what it costs to put a watch movement in a casing? How much labour is involved?

Mr. DUFF: Every little movement has a meaning all its own.

Mr. BENNETT: That depends entirely on the character of the movement. If it is a highly jewelled movement of a certain type, it costs a substantial sum of money. Everything depends upon the skill and care that has to be exercised with respect to it. These fine watch cases are of course now made in Canada, as the hon. gentleman may know.

It depends upon the skill of the workman, the quality of the movement, and the fineness of the case. I could not give an estimate of the price.

Mr. BOUCHARD: As we are speaking about clocks and watches, this will perhaps be the proper time to ask the Prime Minister: How is it that all the requests of the manufacturers are listened to and complied with while the requests from the farmers are not heeded? Will the Prime Minister allow me to speak on the question of wool, in connection with which the farmers put forward very strong recommendations for a tariff?

Mr. BENNETT: Can the hon. member name any other item than wool?

Mr. BOUCHARD: Wool is a big item. It touches nearly all the farmers in Canada. I have had no opportunity of discussing this item, because it has not been called, but I remember very distinctly hearing the right hon. gentleman tell us last session that any of the items—

The CHAIRMAN: Order.

Mr. BOUCHARD: I hope, Mr. Chairman, you will let me finish this statement. I am just quoting the Prime Minister. He said very distinctly that any change that appeared in the tariff of the last special session might be discussed at a future session, and I have no other opportunity. I rise simply to ask the Prime Minister if he will give me an opportunity of discussing this question of a tariff on wool.

The CHAIRMAN: This discussion cannot come under the item of clocks.

Mr. BOUCHARD: I will ask the Prime Minister, who is so obliging—

The CHAIRMAN: I am sorry I cannot allow that except by consent.

Mr. BENNETT: Perhaps, Mr. Chairman, you were not following the discussion last evening. I said very distinctly to my hon. friends opposite that by reason of what was said at the short session they might avail themselves of the opportunity to discuss any item that they desired to discuss. I understand that the hon. member for Kamouraska is instituting a comparison between the tariff items that touch industry and those that touch agriculture. I should think he would be within his rights, having regard to the arrangement that was made, in instituting such a comparison at this time.

Mr. BOUCHARD: I am grateful to the Prime Minister for the permission he has just given me. I am not a firm believer in high protection as a means of helping the farmers, but if the government is going to do something in regard to raising the tariff, whatever advantage may accrue to the farmers should be taken by them. I suppose the Prime Minister is aware of the many representations that were made through the Minister of Agriculture in regard to having a tariff on wool. Wool is imported in very large quantities, and I should like to quote from a letter addressed to the Minister of Agriculture under date of December 26, 1930, and signed by the manager of the Canadian Cooperative Wool Growers, Limited. I will read just the last paragraph of this letter. It states:

> With the exception of carpet wools as described, all other wools imported into Canada, to all intents and purposes, may be described as competitive with Canadian grown wool, and any further exceptions would materially reduce any advantage to Canadian sheepmen in a general tariff on wool.

On the same date, the manager of the same cooperative wrote to the Minister of Agriculture another letter, and I am quoting just the fourth paragraph which states:

> When talking with Mr. Breadner on Tuesday, he stated that any tariff legislation should be specified, and that such a basis for duty as 20 cents per pound of clean content, would leave the amount to be collected on wool in the grease variable. That is true, at the same time it seems to be working out satisfactorily in the United States, where they have wool appraisers for this work, and where each invoice on imported wool, bears the estimated shrinkage figures.
>
> As explained to Mr. Breadner, if it was necessary to name a specific rate on wool in the grease, we would have to be guided by the 20 cent rate on clean scoured wool, using the shrinkage of 30 per cent which is the shrinkage on a large part of wool imported into Canada. In other words, on this basis the duty on wool in the grease would be 14 cents per pound.

Later I wrote to Mr. George O'Brien, manager of the Canadian Cooperative Wool Growers, Limited, to ascertain what has taken place, and I received this letter dated June 30, 1931:

> Dear Mr. Bouchard:
>
> We are in receipt of your message of June 26, and we are sending you copy of the letter sent the Hon. Mr. Weir, which contains in summary a report of the Sheep Conference in Toronto. We also enclose copy of letter and brief filed at Ottawa with respect to wool. Our correspondence on this subject has been large, and we have included the Department of Agriculture, Department of Finance, and Department of National Revenue.
>
> We also took up the question of lamb and mutton, and that has been dealt with, though we are not informed at this time as to where these products stand in the new Australian trade agreement.

The letter concludes with this paragraph:

The wool position is bad, and yet we use more wool in Canada than we produce, and even according to the Canadian Textile Journal, 85 per cent of the wool used in Canada is of the kind we grow in Canada.

G. E. O'Brien,
Manager,
Canadian Co-operative Wool Growers Limited.

The copy of the letter enclosed reads as follows:

Toronto, March 26, 1931.

Hon. Robert Weir.
Minister of Agriculture,
Ottawa.

Honourable Sir,—

At the conclusion of the annual meeting of the Canadian Co-operative Wool Growers Limited, held in Toronto on March 26, 1931, those in attendance went into special conference on problems relating to the Canadian sheep industry. There were present between fifty and sixty sheep farmers and ranchers from every province in the Dominion, representatives of the Dominion and provincial departments of agriculture, as well as representatives of the packing industry, live stock marketing and wool marketing organizations—a gathering that certainly represented a real cross-section of all the interests related to the sheep industry in this country.

A very full and free discussion was entered into by all present during the full afternoon and evening sessions, and it was pointed out that we are not producing nearly as much wool and lamb as we are using in this country, and that consequently there should be much room for expansion. It was unanimously agreed, though, that any such expansion was not possible on a profitable basis unless the home market was reserved and developed for Canadian producers by adequate protection on lamb, mutton and wool in all its forms.

At six o'clock the Speaker resumed the chair.

AUSTRALIAN TREATY

Hon. H. H. STEVENS (Minister of Trade and Commerce): May I lay on the table a document which I have had prepared dealing with schedule B of the Australian treaty? This is for the information of hon. members, and if the house desires, I would suggest that it be printed in the votes and proceedings so that it will be available to-morrow.

Mr. STEWART (Edmonton): I think it would be well to have it printed.

Mr. STEVENS: Then it is understood that it will be printed and appear in the votes and proceedings.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 99, respecting the Eastern Telephone and Telegraph Company—Mr. Black (Halifax).

CANADA SHIPPING ACT AMENDMENT

The house resumed from Friday, June 5, consideration of the motion of Mr. Angus MacInnis for the second reading of Bill No. 45, to amend the Canada Shipping Act.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, while this bill was under discussion recently the Minister of Marine (Mr. Duranleau) assured the house that the Canada Shipping Act would be ready for revision next session. In view of that assurance I ask leave to withdraw the bill.

Mr. SPEAKER: By consent of the house, Bill No. 45 to amend the Canada Shipping Act is withdrawn.

Mr. LAPOINTE: Unanimously.

Bill withdrawn.

BANK ACT AMENDMENT

PROPOSED PENALTY FOR VIOLATION OF PROVISION RESPECTING INTEREST RATE

The house resumed from Friday, June 26, consideration of the motion of Mr. Spencer for the second reading of Bill No. 49, to amend the Bank Act.

Mr. H. E. SPENCER (Battle River): Mr. Speaker—

Mr. SPEAKER: If any other hon. member wishes to speak on this motion he should do so now, otherwise the sponsor of the bill will close the debate.

Mr. SPENCER: When this bill was last under discussion, Mr. Speaker, I felt the house was not so much against the purpose of the bill as against the penalties that I was seeking to have enforced. My aim, of course, is to limit the rate of interest to 7 per cent as provided by the Bank Act, and if the penalties I propose are considered too severe, I shall be perfectly willing to have the bill amended in this respect. Therefore if this motion passes I will ask one of my colleagues to move that the bill be referred to the banking and commerce committee for further consideration.

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

Mr. BENNETT: No.

Mr. SPEAKER: Those in favour will please say "aye."

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will please say "no."

Some hon. MEMBERS: No.

Mr. SPEAKER: In my opinion the noes have it. I declare the motion lost.

And some hon. members having risen in their seats;—

Mr. SPENCER: I think six members rose, Mr. Speaker.

Mr. SPEAKER: I saw only four standing. I declare the motion lost.

Motion negatived.

CRIMINAL CODE AMENDMENT

NATURE OF SPEECHES ON PUBLIC AFFAIRS TO DETERMINE UNLAWFUL ASSEMBLY

The house resumed from Tuesday, July 7, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 19, to amend the criminal code (unlawful assembly).

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker—

Mr. SPEAKER: I think the hon. member for Winnipeg North Centre (Mr. Woodsworth) has already spoken on the bill—perhaps more than once. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. WOODSWORTH: I spoke in favour of my bill when it was introduced, but I have not spoken on it since that time; I think I have the right to close the debate. If I may say so, possibly you, Mr. Speaker, are confusing this bill with the amendment to the Immigration Act, on which I also spoke.

Mr. SPEAKER: If the hon. member sponsoring the bill has not spoken for the second time he has the right to speak now and close the debate.

Hon. IAN MACKENZIE (Vancouver): Without at all discussing the merits of the bill I should like to rise to a point of order to enable me to obtain your guidance, Mr. Speaker. So far as I can see from both Canadian and English authorities the moving of a bill which is part of the orders of the day is not a substantive motion but an ancillary motion, as defined by Campion in his text book. I should like to have your ruling upon that point, Mr. Speaker.

Mr. NEILL: It always has been allowed, since we have been in the house; the member moving the second reading of a bill always has been allowed to speak in reply, I do not care what the rules are.

Mr. SPEAKER: Prior to 1927 what is now standing order 43 was rule 21, subsection 2, and it contained the words "second reading of a bill." Standing order 43, citing the circumstances in which a member has the right of reply, did not include the words "the second reading of a bill" after the revision of the rules in 1927. This was not done with the idea of changing the rule, but because those words were considered superfluous. Notwithstanding what is stated in Campion, which I have examined, it has been the practice in this house to allow a reply on the second reading. It seems to me that, a second reading being a most important stage in the passage of legislation, a reply should be allowed. It was allowed on March 20, 1930, and again on May 30, 1930, and unless this house chooses to change its practice in that respect I would allow a reply on the motion for second reading of a bill.

Mr. MACKENZIE (Vancouver): I am quite satisfied.

Mr. WOODSWORTH: Mr. Speaker, during several of the occasions devoted to private bills this measure has been under consideration, and I think it has been viewed from a number of different angles. I would point out that there has been a great deal of misunderstanding as to the purpose of the bill. There have been those who have taken the stand that it has to do with sedition, but the clauses in the criminal code having to do with sedition will remain untouched. If any man utters any seditious words he is still liable to be charged with sedition. My bill was simply intended to safeguard the right of free speech, because of certain practices which have grown up in a number of our cities during recent months.

There is little for me to add to what I said when introducing the bill. It has been said that the bill is poorly drawn. Let me say that I obtained the best legal advice available, not merely the advice we have at our disposal here but outside legal advice in drawing the bill, and the phraseology to which a great many of the legal members have objected is supplied by those who have had considerable experience with the law. I

remember very well a few months ago when a certain bill was before this house it was ridiculed by some members of the legal profession until they found that the draftsman was a man recognized as being in the very forefront of his profession. Ever since that time I have not had very much fear when presenting a matter like this, especially when I know it has been carefully prepared by a legal authority.

There was one point I should have liked to present earlier, and I think I shall add it now, because it seems to me to bear very directly upon the whole subject matter. I have reference to a decision appearing in the Ontario law reports, in the case of Rex vs. Patterson. It seems to me, if I may say so, looking at it from the layman's standpoint, that it is rather a serious blow at the freedom of the individual, and if this sort of thing is to go on unchecked we may find that our freedom of speech is curtailed. I shall read from the judgment of Middleton J.A., appearing in the Ontario law reports of December 11, 1930:

> All this satisfies me that the accused was a member of an assembly, lawful in its inception, but unlawful in its execution, because it was determined to meet force by force and to resist the officers of the law. It is quite immaterial that the officers of the law may have been mistaken in their interpretation of the police regulation, or that the regulation itself may be invalid. This does not justify the use of force against constituted authority, or even against any other, to the disturbance of public peace. The conviction must be affirmed. I would commend the learned county court judge for his good sense and moderation in dealing with this case.
>
> Mulock, C.J.O., and Grant, J.A., agreed with Middleton, J.A.

There are just two points I should like to mention, though perhaps the house will think I have considerable temerity in criticizing a judgment of this kind. I should like to direct attention to this sentence:

> It is quite immaterial that the officers of the law may have been mistaken in their interpretation of the police regulation. . . . .

That is going altogether too far. It is a most dangerous position when the officers of the law are upheld even though they may be mistaken with regard to their interpretation of a police regulation. Then comes the second part of that sentence:

> . . . . or that the regulation itself may be invalid.

Again I think we are proceeding on very dangerous ground. In this instance the trouble was that a group of citizens proceeded to have some sort of parade, thinking they were quite within their rights. As a matter of fact they were not disobeying any police regulation, yet the officers told them to disperse. As was shown by the evidence, the officers had no right to interfere because the men who were on parade were not disobeying any police regulation whatever. The officers were entirely mistaken, and when these men stood on their rights as citizens and said they had a right to walk through the streets they were arrested by the police, who were upheld in their act. I say that sort of thing is dangerous to our citizenship. Then let me read from the minority judgment of Magee, J.A.:

> This appellant, leading a peaceable procession, and said but not proved to have been acting in breach of some by-law, is arrested and, instead of being charged with breach of by-law, for which he might be fined, is charged with a crime for which he might be imprisoned. The hands of our peace officers endeavouring to enforce the laws should be upheld and strengthened, but I am unable to convince myself that on the evidence here presented this conviction should stand, and therefore I would allow the appeal.

Then Fisher, J.A. said:

> I fully agree with the conclusion of my brother Magee that this appeal should be allowed, and I desire to add that the crown has utterly failed to produce—as it was bound to—any witness proving that persons in the neighbourhood had reasonable grounds to fear that the peace would be disturbed tumultuously, or to provoke other persons to disturb the peace tumultuously.

The appeal was dismissed, Magee and Fisher dissenting. I thought it was well perhaps to add this Hamilton case which bears very directly on my contentions of a few weeks ago.

It chanced that in my presentation of the bill I mentioned the city of Toronto, and I instanced some of the practices of the police which I considered inimical to the maintenance of free speech. A number of hon. gentlemen from Toronto seemed to regard this as a direct attack on that city. That is not so. I also mentioned similar instances from the city of Montreal. I have just mentioned one that relates to Hamilton and I have mentioned some with regard to western Canada. But some of these gentleman seem to be very jealous of any criticism of Toronto. In fact, when the bill was last under discussion one hon. member declared that the city of Toronto did not need to be defended. He went on to speak of the admirable things that had been done in Toronto—the enormous amount given in Christmas relief and the sums contributed to the patriotic fund. Just what that has to do with the criminal code

I fail to see, but evidently he thought that something was needed to counterbalance the criticism of Toronto.

Now, I am a native of Toronto, so that I have nothing particularly against that city. My father and mother before me were natives of Toronto. I cannot therefore be regarded as altogether an outsider. But it does seem to me that in the last few years Toronto, more than any other city in Canada, has been adopting a great many of the most reprehensible practices which we read of as occurring in some of the larger eastern American cities. It is nothing to be proud of that these practices, which we denounce when we observe them in American cities, should be tolerated when they prevail in a city under the British flag. I should rather like to think that in advocating such measures as this we are in reality standing for the very best British traditions. I think we are. Unless I was entirely misled when I was a child, I was given to understand that Britain stood for freedom of speech. Yet I heard the other day one of those hon. members who are opposing this bill say that the people of Toronto do not believe in free speech. He gave as one evidence of this the fact that a very small number of electors had voted for a certain communist candidate. The hon. gentleman is confusing the idea of free speech with some sort of extravagance on the part of certain communists of Toronto.

I do not know that it is necessary for me again to dissociate myself from the communist party. Someone says it would not do me any good. That is a very smart remark. But let me say that if anyone would like to know how the communists regard me all he has to do is to read the columns of The Worker, the communist paper, or other communist publications circulated in the country. I am not a member of the communist party, but I do believe that we are in danger of being stampeded because of the prevalence of a number of communists in the country. And even though they opposed me and both my colleagues at the last election, I say none the less that I stand for free speech. It was only the other day when I was in the city of Windsor that a meeting which I was addressing was almost broken up by a group of communists. I do not like that kind of thing and I will not stand for it, because I believe that I should have the right to freedom of speech. If the trades and labour council call a meeting, as they did on that occasion, they should have the right to conduct that meeting without interruption by communists. That is only fair. But that is a different thing altogether from taking the ground that the communists have no right to speak in public or otherwise to voice their ideas. A number of the ideas of the communist party are not my ideas, but that does not mean to say that I should try to have them suppressed by force. If one set of opinions are suppressed by force it will be only a matter of time until other ideas are similarly suppressed. So that even though the communists are bitterly opposed to us we still stand for freedom of speech, and I trust that in this position we shall be joined by a great many other citizens.

An hon. MEMBER: Quebec is free.

Mr. WOODSWORTH: I do not know whether Quebec is any freer in this regard than Toronto, because in recent times the city police have been very active in Montreal with respect to the communists.

Since one or two other members have had so much to say with reference to communism, perhaps I may be permitted to add a few words on the subject, although it seems to me to be apart from the bill before us. Someone the other day said that the O.B.U. was the same thing as communism. I am not and never have been a member of the O.B.U., but I have had occasion in the last ten years to study closely the various labour organizations in this country, and the man who states that the O.B.U. and communism are one and the same thing is absolutely mistaken. The O.B.U. is an organization in the industrial field. It was the result of an effort some years ago to get all the different trade unions into one large industrial body. It largely failed in its purpose although it is still in existence as an organization. But it was not a political organization at all, whereas communism is.

May I point out that however much some may dislike some of the doctrines of communism, there is after all no law in this country against it. It is not an illegitimate organization. Hence the communists ought to be allowed to carry on their meetings so long as they do not interfere with the freedom of others. If anyone is afraid of their talking sedition, the law is there and they can be prosecuted. Indeed, I often wonder why some of those who are opposed to the appearance of the communists in public do not adopt the reasonable course and charge them with sedition. The law, I say, is there and these people, if they preach sedition, can be dealt with under it.

It was only yesterday that my colleague from Vancouver called attention to still another infringement upon free speech. Accord-

ing to our information a prominent medical man of the city of Vancouver, who is also a member of the independent labour party, has been broadcasting. Some of the people in Vancouver did not like what he was saying, but a great many did. A complaint was made to the broadcasing company as well as to the department at Victoria. I have not as yet received the papers which would give me an accurate account of what took place or just who is to blame, but this doctor has been notified that he can no longer broadcast over this particular station. Here seems to me to be another danger to freedom of speech. When a broadcasting station is given a licence by the Department of Marine and Fisheries it has a certain general duty toward the public. If any man is willing to pay for the right of broadcasting he should be permitted to do so.

Mr. HANSON (York-Sunbury): And say anything he likes?

Mr. WOODSWORTH: No, and the hon. member knows perfectly well that that is not what I am advocating. If he says anything which is seditious, he can be charged with sedition.

An hon. MEMBER: What kind of doctor was he?

Mr. WOODSWORTH: A medical doctor belonging to the medical association of British Columbia.

An hon. MEMBER: Who was he?

Mr. WOODSWORTH: Doctor Lyle Telford. I am just instancing this as being another instance of the curtailment of free speech. If this kind of thing is permitted it would mean that this new instrument for publicity, the radio, would be in the hands of a few, and if that few did not like what was being said or did not like the particular political doctrine which was being taught, they could suppress that speech and prevent that individual from giving any more broadcasts. To adopt that principle is to relinquish all our British ideals of freedom of speech.

There are laws against sedition, which laws can be invoked at any time. A man can be charged, regularly tried and convicted, and that is the proper method to pursue. We ought not to have a censorship such as some of our cities have been seeking to set up.

Regarding some of the charges made against the police of Toronto, let me direct attention to the fact that the hon. member for Toronto West Centre (Mr. Factor) confessed that intimidation had been used in connection with the rental of halls in the city of Toronto. I know from those who have attempted to rent halls that that has been the case, that the hall owners have been told that if they permitted such and such an organization to rent their halls they would have their licences cancelled. When I presented this bill I instanced a number of cases in which that action was taken within recent months. I say that that is an unwarranted extension of the licensing powers of the police and a distinct curtailment of freedom of speech.

All I am asking for in this legislation is that certain safeguards should be set up which would give the citizens a right to free speech so long as he did not violate the law. Hon. members say that they are quite willing to have free speech within the law; that is all I am asking for. If he goes outside the law the man who is guilty can be prosecuted; all we are asking for is free speech within the law. Just how far this restriction of freedom affects organizations other than the communist organization was made quite evident in the case of the Fellowship of Reconciliation, whose only crime was that they wanted to hold a meeting in the advocacy of free speech. They were not trying to propagate the principles of communism, although that would not have been a crime; all they wanted to do was to hold a meeting in the advocacy of free speech, but they were prevented from obtaining a hall. I do not believe that such action is in the best interests of the people of this country.

This bill simply provides for the general right to assemble; it insists that before action can be taken there must be a danger of an immediate breach of the peace; that in judging of the character of the speeches an isolated word or phrase is not to be taken, but that the speech must be judged according to its general nature and character, and that the people called upon so to judge shall be firm and reasonable persons. The last phrase provoked a good deal of ridicule, the suggestion being made that there were no such people in the city of Toronto and that we would have to import them from other parts of the country. That particular phrase was taken from a judgment closely connected with this matter. I would not have chosen those words myself; I adopted them because of the legal advice which I had to the effect that they followed very closely a precedent in this regard. I am not seeking in any way to throw open the doors for seditious speech, I ask only, as is stated in the explanatory note, to provide a safeguarding clause to ensure that the general nature and character of speeches upon public affairs must be the

ground for regarding any meeting as unlawful. Surely we are in line with the very best British traditions when we insist that whatever else happens in this country, in times of peace at least, we must preserve the fullest freedom of speech and assembly.

Motion negatived.

IMMIGRATION ACT AMENDMENT

DEPORTATION—RIGHT TO RETURN TO CANADA AFTER ABSENCE

The house resumed from Friday, July 10, consideration of the motion of Mr. Woodsworth for the second reading on Bill No. 44, to amend the Immigration Act.

Motion negatived.

Mr. SPEAKER: The list of private and public bills having been exhausted, the house will revert to committee of ways and means.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. LaVergne in the chair.

Mr. BOUCHARD: When the committee rose at six o'clock I was, through the courtesy of the Minister of Finance, discussing the question of wool. I do not desire to detain the committee much longer, but I should like to finish the letter I was reading. It continues:

The opinion was very freely expressed that such nurturing of the industry would result in higher grade produce and the introduction of sheep upon more of our farms. The necessity of some means of grading lamb and mutton was also strongly emphasized as an inducement towards better produce and as an assurance to the public of quality, resulting in greater consumption.

The following resolutions were accordingly drafted and unanimously agred upon:—

This meeting, called in conference on the sheep industry in Canada, with representatives of the producers of wool and mutton from every province in the Dominion, urges upon the government the necessity of the home market for their products, by means of a duty on all lamb and mutton, and a duty on the complete wool schedule from wool in the grease to yarns, and all waste therefrom, rags and shoddy. This duty to be sufficiently high to ensure to the producers a reasonable profit over and above cost of production.

These last few words would seem to anticipate what we find in the tariff board bill. The report on this meeting is headed:

Home Market Sought By Canadian Sheep Men

Ask Ottawa for safeguards against imports of wool and lamb—general conference follows annual meeting of Canadian Cooperative Wool Growers.

I will quote just a few sentences:

Preservation of the home market for Canadian grown lamb and wool was requested of the federal authorities at Ottawa in a resolution passed at the sheep conference which followed the annual meeting of the Canadian Cooperative Wool Growers in Toronto on March 26. Taking advantage of the presence of sheep raisers from all over the Dominion as well as representatives from the provincial and federal departments of agriculture, the packers, and others who attended the meeting of the cooperative, after the regular business, general questions were discussed and progress made in defining a sheep policy for Canada. It was pointed out that as we are not producing nearly as much wool and lamb as we are using in this country there was much room for expansion; that such expansion would be of great benefit in promoting sound mixed farming, but that unless the home market was reserved and developed for Canadian producers of lamb, mutton and wool in all forms, to ensure a reasonable profit over the cost of production, satisfactory progress could not be expected.

Just recently, on July 2, I received a letter which was forwarded to me by Mr. O'Brien, manager of the Canadian Cooperative Wool Growers, Limited, giving a little brief in regard to this question. This is the concluding portion:

Current wool prices to the grower in comparison with prices on white wool blankets at wholesale mill prices of 83 cents per pound f.o.b. Canadian mills, enjoying protection under British preferential tariff of 22½ per cent plus 20 cents per pound, give a true picture to the present position of Canadian grown wool.

May I quote from the general report of the last meeting of the Canadian Cooperative Wool Growers, Limited, held at Toronto on March 26:

In this connection it was encouraging to note the following editorial comment in a recent issue of the Canadian Textile Journal. It read: "Once development of the woollen industry is based upon development and expansion of domestic wool production it will be on firm ground, and we believe this can be accomplished over a period of five years without added cost of either mutton or wool clothing to the consumer."

The president of the Canadian cooperative concludes as follows:

We appreciate this note of encouragement and cooperation from our textile friends.

At the end of this convention, the Toronto Daily Star came out with an interview headed:

Ask Bennett's help in wool distributing.

Head of sheep raisers reminds premier of Liberals' promise of asistance.

The CHAIRMAN: I ruled before that the hon. gentleman was out of order in discussing an item not before the chair. I have ruled before that any newspaper comment on the debate is out of order.

Mr. BOUCHARD: May I say that according to this editorial the tariff board under the Liberal regime had promised a duty on wool? I will conclude by saying this: If I crave the indulgence of the committee to speak on this question, it is because in the Dunning budget there was a tariff of 35 per cent on woollen fabric. But when we come to the drastic changes that took place in the tariff last fall, we find under the item 554b, "woven fabric composed wholly or in part of yarn or wool or hair" and so on, a general tariff of 40 per cent, or an increase of 5 per cent; but in addition to this we have an additional specific duty of 35 cents a pound under the British preferential tariff; 30 cents a pound under the intermediate tariff; and 35 cents per pound under the general tariff. This is an additional specific duty which to my mind is to take care of a tariff that should have been put on wool. When I look up the United States tariff, I see that item 1108 covering woollen fabric, and so on, carries a duty of 50 cents per pound as a specific tariff, and 50 per cent ad valorem duty. I understand that the 50 cents per pound is imposed to take care of the tariff on raw wool. The inconsistency in our tariff is this, that you had a specific duty of 35 cents per pound on woven fabrics to take care of the tariff on wool in the fabric, but you have no tariff on raw wool. I shall not press this matter any further at the moment, but I draw it to the attention of the Finance minister in the hope that this question will receive further consideration when the new tariff board is functioning.

Mr. BENNETT: It was agreed, Mr. Chairman, that there should be an opportunity afforded for general discussion with respect to the items that were, in the view of my hon. friends opposite, but very inadequately discussed in the September session; hence the observations of the hon. member for Kamouraska, (Mr. Bouchard). May I say to him that he has overlooked just one factor with respect to wool, and it is the vital factor in determining the action of governments. It was the vital factor in determining that no action was taken by the tariff board.

This country has fewer sheep in it to-day than it had, say, twenty-five or thirty years ago. The entire number of sheep in Canada in 1928 was 3,415,000, and in the year 1871 the number was 3,153,000. The increase has not been at all commensurate with the demands. For instance, the entire wool production in this country is somewhere in the vicinity of 22,000,000 pounds a year, and the actual consumption of wool approximates 80,000,000 pounds. Part of the reason why there is an importation of wool is that the wool thus far produced in this country is not suitable for the purpose of producing the quality of cloth that is sought. In other words, in any event, with the wool we are now producing in this country, it would be essential to import wool from Australia, New Zealand or some other country.

The question is, what action can be taken to ensure (a) an increase in the number of sheep in this country, and (b) such a quality of wool as would ensure the production of a sufficient quantity to meet in the main the requirements of this country. I need hardly say to the hon. gentleman that the problem during the short period in which this government has been in power has engaged its serious attention. If during the nine years he was content to support the government of that day he can point to any action taken by that government which increased the production of wool or of sheep in Canada, I shall be glad to hear of it. No such action was taken. The sheep industry has undoubtedly suffered in Canada.

I need hardly say that we propose, if we are allowed a reasonable time within which to take action, to see that that state of affairs does not continue. One would think from such observations as those to which we have just listened that there had never been an opportunity afforded to the party to which he belongs to effect any of the reforms to which he refers. You would think they had been in the cold shades of opposition all their lives, and that this government had had for years and years an opportunity to effect the reforms which were much needed, and which are now rapidly being effected. I have not the slightest doubt in the world that when this matter has been carefully studied and all its implications are understood, we shall be able to devise a remedy to meet the situation. The reason that the duties were imposed upon the products of wool, namely, cloth and woollen goods, was that at the moment our factories and mills were closed absolutely by reason of the action taken by the preceding government, and we had either to stimulate and secure an industry that should be indigenous to this country, namely, the woollen industry, or let it perish. We took the course indicated by the schedules of last year, and if the hon. gentleman will give us, not as long as nine years, but half that time, he will find that the number of sheep in this country will have greatly increased, and that the production of wool will have been greatly adavanced, and we shall be producing the raw material from which our cloths are made to an extent that

we have not heretofore done. No animal is more valuable than the sheep to a farming country such as this, and perhaps there is no country in the world where sheep could flourish more profitably than in some parts of Canada. The sheep is valuable alike for its wool and for the food value of its meat. The sheep is one of the most productive of the animals upon farms. The records are clear upon that point. The sheep enriches the soil upon which it flourishes. It serves the agriculturist for food and clothing. To the extent that legislative action may stimulate that industry it will be taken, but may I say to the hon. gentleman that had he in the first year he came to this parliament to support the government of that day shown the zeal for the industry that he exhibits to-night, we might have hoped for some little reform on the part of the government which he supported.

Mr. MOTHERWELL: I think I can show where there is a vast difference between conditions to-day and conditions when we were in power with respect to wool and the woollen industry. Go back to last September. I have not the tariff before me, but my recollection is that the tariffs were put up 35 and 40 per cent. That was on behalf of inter-imperial trade.

Mr. BENNETT: On behalf of the woollen industry of Canada.

Mr. MOTHERWELL: The Liberal policy on wool has always been to give the poor people, especially in the northern part of this country, woollen goods as cheaply as possible consistent with quality. That has been our policy, and the farmers were always willing up to recently to produce their wool free in order to make their contribution towards free woollen fabrics. But now it is a horse of a different colour altogether. We have woollen goods coming into this country now under a duty of 40 per cent, shutting out the cheap woollen goods that we have enjoyed during all these past years. Why should the farmer be expected to make a sacrifice on behalf of free wool when the woollen manufacturers are getting 40 per cent protection, which is the position to-day? So far as I am concerned I am still in favour of free wool, and I would rather see the duty on the manufactured article put back to where it was, so that our people could get cheap woollen goods, than have further sacrifices made by the farmers in supplying free wool, while the manufacturers are getting 40 per cent protection. That is going a bit too far in discriminating against the various classes in Canada, and I am not surprised that the hon. member for Kamouraska is struck by the disparity.

I should like to make a suggestion. There is a provision in the revised statutes of 1927 with respect to wool. It reads:

> Wool, namely, Leicester, Cotswold, Lincolnshire, Southdown combing wools, or wools known as lustre wools and other like combing wools, such as are grown in Canada:

The rates were 2 cents under the British preference, 2½ under the intermediate and 3 cents under the general. If we had that in force with a reasonable interpretation as to what constitutes good wools or wools corresponding to Australian wools—

Mr. BENNETT: That is not in force now.

Mr. MOTHERWELL: I cannot see where it has been repealed. If my right hon. friend can show me that that has been repealed I shall have no more to say. The trouble is the tariff board has interpreted it as meaning that Australian wools did not compete with even the best Canadian wools, and my contention is that they do compete with our finer wools.

Mr. MANION: I do not wish to delay the proceedings, but before the tariff hearing a few months ago a Canadian manufacturer of woollen goods made the statement, and was not contradicted by any one, that good Canadian woollen goods in comparison with imported woollen goods are much cheaper to-day than they have ever been. So my hon. friend's statement about the price is just as erroneous as a lot of other statements from the opposition—that simply because you raise the tariff up goes the price of the commodity. That applies only to the imported article, and surely our Canadian-produced woollen goods should be good enough even for my hon. friend, provided their quality is equal to that of the imported.

Mr. MOTHERWELL: My hon. friend knows that if the tariff had not been put up woollen goods would be still cheaper than they are to-day.

Mr. MANION: No. Hundreds of instances could be given to the contrary. In the United States the higher tariff has lowered the prices of hundreds of commodities.

Mr. MOTHERWELL: Does my hon. friend argue that our woollen mills are putting out a larger volume than they did formerly?

Mr. MANION: I do not know about that. I am simply giving him the statement of a Canadian manufacturer of woollen goods, and that statement was not contradicted by anyone present.

Mr. STEWART (Edmonton): It is a good many moons since Canadian wools were as cheap as they are to-day. And why should they not be cheap?

Mr. MANION: That is what I am saying, but my hon. friend from Melville (Mr. Motherwell) has been arguing to the contrary.

Mr. STEWART (Edmonton): The manufacturing of all Canadian woollen cloths is making excellent progress. Why should they not be able to manufacture cheaply? The point is, the producer of wool cannot live at the price he is getting for his product. Almost every article produced on the farm is in the same category.

Mr. MANION: That is on another line altogether.

Mr. STEWART (Edmonton): I know, but when my hon. friend says cloth is cheaper to-day, I ask him why it should not be cheaper.

Mr. BENNETT: My hon. friend from Melville asked when the item to which he referred was repealed. It was repealed by item 549 of the tariff which was enacted on February 17, 1928, by the government of which he was a member, and wool was put on the free list.

Mr. MOTHERWELL: But the question raised by my right hon. friend was as to whether it exists at all now. I contend it does not.

Mr. BENNETT: It is free now.

Mr. YOUNG: The Minister of Railways (Mr. Manion) said he had heard a Canadian woollen manufacturer make a certain statement at a tariff hearing with regard to woollen cloth, which statement was not contradicted. When he made that statement was anybody given a chance to contradict him or even to cross-question him?

Mr. MANION: Yes. Your friend, Mr. Deachman was present and able to butt in at every possible opportunity and make misstatements as he makes them on all possible occasions.

Mr. STEWART (Edmonton): Surely my hon. friend would not call that a hearing?

[Mr. Motherwell.]

Mr. MANION: Yes. Anybody who wished to speak at that hearing was heard, and heard gladly.

Mr. CASGRAIN: A Tory hearing.

Mr. LAPOINTE: An impartial hearing!

Mr. MOTHERWELL: Is the three cent duty levied on wool coming into Canada?

Mr. BENNETT: No.

Mr. MOTHERWELL: Then it is free?

Mr. BENNETT: It is all free.

Mr. MOTHERWELL: It depends upon the administration of it.

Mr. BENNETT: No. My hon. friend's government made it free in 1928 in the tariff of that spring abolishing the item. The item now stands free under all tariffs. That was the contribution my hon. friend made to the wool producers of Canada.

Mr. MOTHERWELL: Nothing of the kind. This was in the revised statutes of 1906 and stood at a straight 3 cents.

Mr. BENNETT: It stood until 1928; then my hon. friend rescinded it.

Mr. MOTHERWELL: It is standing still.

Mr. BENNETT: No, it has gone. It was repealed in 1928 and wool was made free. I am glad my hon. friend is sorry he participated in the execution of the wool grower, because apparently all this while he has been under the impression that wool carried the duty mentioned in the revised statutes of 1906. It will be recalled that Washington Irving's Rip Van Winkle did really wake up—and my hon. friend is another Rip Van Winkle.

Mr. MOTHERWELL: Rip Van Winkle is awake enough on this question. No, it has been free all along, and what is more, if the tariff board want to interpret the present tariff on wool otherwise they have the authority to do so by levying a tariff of 2 cents British preference, 2½ cents intermediate and 3 cents general on any imported wool that competes with Canadian wool. They have that authority yet.

Mr. EDWARDS: What about taking the 12½ per cent duty off worsted yarns? That did more to destroy the Canadian wool industry than anything else.

Item agreed to.

Customs tariff—386m.

(i) sheets of iron or steel, cold rolled, when imported by manufacturers for use exclusively in the manufacture of sheets coated with tin: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent;

(ii) sheets, hoop, bank or strip, of iron or steel, hot rolled, when imported by manufacturers for use exclusively in the manufacture of sheets, hoop, band or strip, coated with zinc or other metal or metals, not including tin, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

On and after September 1, 1931: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent.

Mr. BENNETT: The only change made is to provide for the duty of 5, 7½ and 10 per cent, being effective after the first of September, until which date these articles are free.

Mr. VENIOT: The order in council was passed last August putting it into effect, and since then up to the present time it has been in effect at the rates specified here, 5, 7½ and 10 per cent.

Mr. BENNETT: It is the other way about. Orders in council were passed extending the time when the new rates became effective to the first day of September, 1931.

Mr. VENIOT: This statute perpetuates that—if I may use the term—because since last fall a branch of the American Steel Corporation has started operations at its Ojibway plant. How many men are employed at the Ojibway plant?

Mr. MORAND: Between three and four hundred right now.

Mr. VENIOT: I did not ask you; take your seat. I want authoritative information.

Mr. BENNETT: It has not been customary to deal with the number of employees at any particular plant. I have not the information before me, but the hon. member for East Essex (Mr. Morand), who lives in that vicinity, says there are four hundred. I have every reason to believe he is one man who would know.

Mr. VENIOT: I just heard him say about 350, so I do not know which one to believe. However, I will accept the lesser number.

Mr. MORAND: I may tell the hon. gentleman that at one time as many as 650 people were employed. Now the number is between 300 and 400.

Mr. VENIOT: When was that one time?

Mr. MORAND: Within the last three or four months.

Mr. VENIOT: Now I wish to point out one or two matters to the Prime Minister. We in the maritime provinces are very much concerned about this duty, since we use a great deal of tin plate in the canning of fish.

Mr. BENNETT: This is not the tin plate item.

Mr. VENIOT: Yes, it is; it is the only item I see under which tin plate might come. Let me say that the same concern applied to the former government for a duty to protect them if they established a plant in Canada. The reply of the tariff board was, "Would it not be much better for you to manufacture the plate in Canada and dip it here as well?" That is what they are doing now; they are dipping it in a solution at Ojibway and calling it tin plate. Under the present tariff, and since the Ojibway plant has been established, the finished article of iron plate, so called, rolled at the parent factory in the United States, is imported into Canada free as raw material. What is the finished article of one industry may be the raw material of another, and at Ojibway they only process this finished article which they import as raw material. They do nothing but dip it, and thereby they get their tin plate.

It is said that these people have pledged themselves not to increase the price. Let me point out that the price has been increased, and in addition to the increase in price the maritimes are discriminated against in connection with freight rates as well. This tin is purchased in boxes weighing 112 pounds; the plates are generally 14 by 20 inches, weighing about 100 pounds per box. In 1929 the f.o.b. price at Pittsburgh, from which place this raw material is exported to Canada to be dipped and called tin plate, was $4.03 per box, and in 1930 it was $4.35. That was the price in the world market, where we were buying our supplies. The duty on that purchase now will be 64 cents. Ojibway quotations last winter, through Montreal, were $5, which shows that the duty is added to the open market price.

In the matter of discrimination in connection with freight rates, the rate from Ojibway to the maritime provinces is 20 per cent higher than the rate from Pittsburgh to any point in the maritimes, and it is higher than the rate on tin plate from Wales, where we buy the larger proportion of our imports. Instead of encouraging empire trade this extra duty will prevent Welsh tin plate being shipped to Canada, unless it can be bought at a lower figure than it has been selling for in the past, and the moment that is done the dumping duty acts. I hold in my hand a contract of the kind signed by people who purchase their cans, already made in different sizes, in Ontario. This is a three year contract, subject to tariff changes and so on, but the moment this duty was passed these people

offered those for whom they were manufacturing cans to cancel their three year contracts, which had some months or perhaps a year to run, in order to enter upon a new contract beginning in January, 1931, under which, if the contract were made for a three year period, the purchasers might get a slight price reduction. I have a letter written by one of these firms located in Hamilton. The general manager of the company, in communicating with persons who desired to have their cans manufactured there as in the past, said under date of April 27, 1931:

Referring to your letters in connection with prices for lobster cans, we have given this matter some thought, and while there is no justification from the standpoint of cost of cans for making any reduction in prices at this time, we have decided that it is desirable in the interests of our customers to do so.

The reduction was made because they attempted to cut down the cost of their production and the tariff was taken advantage of in order to keep up the price. That is one case, but there is a worse situation. Not only are we in the maritimes compelled to pay higher prices for our goods, but I find an article in the press under date of June 7 last setting forth certain actions taken by the railway commission. This article proceeds:

Canadian railways have not filed lower freight tariffs on new automobiles to meet competition with trucking by road, as have the United States railways, but freight rates in Canada are constantly being revised to meet water competition. Railway rates on flour and grain eastbound from the head of the lakes to eastern Canadian points were recently reduced by 7½ cents per hundred pounds, the rate from Fort William to Montreal being cut from 32½ to 25 cents per hundred pounds.

This is the point I wish to emphasize:

Freight rates on tin plate from Ojibway to fruit and vegetable canning points all over Ontario have also been lowered.

It has never been the practice to lower freight rates on short hauls; the practice has been to lower freight rates on long hauls, but there is no cut in the rate on the 1,400 mile haul from Ojibway to maritime points, while the rates to centres of fruit and vegetable canning in Ontario, which are almost contiguous to Ojibway, have been reduced. Since the government are trying to see that our industries have a reasonable chance to compete, even among themselves, I claim it is the duty of the government to see that there is no discrimination against the maritime provinces in connection with freight rates. If there is to be a cut to suit those points in Ontario, adjacent to Ojibway, in order to help the fruit canning industry, why cannot we get a corresponding cut on tin plate to the maritime provinces, which will help us in the canning of our fish? In the maritime provinces, located at Port Elgin in the county of Westmorland, there is one of the largest fish canning factories in the world. We have also there, with branches in Nova Scotia and Prince Edward Island, a factory that manufactures from tin plate large quantities of cans for fish. There is another in the county of Charlotte, New Brunswick, whose output of cans is also considerable. These people are faced with this discrimination, and I would ask the Minister of Finance to look into the matter, especially from the point of view of freight rates, to see whether the railway cannot give a cut in rates. If they can give reduced rates on short hauls to certain centres in Ontario, we in the maritime provinces should receive equal treatment.

Mr. BENNETT: The question of freight rates is too large for discussion to-night.

Mr. VENIOT: I just wanted to call attention to it.

Mr. MORAND: The freight rates were reduced not because there was any wish to discriminate but because the trucks were taking the entire business away from the railways. They were able to distribute from Ojibway by truck, and that is why the railways cut the rate. They wanted to retain some of the business.

Mr. VENIOT: That is a poor excuse.

Mr. MORAND: It is not an excuse; it is the truth.

Mr. VENIOT: It may be the truth, but it is a poor excuse. I did not say it was not the truth, but even the truth can be a poor excuse at times.

Item agreed to.

Customs tariff—410d. Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing over eight inches in diameter, for use exclusively in drilling for water, natural gas or oil, and in prospecting for minerals, but not to include motive power: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: The only change is the substitution of the word "eight" for "four."

Item agreed to.

Customs tariff—415a. Refrigerators, domestic or store, completely equipped or not:

(1) electric: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 40 per cent;

(2) other than electric: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. BENNETT: This divides the item into two parts in consequence of modern scientific discovery—electrical and other than electrical.

Item agreed to.

Customs tariff—422. Street or road rollers and complete parts thereof: British preferential tariff, 10 per cent; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Mr. BENNETT: There is an increase of 10 per cent under the intermediate and general.

Item agreed to.

Customs tariff—423. Electric dental engines: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—438a. Automobiles for conveying passengers, only, n.o.p., valued at retail at place of production, when new, with standard equipment complete, at more than $1,200 each but not more than $2,100 each; chassis for same: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 30 per cent.

Mr. COOTE: It is often said that the tariff does not increase the price of goods to the Canadian consumer. In connection with this item I want to quote the words of Mr. J. C. Armer, vice president of the Dominion Forge & Stamping Company, in a recent article of his appearing in the press:

Canadians pay more for their automobiles than Americans pay for theirs. Canadians also pay more for all other manufactured articles than the selling price in some other parts of the world.

I want to refer particularly to this sentence:

They do this because it is the only way in which to build up a well-balanced nation which can provide work for all classes.

It goes on:

Few people in Canada, however, realize that this price differential in motor cars is less than in most other manufactured articles.

According to the unemployment figures we know that work is not being provided for all classes, but the tariff does provide work for one class. I have here a clipping from the Toronto Globe of February 4, 1931. It is a letter from Mr. T. Houston of Bruce county, and I will read one or two paragraphs with reference to automobiles:

As an illustration of how the Canadian farmer is handicapped—at the present time five fat cattle, weighing ten hundred pounds each, delivered in Chicago, will buy a light sedan car, while it takes eleven cattle of the same weight and quality delivered in Toronto to buy the same make and style of car in Ontario. Just think, six out of eleven of the Canadian farmers' fat cattle gone for nothing in this case.

He is making a slight mistake there—they have not gone for nothing, they have gone to provide some work. He continues:

Just imagine what the Canadian farmer could buy with those six cattle if he were given the same deal as the United States farmer. It would be more than enough to instal a water system in a farmhouse at the United States prices. And there are hundreds of other things in Canada worse than the automobile, only not so easily proved.

This man is of exactly the same opinion as Mr. Armer. There are hundreds of other articles where the price differential is worse than in the case of motor cars, only the facts cannot be so easily proven. He goes on to say:

No wonder the farmers' fields are being overrun with weeds, because it takes so much of what the farmer produces to buy the bare necessities that he has nothing left to hire help to fight this weed menace.

Where will it end? Let the politicians and the manufacturers beware. When you sink agriculture everything else goes down with it.

I took the trouble to figure out how many steers it would take to purchase a Ford truck in Canada, and how many it would take to purchase the same truck in the United States. I find that it would take seven steers, weighing 1,000 pounds each, valued at the average price being paid at Chicago for choice steers, to purchase a truck in the United States, while it would take eleven steers of the same weight and grade, valued at the average price being paid at Toronto, to purchase the same truck in Canada. It would take thirteen steers to purchase a certain make of sedan in the United States, while it would take twenty-four steers to purchase the same car in Canada.

It can be truly said that protection is providing work, but so far as I can see it is providing work for one class only. In this instance the farmer must produce four more steers in order to purchase a Ford truck or eleven more in order to purchase a sedan, and it takes considerable work to produce that number of steers. It is perfectly clear that the tariff is providing work in Canada, but it is providing work for a class which is already overworked. There is no unemployment amongst the farmers and perhaps this tariff is one of the reasons for that condition. The farmer is getting pretty tired working almost for nothing; if we had a little less employment on the farm and a little more remuneration for what we do, it would be greatly appreciated. I hope the government realizes the extra work which the farmer must perform because of protection.

This is perhaps the best item in the tariff to illustrate this matter because we know the

actual prices prevailing in Canada and in the United States. The present budget is supposed to contain a provision under which the government can compel Canadian manufacturers to sell their products at the same price as though there were no tariff. I ask the government to enforce that provision in the case of the automobile manufacturers. I know nothing can be done to prevent this increased tariff going into effect, but we feel that we are entitled to ask the government to see that this provision is enforced and that the manufacturers of Canada be compelled to sell their cars at a price comparable to that charged in the United States.

Mr. STEWART (Edmonton): Mr. Chairman, this is one item in connection with which there is certainly no justification for an increase in the tariff. When reductions were made in the tariff on automobiles a delegation nearly four hundred strong came to Ottawa from the town of Oshawa and stated that if the reductions were persisted in the automobile industry of Canada would be destroyed. Any hon. member can read in Hansard the speeches made in this house upon that occasion by hon. gentlemen who were then on this side of the chamber. Citizens of Toronto came to Ottawa with the same plea, that the automobile industry would be ruined by the action taken by the then government. The government persisted in its course, and the automobile industry in common with other industries which enjoyed the tariff then existing and which was claimed to be too low, increased in volume, increased in output and increased in sales to an unprecedented degree. It could not be said by any process of reasoning that the industry was crippled by the action taken by the then government because at no period in the history of the industry did it expand so rapidly. In view of evidence of that character I fail to understand why there is any necessity for an increase in the tariff on automobiles.

Hon. gentlemen opposite came into office and one of the things they did under the authority granted in September was to increase the protection on automobiles, which was done by fixing the price for duty purposes. They have now abandoned that position and are increasing the tariff.

Automobiles, except possibly cars of the type in which some hon. gentleman opposite are riding, can no longer be classed as a luxury; and I doubt if there is sufficient market in Canada for that class of car to warrant its construction here without the price being increased beyond a reasonable degree. It is argued that this protection will give additional employment, but I do not believe the automobile industry has suffered any more than any other industry. Take agriculture or even the textile industry. The tariff on textiles was increased last year and now these factories have a glut of goods and no place to sell them. Automobiles are used by almost every individual in the country. Perhaps there are innumerable people who own automobiles who should not have them, but I cannot understand why this industry should be picked out and given increased protection. The statement that the price will not be increased does not go down, because, as the hon. member for Macleod (Mr. Coote) has said, there has always been a substantial difference between the selling price of cars in Canada and the selling price of similar cars in the United States. The Ford car is a splendid example. One factory is situated on the Canadian side, and another on the American side. A man buying a car on the American side has an advantage of nearly $100 over the Canadian who buys his car across the river.

I know it is useless to protest, as hon. gentlemen have the necessary majority to put these increased duties into effect, but I must state that in this particular the Canadian people have been bled ever since the inception of the automobile industry. They have been forced to pay too great a price for the privilege of owning a car in Canada, and now they will have to pay even more at a time when they can least afford to do so. I want to protest as strongly as I can against these increased duties on automobiles.

Mr. BENNETT: I am not quite sure whether either of the hon. gentlemen has taken the trouble even to read the items.

Mr. STEWART (Edmonton): I took the trouble to read them.

Mr. BENNETT: First, there is no change in the price of a Ford car, nor is there any change in the duty upon any cars valued up to $1,200. That remains just at the figure that was fixed by the government of my hon. friends opposite.

Mr. STEWART (Edmonton): Does my right hon. friend make the statement now that the valuation fixed by order in council did not affect the price of the Ford car?

Mr. BENNETT: I shall come to that presently. I was talking at the moment about the question of the tariff. It is rather difficult to understand just why any hon. member should make statements in this committee about the tariff on these cars being increased.

I repeat: The tariff with respect to the cars about which all this discussion has taken place, namely, those that cost up to $1,200, has not been changed. Second, the tariff on cars that range from $1,200 to $2,100 has been increased 2½ per cent under the general tariff, and that is all. But there has been a decrease in the intermediate tariff, and in addition to that, item 438d contains provisions for free admission of a large number of the component parts used in the production of automobiles, thereby, in my judgment, making provision for a reduction rather than an increase in price.

Mr. STEWART (Edmonton): My right hon. friend knows that very few machines come in under the intermediate tariff.

Mr. BENNETT: Yes; but it will be found by reference to item 1055 that a determined effort has been made for the first time to ensure the utilization of Canadian materials in the production of cars in this country. I said last year, in answer to a statement made by the hon. member for Macleod (Mr. Coote), that it was rather late in the day for us to determine whether or not we should have an automobile industry in Canada. There is now invested in that industry alone nearly $100,000,000, and in the production of automobile parts not less than $17,000,000 to $20,000,000 more. The time to determine what action should be taken with respect to an industry is not after you have permitted it to develop to the point where hundreds of thousands of people are directly and indirectly dependent upon it; the decision must be taken at the time you embark upon it. Whether or not Canada should ever have had an automobile industry is a question on which there may be diversity of opinion, but it is no longer a question. We have embarked upon the industry, and in 1926, the period to which the hon. gentleman referred, it will be recalled that the government of the day did change the items as they brought them down to parliament. It will be recalled that the Minister of Finance of that day stood in his place in this chamber and altered his tariff items in that regard, and that he made provision for what in the aggregate was as great protection as the industry had theretofore enjoyed. In fact, the industries themselves said that never prior to that time had they enjoyed more protection than they did under that item. Whether or not that be so, it is only useful to discuss it this evening for the purpose of indicating that the government of that day determined that was an industry they could not let go to the wall. That was the decision taken by hon. gentlemen opposite, and in pursuance thereof this government, finding itself confronted with the situation I have indicated, has not changed one iota the tariff items with respect to cars valued up to $1,200. But it has divided cars into three classes: (a) the cars to which I have referred, valued up to $1,200; (b) the class of cars in value from $1,200 to $2,100, and (c) the class of cars that exceed in value $2,100. The hon. member for West Edmonton (Mr. Stewart) has very properly referred to the fact that by order in council it has been provided that the commission reduction in value on cars imported into Canada should not exceed 20 per cent. That was for the purpose of preventing unfair competition with respect to those cars the production of which we had deliberately encouraged. When I say "deliberately" I mean just what I say, because parliament in 1926 affirmed that view and it reaffirmed it in succeeding years. With the affirmation of that principle, the declaration that the industry should live, we have, by providing that the discount should not be greater than 20 per cent, endeavoured to prevent a dumping of cars upon the market in competition with the production of those whom, by the solemn declaration of this parliament, we had given the right to live. All that was done was to prevent that unfair competition, and limit it to a discount of 20 per cent. Now it will be found that in the legislation that is proposed, by item 438d we are making free:

> Horns, distributors, instrument board lamps, oil gauges, gasoline gauges, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, annular ball bearings and parts thereof, lock washers, speedometers and parts thereof, vacuum tanks, composite gaskets of copper and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls, and body stampings of metal, including front, rear, side, door and seat stampings, not welded nor riveted nor further manufactured than as stampings, all of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c, and 438e for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, and 438c.

Then in item 1055 hon. members will find we have provided for a refund or drawback of duty paid with respect to other items, in one instance a drawback of 60 per cent, in the other of 25 per cent. What is the net result of that

effort? First, with respect to materials that enter into the production of a car and that are not manufactured in Canada, there shall be free entry into this country.

Mr. STEWART (Edmonton): That was in existence before.

Mr. BENNETT: Certainly. It is being extended.

Mr. STEWART (Edmonton): A few more items; that is all.

Mr. BENNETT: Exactly, but very important ones.

Mr. STEWART (Edmonton): The same provision, namely, if they are not made in Canada.

Mr. BENNETT: The point is that we are endeavouring by item 1055 to ensure that those component parts that are now being made efficiently and commercially in Canada shall be utilized, because the drawback against the imported articles would be only 25 per cent, and then with respect to another class the drawback would be only 60 per cent. The net result of that would be a car that would, we believe, cost less to produce. I cannot speak of this yet, because it is too soon to make any predictions with respect to it, but I believe there will be a reduction instead of an increase in the price of that class of car.

There is again this situation: Why after all, should we as members of the House of Commons have differences or disputes with respect to a matter of this kind? Both parties have said they want an automobile industry in Canada; we have deliberately said it. We have invited $100,000,000 of capital to put itself into the industry in this country. That capital is now producing cars, giving employment to thousands of people and indirectly to many thousands more in connection at least with the materials that enter into the ultimate production of a car. We are all agreed as to that.

Miss MACPHAIL: Will the Prime Minister not say that the capital invested in the automobile industry has had very splendid returns through the years?

Mr. BENNETT: I suppose the hon. member for Southeast Grey refers to what has been said so often as to the profits of the Ford Motor Company in the early days of its history in this country. This we do know, that the reports of the automobile industry during the last twelve months in Canada have been of lossess, not gains.

[Mr. Bennett.]

Miss MACPHAIL: Could they not afford some losses? Have they not had very great gains?

Mr. BENNETT: Certainly they can afford to make losses, as all business can, until the receiver takes possession.

Miss MACPHAIL: Would the automobile industry not be safe for quite some time?

Mr. BENNETT: I would say that the automobile industry has no greater assurance of safety than has, for instance, a great paper industry that went into the hands of a receiver yesterday. If the hon. member were sitting in her place a few years ago she would have said with profound certainty that that particular industry could have afforded to take losses and there was no likelihood of its going into the hands of a receiver; but the receiver is there and the industry is in his hands. All we have endeavoured to do, with the best capacity we have, is to evolve a scheme which we trust will ensure, on the one hand, efficiency and effectiveness in production, with the utilization of the maximum of Canadian materials, and, so far as is possible consistent with that doctrine, to make the component parts that enter into the construction of the finished article free from any tariff levy.

Mr. McMILLAN (Huron): What were the imports, together with the valuation and revenue obtained, of cars valued at from $1,200 to $2,100, and over $2,100?

Mr. BENNETT: The figures as to the revenue are not here, but as to the value, under item 438a, 5,000 automobiles were imported, valued at $5,999,681, or approximately $6,000,000, the imports being entirely from the United States. Under item 438b, which the hon. gentleman presumably has before him, the imports were 2,987 freight automobiles, valued at $3,913,000, chiefly from the United States, the imports from that country amounting to $3,656,000. Automobiles under $1,200 came in to the number of 12,927, valued at $7,549,535, chiefly from the United States, the imports from that country being $7,534,728.

Mr. McMILLAN (Huron): If you are going to give the industry 40 per cent protection on high priced cars, has the government never thought it would be in the interests of the country to take at least 15 or 20 per cent of an excise duty and put it into the revenues of the country, rather than into the pockets of the manufacturers?

An hon. MEMBER: And increase the price?

Mr. McMILLAN (Huron): It is the old story over again. I am surprised at the disposition of members of the cabinet, as well as of their docile followers, who have become so credulous that they believe almost everything they have been telling us.

Mr. BROWN: Why does the finance minister fix upon 1926 as the time we were irrevocably committed to upholding the automobile industry?

Mr. BENNETT: I did not do that. I said that both parties had committed themselves to that industry, and I said that in 1926 we made a solemn declaration to that effect. The Minister of Finance of that day determined what action he would take, and he took it.

Mr. BROWN: I understand that the finance minister said that he was of the opinion that the automobile manufacturers never at any time had enjoyed such prosperity as they did under that tariff, or something to that effect.

Mr. BENNETT: I said that their protection had never been greater.

Mr. BROWN: That is about the same thing.

Mr. BENNETT: Not necessarily.

Mr. STEWART (Edmonton): I want to deny the finance minister's assertion.

Mr. BROWN: The tariff on automobiles of the particular class referred to was reduced to 20 per cent, although we all know that part of the protection was put back again through customs regulations as to the discount to be allowed for duty purposes. The hon. member for East Essex spent the greater part of his remarks on the budget in an endeavour to prove that the automobile industry had suffered under that tariff.

Mr. YOUNG: The finance minister said a few moments ago that he would explain to us the orders in council setting up an arbitrary valuation of automobiles for duty purposes.

Mr. BENNETT: I have already indicated that. I said that in the case of automobiles up to a value of $1,200, the discount should not be greater than 20 per cent. That was what the order in council was.

Mr. YOUNG: We would like an explanation of exactly how that worked out, of how it succeeded in transferring revenue from the Dominion treasury to the coffers of American manufacturers.

Mr. BENNETT: It has not worked out that way.

Mr. EULER: I think perhaps the committee understands very clearly, or if it does not, it should, that by the action of the government the protection on automobiles has been twice increased; for the government have fixed the discount at 20 per cent, whereas, as a matter of fact, on various makes of automobiles imported, the real discount is considerably greater than 20 per cent, and in many cases runs as high as 38 and 40 per cent. I am not finding any particular fault; in fact I approve of maintaining the automobile industry in Canada, but during the session of 1930 when the old government was in office my right hon. friend was very much concerned, in the last week of the session, I think, as to whether the government of the day contemplated a uniform rate of discount. I know that he questioned me very particularly on the point. All I could say to him was that some consideration had been given to the application of the automobile manufacturers for the fixing of a discount at 20 or 17½ per cent, or whatever it might be. My right hon. friend was then very particular to point out that if anything were done—he was not particularly opposed to increasing the protection—it should be done by statute, with which I quite agree. But the question I wish to ask the Minister of Finance is this: Was the fixing of the discount at a uniform rate of 20 per cent on automobiles imported into Canada done for the purpose of giving further protection, or to simplify the administration of the Customs Act? I will admit right here there was considerable difficulty in the Department of National Revenue in establishing whether the discounts were bona fide discounts, and investigation had constantly to be made. All of that difficulty is now obviated by having the rate of discount uniformly fixed at 20 per cent. My point is this: If it is intended that the protection shall be greater —and I think perhaps that was the purpose of the present government—whether, instead of increasing the protection by reducing discounts and furthermore increasing the protection by increasing the tariff to 40 per cent on these higher priced cars, it would not have been just as well to say protection shall be given by one means only, and that is by the tariff itself? I should like to hear from the Minister of Finance whether that was the purpose, whether he intended to increase protection in two different ways rather than in one way only; or whether the two-fold purpose was to simplify administration and increase protection at the same time?

Mr. BENNETT: The hon. gentleman has asked—what I would expect from one who has administered the department—a very fair

question. The difficulty that he experienced in the department of having to investigate the discounts on each particular car made the work of the department very cumbersome and delayed it also, as he very well said. But that was not the only purpose—the hon. gentleman is quite right. The twofold purpose, as I endeavoured to indicate a moment ago, was, first, to ensure uniformity, and, shall I say, rapidity in the transaction of business; secondly, to ensure against unfair competition depending upon whim or caprice of each individual dealer as to the discount that might be granted under pressure of economic tress. I endeavoured to point out a moment ago that the second purpose as well as the first was to ensure fair competition for the domestic producer.

Mr. LAPOINTE: Greater protection, in other words?

Mr. BENNETT: Yes.

Mr. EULER: Is it not also true, then, with regard to cars priced at not more than $1,200, that the protection is increased by reason of the fixing of the discount at 20 per cent?

Mr. BENNETT: I think that is one case in which you could hardly say so, because that is about the discount allowed. The hon. gentleman knows that 20 per cent is the general rate of discount with respect to the cheaper cars; but in the higher class cars he is quite right, it did run to 35 per cent. I think there was one illustration of a high priced car on which the discount this year had gone as high as 38 per cent.

Mr. SPEAKMAN: The Prime Minister a few moments ago made a statement which I think is correct, that in every part of the house we are in favour of the maintenance of an automobile industry in this country. There is no difference of opinion as to that. But there may be a distinct difference of opinion as to the measures which are necessary for the maintenance of that industry. A substantial increase in protection is given by these tariff resolutions, not so much by way of the tariff itself but by way of valuation and of free imports of certain parts—which lower the cost of construction to the manufacturer but do not necessarily cheapen the cost of the car to the consumer, because that again is set by competition from the outside. To my mind any increased protection to this industry might very properly have been left over until the new tariff board was functioning, because it is an industry which we cannot say is suffering intensely at the present time, and its condition vitally affects everyone in Canada.

I should like to make an observation while I am on my feet—an observation that I have thought of making a number of times. This session I have never criticized the government for their tariff policy. I made the statement on one occasion that undoubtedly the government did come into power on the pledge of increased protection. I for one have no criticism to offer with resepct to that increased protection, although I disagree as to its effect on the country. I think it is fair to say, speaking for the farmers of my part of the country, that they are not desirous of seeing any manufacturing industry suffer. They are willing to stand for a good deal to keep every industry running in such a way as to ensure employment to Canadian working men. The average farmer thinks—and it is difficult to convince him that he is wrong—that during this period of depression almost every industry and every activity in the country has the shock to some extent softened by legislation—every industry except the farming industry. The manufacturing industry has its prices safeguarded, as far as they can be safeguarded, by protective tariffs. I will admit at once that the difficulty of selling their goods to a limited market has caused them troublous times, and I do not say they are making profits now; but I do say that so far as we can do so by tariff legislation we are protecting them from the shock of this depression and making certain, as far as it is possible, that they shall sell their goods at profitable prices. In the same way transportation service is protected under the Railway Act, and it is administered to ensure that no matter what the value of the products they carry the railways shall at least receive profitable freight rates. Likewise our banks, our mortgage companies and our loan companies are safeguarded by law so that they may be able to conduct their operations on a profitable basis. But what about the farmer? He says, and very logically, that he is left unprotected to bear the shock of this depression. I say unprotected, because although this government is doing its best to protect our farmers, no one knows better than the Prime Minister that the tariff has been of very little benefit to them. The farmer is willing to bear his share of the depression, to tighten up his belt and fight his way through, but he does feel that so far as it can be fairly done every class in the country should bear its fair share of the burden with him, otherwise he will be overwhelmed.

Mr. McGIBBON: I was very much interested to hear the hon. member for North Waterloo (Mr. Euler) say that everything in the way of protection should be governed by the tariff. But I should like to ask him by what authority he changed the content of the Canadian car and applied it to all cars made in the shop instead of to the individual car. This change increases importation into this country and deprives the Canadian workman and the Canadian manufacturer respectively of thousands of dollars' worth of work and business. He did it absolutely without authority and without legislation.

Mr. YOUNG: Mr. Chairman, a few moments ago when I asked the Prime Minister if he would explain to the committee how the order in council fixing the discount at 20 per cent transferred the revenue from the public treasury to the pockets of the American manufacturers, he said it did not do so. I think I can demonstrate to the house that it does. Take the cost of the car that retails at $1,000, on which the discount allowed is 30 per cent.

Mr. BENNETT: There are not any.

Mr. YOUNG: I am taking approximate figures. I have in my room accurate figures, but these will illustrate the point as well as any others. The discount on a car retailing at $1,000 would be 30 per cent. The importer of that car would pay to the manufacturer in the United States $700. When he brings that car to the border the duty at 20 per cent would be $140. The order in council says he must not accept a 30 per cent discount, but is restricted to a 20 per cent discount; it says therefore that the valuation of that car for duty purposes must be $800. It is valued at $800, and the duty being 20 per cent he pays $160 in duty. Very well; then the customs official comes to him and asks, "What did you actually pay the manufacturer for the car?" If he says, "I paid $800," the official will say, "Very well; you have paid the proper duty". If, on the other hand, he says, "I paid only $700," the official will pay to him, "You have violated the dumping laws of this country, and now we will fine you the extra $100 which you did not pay for the car." If the purchaser says, "May I pay that $100 to the manufacturer and so get away without paying the $160 duty?" He will be told that he can do so. What will be his decision? He has the choice of paying that $100 either to his principal in the United States or into the public treasury here in the form of a fine. Undoubtedly he will pay it to his principal in the United States, and the result of this order in council will be to transfer revenue to the pockets of the American manufacturer which might have come into the treasury of this country.

Mr. COOTE: I would not further prolong the debate at this late stage of the session were it not for the reference made by the Prime Minister to the large amount of foreign capital invested in the automobile industry in Canada which he said it was our duty to protect. I should like to direct the attention of the government to the statement contained in Hansard of March 29, 1926, in regard to the capitalization of the Ford Motor Company of Canada. It is shown that the original capital stock of this company amounted to $125,000, of which half, or $62,500, went to the Detroit company for certain rights they possessed. In 1926 the capital of the Ford Motor Company had increased to $7,000,000. No new capital had been put in; the balance of that $7,000,000 was taken from the profits which had been earned by the industry itself. A statement appearing in an article in the Financial Post of February 12, 1926, shows very clearly that all the capital stock of $7,000,000, with the exception of $125,000, was earned out of the profits of the industry, and at that time the company's balance sheet showed a total net worth of $41,000,000. I think that company has done exceptionally well in building up a total net worth of $41,000,000 from an investment of $125,000, half of which was foreign capital.

Perhaps we are unduly alarmed with regard to the necessity of seeing that profits are returned on all this capital. Although this situation may seem satisfactory to the Prime Minister and the hon. member for North Waterloo (Mr. Euler), I believe the farmers of Canada are getting a little weary of maintaining this industry if it is to cost us as much as it has cost up to the present; for it takes seven steers at Chicago prices to buy a truck at Detroit prices, and eleven steers at Toronto prices to buy a truck at that point, and the difference is even greater when it comes to a sedan. The increased percentage of farm products necessary to purchase a car in Canada applies to many other commodities than steers; I think it would apply to butter, eggs, wheat and many other things. This is the problem facing the farmer, and it is a problem which the government must recognize. How can they increase the return to the farmer so that he may pay these increased prices?

Mr. EULER: The hon. member for Weyburn (Mr. Young) has made a statement which I am sure was made in good faith but which I hope is not founded on fact. He claims that the 20 per cent discount works out in this way: We will say a car comes in on which the exporter in the United States allows a bona fide discount of 30 per cent. The department here allows a discount of only 20 per cent, and if the United States manufacturer does not actually sell his car on the basis of the 20 per cent discount the statement is made by the hon. member for Weyburn that the department applies the dump. Under the old administration of course that would have been quite impossible and quite unfair, because the dump is never applied unless the selling price in Canada is less than in the country of origin. I should like to know whether there has been any change in practice in that regard. If there has been a change and the dump is applied in a case like that I think it is an injustice.

Mr. BENNETT: When I heard the hon. gentleman make that statement my belief was that he was in error as to the application of the dumping clause. I am informed that it does not apply, and that he is wrong.

May I say to the hon. member for Macleod (Mr. Coote) that for the first time in the history of the country an earnest effort has been made to make an adjustment between the farmer's production and what he may pay with respect to duties and tariffs. Even if he has a unit as small as a quarter-section of land on which he produces 1,000 bushels of grain he would get $50, which at least is some compensating adjustment since it is more than he will have paid with respect to customs duties. From whom does that money come, primarily and principally it comes from these very industries to which we are referring, from the men whom he says we cannot longer keep but who are not asking to be kept. That is unfair and unjust, and is not advancing the cause of those whom I think other people have at heart quite as much as those who talk so much about it when they say the farmer is always the man who is being held up. The farmer is being given a compensating adjustment which more than meets the sum which on the average he will pay in duties with respect to motor cars or any other items of this nature with respect to the tariff.

Mr. COOTE: I think he has already paid it.

Mr. YOUNG: If, as the minister says, this dumping duty is not applied to the man who buys his car for $700 instead of for $800, which he should pay under the regulation, then I ask the minister how he enforces his order in council.

Mr. MORAND: If that were true; if the automobile firms in the United States were making an extra $100 on each car, how would the hon. gentleman account for the fact that the Reo, the Graham, the Hupmobile and the Studebaker companies are all opening factories on this side of the line? Surely they would take advantage of that opportunity to make money. This legislation has forced these people to come over here and employ men on this side of the line, so that should be sufficient answer without going further into the matter.

Mr. YOUNG: I have not had any communications with automobile manufacturers in the United States, but I have received a communication from a manufacturer of cartridges, which have been treated in a similar way. This manufacturer asks, "Why am I compelled by your Customs department to charge my Canadian dealers 10 per cent more for cartridges than I am willing to accept from them or than I am charging my American dealers?" The same thing applies to automobiles.

Mr. BENNETT: That is not accurate to-day.

Mr. YOUNG: When did it cease to be accurate?

Mr. BENNETT: Some time ago.

Mr. CHAPLIN: I should like to refer to item 1055, which states in part:

> Provided, further, that no drawback shall be paid under this item on importations of any of the undermentioned articles.

Then follows a long list of articles on which under the old system no drawback was supposed to be allowed. With respect to the articles I shall mention, namely, a clutch, a universal joint, a transmission or a starting unit, I want to ask the Prime Minister what drawback is to be given. On what parts of these units is a drawback now to be given? Is it to be given on the parts thereof or on the material therein? If on the parts, I can say that if a drawback is to be allowed on parts of universal joints then there is no necessity for putting that there at all, for the reason that 95 per cent of that article is in parts. Every one can be imported as a part, and if they are to have a drawback they have no right to be there. It was understood that these articles were not to have a drawback at all. That was my understanding

of the first reading; but this reading is changed now to 25 per cent. Why should there be a drawback? I am opposed to these drawbacks. This really means that you are paying a premium now to have parts made in the United States.

An hon. MEMBER: What is the answer?

Mr. BENNETT: The answer is there; they are on the exempted list.

Mr. CHAPLIN: I know it reads that way.

Mr. BENNETT: Is the hon. gentleman using the votes and proceedings of yesterday or of to-day?

Mr. CHAPLIN: I am reading from the votes and proceedings of yesterday, and I find in regard to the third item the following:

Provided, further, that on all materials and parts used in the manufacture in Canada of the parts enumerated in proviso (2) to the item there shall be payable, when such parts are used in the manufacture of the goods enumerated in tariff items 438a and 438b, a drawback of duty for domestic purposes of 25 per cent.

I wish the minister would be kind enough to explain that. I know what it means, and perhaps he will confirm my understanding of it.

Mr. BENNETT: It means exactly what it says. There can be no misunderstanding of the language. At page 5 of the votes and proceedings of yesterday there appears the item, "materials and parts, n.o.p."; and, subject to drawback:

When used in the manufacture of goods enumerated in tariff items 438a and 438b: 60 per cent.

Then:

Materials and parts, as hereunder defined, including all materials or parts wrought into or attached thereto; engines, bodies in the white. . . .

When used in the manufacture of goods enumerated in tariff items 438a and 438b: 25 per cent.

Then there is the proviso:

(1) Provided, that no drawback shall hereafter be paid under this item unless at least 50 per centum of the cost of producing the finished article, not to include, after September 30, 1931, duties paid upon imported materials, has been incurred in Canada;

(2) Provided, further, that no drawback shall be paid under this item on importations of any of the undermentioned articles.

And among those articles are universal joints.

Mr. CHAPLIN: Is there any drawback to be paid on the parts of universal joints?

Mr. BENNETT: The proviso is:

Provided, further, that on all materials and parts used in the manufacture in Canada of the parts enumerated in proviso (2) to the item there shall be payable, when such parts are used in the manufacture of the goods enumerated in tariff items 438a and 438b, a drawback of duty for domestic purposes of 25 per cent.

Mr. CHAPLIN: So far as that is concerned, I can tell the minister this, that all a man has to do in respect to universal joints is to put up a bench that will cost ten cents and bring these parts in and he can get the 25 per cent drawback. He does not need a factory or anything of that kind. And the same thing applies to all those other articles I have mentioned, such as transmission, clutches, axles, and so on. By having that drawback you prevent the main articles from being made in the steel mills of Canada.

Item agreed to.

Mr. BENNETT: I propose, if my right hon. friend (Mr. Mackenzie King) pleases, to move that the committee rise and report progress. We have not been in supply on the Post Office estimates and if there is no objection the Postmaster General can spend the next thirty minutes on his department.

Mr. MACKENZIE KING: There would be no objection to having the Postmaster General go on to-morrow, by consent, if it suited his convenience.

Mr. BENNETT: Someone might object. I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

SUPPLY

POST OFFICE DEPARTMENT

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee of supply.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

Post Office—salaries, $1,492,399.

Hon. ARTHUR SAUVE (Postmaster General): Perhaps it might be well for me to summarize briefly the operations of my department since I took charge of it. I hope that these remarks will prove to hon. members on both sides that my desire has been to administer this department with economy but at the same time to give good administration and meet the urgent needs of the

public. There must also be taken into consideration the general financial condition of the country. The deficit which has occurred in the department is due to the decrease of revenue brought about by the crisis affecting this and other countries of the world, while the increase in expenditure is caused by the obligations for the development of service imposed upon the department by the former administration and authorized by previous parliaments.

The deficit for the fiscal year ended March 31, 1931, is estimated at $5,293,000. The estimated expenditure for that year is $36,292,603, while the estimated revenue is placed at $31,000,000. In 1927-28 the expenditure amounted to $32,379,195, an increase of $1,371,497. In 1928-29, the expenditure amounted to $33,483,058, an increase of $1,103,863.

Mr. VENIOT: The hon. minister is referring to net revenue, not gross?

Mr. SAUVE: The increase in expenditure in 1930-31 is about $300,000 less than the increase in 1929-30. The increase in 1930-31 is estimated at $1,255,974, almost $800,000 of which is due to air mail service. The balance of the increase is due to the fact that the facilities accorded to the public were not curtailed. Notwithstanding the decrease in revenue, all services have been maintained, existing services have been extended and new services inaugurated. The increase in expenditure cannot be said to be due to the present administration but rather to the extensive nature of the service accorded to the public.

The present indications are that the revenue in 1930-31 will be approximately $31,000,000, a decrease of almost $2,000,000 as compared with 1929-30. In 1915 the postage rate on letters, other than for local delivery, was raised from two to three cents. This one cent tax resulted in a net increase in revenue amounting to about $3,000,000. In 1926 the war tax was removed from letters other than local which caused a loss of revenue amounting to about $2,600,000. At the same time the postage rate on letters to Great Britain and other parts of the empire was reduced from four to three cents.

Mr. VENIOT: Not at the same time.

Mr. SAUVE: That is my information, but this matter can be discussed when we are taking up the details. In 1928 the source of postal revenue was again reduced when the rate on letters within the British Empire was changed from three to two cents. On July 1, 1930, the rate on letters to certain countries within the International Postal Union was reduced from eight to five cents. It will be seen that during the last few years several inroads have been made on the sources of postal revenue. Notwithstanding these reductions in postage rates, thereby diminishing postal revenue, the department has been obliged to maintain satisfactory services, extend existing services and establish new facilities, thus increasing expenditure.

The Post Office estimates show a decrease of $1,372,017.58. Part of this decrease is made up in salaries and allowances made possible by deleting for the present positions which have been vacant for some time and by decreasing the amount of mileage allowance made to railway mail clerks and the amount for temporary assistants. The reduction in salaries and allowances will not mean that post office employees will be released. The reduction in mail service amounts to over $700,000, $412,000 being in the air mail.

The vote for miscellaneous expenditures has been reduced by $427,123.18. These reductions naturally preclude the possibility of general expansion or development of existing services, or the inauguration of new services, but with extremely economical administration we hope to maintain an efficient and satisfactory service, and at the same time to keep expenditure within the vote.

Salaries and allowances have been decreased by $237,894.40. This is made possible by:

1. Deleting provision for 366 positions in post offices and sixty-two railway mail clerkships which have been vacant for some time. Employees who are placed on the retired list or who leave the service for other reasons will not be replaced unless absolutely necessary.

2. Reducing amount for temporary assistance by $120,000. This means that temporary employees will be taken on only in emergencies.

3. Reducing amount for mileage allowance by $35,000. This is made possible by a reduction in personnel, pooling of crews of railway post offices and close supervision of assignments. No change has been made in the rate of mileage allowed railway mail clerks.

In the mail service the total decrease is $707,000. In the railway mail service the decrease amounts to $150,000. This is the result of a rearrangement of mail services and railway train schedules as well as close supervision of space units; in addition, no new services will be established. The reduction in the steamboat service amounts to $45,000. This is due to a falling off in mails offered for transportation on both the Atlantic and the Pacific services. As regards the ordinary land service, including rural mail delivery, there

is no change. The vote in 1930-31 was $6,625,000 and the same amount is asked for 1931-32. While no curtailment will be made in the present services, the department will be unable to provide new services or to make extensions in existing ones. In the air mail service the reduction is $412,000. The general policy in regard to air mail is as follows: Air mail to outlying districts is a permanent feature of the department's policy. As regards all other air mail the government has considered it necessary to review the situation and to institute economies. In regard to the supply and repair of mail bags, the reduction amounts to $100,000. This is the result of economy in the use of mail bags, the purchase of a supply of cotton duck for letter bags being unnecessary for the reason that red striped bags formerly used for registered mail are being converted for use of ordinary letter mail and again placed in service.

In miscellaneous expenditure there is a decrease of $427,123.18. This is made up of a decrease of $5,000 in travelling expenses, $375,623.18 in stationery and printing, $40,000 in stamps, et cetera, and appropriations not required for 1931-32, $6,500.

I think these explanations will satisfy my hon. friends opposite and also the committee in general.

Mr. VENIOT: I am a little surprised, though perhaps I should not be, that the new minister, the first time he deals with his estimates, should take advantage of the item under civil government to give an aperçu of the work of his department. The questions he has discussed have nothing whatever to do with civil government. If he had commenced with the estimates of the Post Office outside service, the rather full explanation he has given would have had its place or raison d'être. I did not desire, as the hon. member is a new minister, to raise the point of order that he has taken advantage of the civil government item to give this explanation, but under this item it is impossible, according to the rules of the house, for me to discuss the department in general or the report laid before the committee by the minister. It is now approaching eleven o'clock. I have no objection to the item under civil government being adopted to-night, but when the first item of the outside service is called I expect to have the privilege of replying to the statement made by the minister to-night. As one who is perhaps supposed to take a greater interest in the Post Office Department than other members on this side of the house, I will claim that privilege when we reach the items of the outside service.

Mr. MERCIER (St. Henri): How many office appliance operators have you in the department?

Mr. SAUVE: There are 107.

Mr. CASGRAIN: Where are they located?

Mr. SAUVE: In Ottawa.

Progress reported.

On motion of Mr. Guthrie the house adjourned at 10.50 p.m.

Wednesday, July 15, 1931.

The house met at three o'clock.

REPORTS OF COMMITTEES

Eighth report of the select standing committee on banking and commerce.—Mr. Matthews.

Eighth report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

Seventh report of the select standing committee on railways, canals and telegraph lines. —Mr. Harris.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 125 respecting The Wapiti Insurance Company.—Mr. Weir (Macdonald).

AUSTRALIAN TRADE AGREEMENT

On the order being called for introduction of a bill respecting a certain trade agreement between Canada and Australia:

Right Hon. R. B. BENNETT (Prime Minister): I am told this bill will have to stand in my name because it deals with the tariff, and I do not propose to move the first reading until the tariff items are all disposed of, which I hope will be done this afternoon. The clerk tells me that should be done before we proceed with the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask my right hon. friend, just for the sake of information, why it is that in this instance we proceed to approve of an agreement by way of a bill which is not preceded by a resolution, whereas in the case of the Statute of Westminster we simply approved of the arrangement and no bill was necessary.

Mr. BENNETT: In 1927, I think, when the rules were amended, the necessity was removed for preceding a matter of trade by resolution, when it does not involve putting

charges upon the people and things of that kind. I am informed by the clerk that this is the rule at present. With respect to the Statute of Westminster we were simply petitioning His Majesty to lay before his parliament certain legislation. In this instance a trade agreement has been arrived at which affects the future of this country, and parliament is being asked to ratify and confirm it, but it does not come into force until proclamations are issued in both countries. The only difficulty is that certain tariff items must be approved of before the bill is read the first time, and the committee on ways and means should have disposed of those tariff items first. I consulted the clerk at the table with respect to the matter, and he advised me that under the practice of this house the bill should not be proceeded with until such time as the tariff items in the agreement had been sanctioned by the committee, following which the bill to confirm the agreement will be introduced.

Mr. MACKENZIE KING: I understood my right hon. friend to say that if a bill respecting trade and commerce does not place burdens on anyone, under the rules it need not be preceded by a resolution, but I would direct my right hon. friend's attention to the fact that this bill does impose certain tariffs, and since tariffs are in the nature of taxation certainly it imposes burdens on the people.

Mr. BENNETT: Perhaps I should have added to that sentence and said unless the resolutions had been considered by a committee of the house. These resolutions are now before the committee of the house, and the proper course is to take no further step until the committee have completed consideration of the resolutions which were placed in the votes and proceedings the other evening and proceeded with yesterday by consent of the house, for which I thanked the right hon. gentleman yesterday since it enabled us to advance practically all the items. I think there are very few items outstanding; we will dispose of those this afternoon and then take the further step in connection with the bill.

Mr. MACKENZIE KING: Then I understand that if this bill does not impose any tariffs in addition to those in the general measure there is no need for a resolution.

Mr. BENNETT: That is it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

[Mr. Bennett.]

CUSTOMS INQUIRY AT QUEBEC

Mr. LAFLECHE:

1. Does the government intend to proceed with the proposed inquiry in the Department of Customs, at Quebec?
2. Was an inquiry commissioner appointed?
3. If so, who is the inquiry commissioner and when was he appointed?
4. If the inquiry is not to be held, what is the reason?

Mr. BENNETT: It is not customary to give answers to questions concerning the intentions of governments, but I can say to the hon. gentleman that the matter is under consideration.

ST. LAWRENCE WATER POWER RIGHTS

Mr. FACTOR:

1. What is the name of the private corporation or corporations from whom application has been received by the government for further diversion of water-power rights in the St. Lawrence river, as refered to by the Prime Minister on page 2086 of Hansard?
2. What are the details of such applications and how many cubic feet per second does the applicant desire to divert?
3. Under what terms?
4. What disposition has the government made of such application?

Mr. BENNETT: The corporation referred to is the Beauharnois Light, Heat & Power Company. The application was not formal in character, but there was indication that they had received from the government of Quebec the right to take a further quantity of water from the St. Lawrence river, and that, of course, would be followed by action on the part of the federal authorities.

PRIVY COUNCIL SITTING

Mr. POULIOT:

Was there a sitting of the Privy Council on the date of October 4, 1930?

Mr. SPEAKER: This is an improper question and will therefore be expunged from the record.

CONSUMPTION OF ALCOHOLIC LIQUOR

Mr. GARLAND (Bow River):

1. What is the total consumption of alcoholic liquor by quantity and value in the province of Quebec?
2. What is the total consumption of alcoholic liquor by quantity and value in the province of Ontario?
3. What is the total production of alcoholic liquor in the province of Quebec?
4. What is the total production of alcoholic liquor in the province of Ontario?

Mr. BENNETT: This question is incapable of an exact answer, as I indicated the other day to the hon. gentleman. If he

means the amounts paid in excise tax, the government is, of course, in a position to answer.

Mr. GARLAND (Bow River): I should not dream of asking a question which the government could not answer. I expect only such information as they can give.

Mr. BENNETT: The question, then, will have to be amended.

Mr. SPEAKER: The question stands for amendment.

FONDERIE DE ST. ANSELME

Mr. PARENT:

1. Were certain contracts awarded to the fonderie de St. Anselme for supplies required by the Department of Marine?
2. If so, what supplies were covered by these contracts?
3. What was the price paid?
4. Were tenders called for in each case?
5. If not, why not?

Mr. DURANLEAU: The very same question was answered a few days ago, as will be seen at page 3543 of Hansard.

Mr. SPEAKER: Already answered.

DEBT OF CANADA

Mr. BOULANGER:

What was the debt of Canada: (a) on October 6, 1911; (b) December 29, 1921; (c) August 7, 1930; (d) May 27, 1931?

Mr. BENNETT: The funded debt of Canada on October 6, 1911, was $267,986,690.62, and accrued interest. The funded debt of Canada on December 29, 1921, was $2,440,022,692.33, and accrued interest. The funded debt of Canada on August 7, 1930, was $2,284,696,370.21, and accrued interest. The funded debt of Canada on May 27, 1931, was $2,355,730,978.25, and accrued interest.

CENSUS BRANCH

Mr. CAMPBELL:

1. How many new employees have been assigned to work in the census branch as a result of the recent civil service examinations?
2. How many of these are returned soldiers?

Mr. CAHAN:

1 and 2. On July 3, 1931, one hundred and thirty-six (136) census clerks had been appointed, of whom twenty-eight (28) including two females, were entitled to the returned soldier preference.

FEDERAL LIQUOR TAXES

Mr. GARLAND (Bow River):

1. What is the total amount of federal taxes collected during each of the years 1928, 1929 and 1930, on alcoholic liquor imported into the province of Quebec?
2. What is the total amount of federal taxes collected during each of the years 1928, 1929 and 1930, on alcoholic liquor imported into the province of Ontario?
3. What are the total sales of alcoholic liquor in the province of Quebec?
4. What are the total sales of alcoholic liquor in the province of Ontario?

Mr. CAHAN:

1 and 2. Customs and excise taxes (exclusive of sales tax figures for which are not available) collected on imports of alcoholic liquors entered at customs for consumption in the provinces of Quebec and Ontario during the fiscal years ended March, 1929, 1930 and 1931:

	Fiscal year 1929	Fiscal year 1930	Fiscal year 1931
Province of Quebec—			
Customs duties	$7,834,483 99	$7,287,402 59	$5,800,087 91
Excise taxes on ale, beer, etc	3,331 78	2,374 03	2,250 79
Province of Ontario—			
Customs duties	8,879,810 88	8,940,907 02	7,277,196 83
Excise taxes on ale, beer, etc	9,606 31	9,136 42	7,555 57

3. Sales of spirits reported by the Quebec Liquor Commission during the year ended April 30, 1930, amounted to 996,394.3 gallons. The gross sales were valued at $27,539,966.43.

4. The sales of spirits reported by the Ontario Liquor Control Board during the year ended October 31, 1930, were as follows:

Domestic spirits	$11,654,935 95
Imported spirits	17,768,669 82
Total	$29,423,605 77

Sales on a gallonage basis are not given.

BUTTER IN STORAGE

Mr. BOULANGER:

How much butter was stored in Canada on: (a) June 1, 1930; (b) July 1, 1930; (c) June 1, 1931; (d) July 1, 1931?

Mr. STEVENS: Butter in cold storage in the Dominion of Canada:

	Creamery (Pounds)	Dairy (Pounds)
June 1, 1930	10,802,748	361,032
July 1, 1930	22,205,520	616,808
June 1, 1931	8,544,013	151,516
July 1, 1931*	20,600,223	265,854

(*Preliminary).

COMMISSIONER FRED BABE

Mr. HEENAN:

What amount was paid to Commissioner Fred Babe in connection with his investigations for the Post Office Department, since August, 1930?

Mr. SAUVE: $99.70.

BELLECHASSE POST OFFICE

Mr. BOULANGER:

1. Since what date are the post offices at St. Raphael and St. Lazare, in the county of Bellechasse, without permanent postmasters?
2. Was the Civil Service Commission requested to make a permanent appointment of postmasters at these two places?
3. If so, what was the date of the request; the date on which applications were received and examinations held, the result of said examinations and the names of those placed on the eligible list by order of merit?
4. Was the commission requested to make the permanent appointments, and if not, why, and when will it be requested to do so?

Mr. SAUVE:

St. Raphael de Bellechasse

1. Position became vacant 25th February, 1931. Permanent appointment made 9th July, 1931.

2. Yes.

3. The commission was notified on the 2nd April, 1931, that the vacancy had been advertised to the 15th April. The candidates were placed in the following order of merit: Francois Antoine Labrecque, Honore Roy, Mrs. Amanda Brochu-Godbout.

4. The commission have selected F. A. Labrecque, whose permanent appointment dates from the 9th July, 1931.

St. Lazare Village

1. Position became vacant 16th May, 1931. No permanent appointment yet made.

2. Not yet.

3. See answer to question 2.

4. Permanent appointment rests with the Civil Service Commission and the district superintendent has already been authorized to advertise the vacancy in the usual way.

INDIAN HEAD EXPERIMENTAL FARM

Mr. CHEVRIER:

1. Is one Robert Williamson employed at the government experimental farm at Indian Head?
2. If so, in what capacity?
3. Is the position one under the jurisdiction of the Civil Service Commission?
4. By whom was Williamson appointed and upon whose recommendation?

[Mr. Stevens.]

Mr. WEIR (Melfort):

1. Yes.
2. Labourer.
3. No.
4. By the Minister of Agriculture.

Mr. CHEVRIER:

1. Was Allan Ross employed last summer at the government experimental farm at Indian Head?
2. If so, in what capacity?
3. Were his services satisfactory during the term of his employment?
4. Has he been reappointed this year?
5. If not, has anybody been appointed in his place, and, if so, who and upon whose recommendation?
6. Is that position under the jurisdiction of the Civil Service Commission?
7. Is the former position held by Allan Ross now held by C. Douglas and Robert Williamson or by either of them?

Mr. WEIR (Melfort):

1. Yes.
2. Laboratory helper.
3. Yes.
4. Position not filled in 1931.
5. As stated, position not filled.
6. Yes.
7. No.

PROPOSED RESERVE ZONE IN QUEBEC

Mr. GOBEIL:

1. Has the government or any of its ministers received from the government of the provice of Quebec the petition signed by the farmers of the counties of: (a) Two Mountains; (b) Jacques-Cartier; (c) Terrebonne, asking for the establishment of a reserve zone, under the provisions of the Animal Contagious Diseases Act, Revised Statutes of Canada, 1927?
2. If so, when, and why was not the said zone established?

Mr. WEIR (Melfort):

1. (a) No; (b) yes; (c) no.

2. (a) No petition received; (b) March 9, 1929. Zone established; (c) no petition received.

MEMBERSHIP OF LABOUR UNIONS

Mr. LAPOINTE:

1. How many workingmen in Canada belong to some recognized labour unions?
2. How many do not belong to any organized labour union?

Mr. GORDON:

1. The total membership of labour unions in Canada reported to the Department of Labour is 322,449. This figure is based on estimates in cases of some organizations.

2. No information available.

IMMIGRATION—1929-1930

Mr. DORION:

How many immigrants entered Canada each month between August 1, 1929, and August 1, 1930?

Mr. GORDON:

Month	Number
August, 1929	15,022
September, 1929	11,101
October, 1929	8,817
November, 1929	7,286
December, 1929	4,943
January, 1930	3,366
February, 1930	3,963
March, 1930	14,576
April, 1930	19,309
May, 1930	17,410
June, 1930	13,171
July, 1930	8,383
Total	127,347

JAPANESE IN CANADA

Mr. REID:

How many persons of Japanese origin have entered into Canada since 1921, giving the respective number in each year?

Mr. GORDON:

Japanese Immigrants

Fiscal year	Number
1921-22	471
1922-23	369
1923-24	448
1924-25	501
1925-26	421
1926-27	475
1927-28	478
1928-29	445
1929-30	194
1930-31	204
Total	4,006

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF—RICHMOND-WOLFE

Mr. LAFLECHE:

1. How much money was expended to relieve unemployment in the county of Richmond-Wolfe?
2. How much was expended towards direct relief?
3. How many mans' days work were provided?
4. How many families were granted relief thereby?
5. What is the actual cost of public works and undertakings which have been carried out in the above county?

UNEMPLOYMENT RELIEF—QUEBEC

Mr. CASGRAIN:

1. How much money was expended to relieve unemployment in the counties of Montmorency, Charlevoix, Saguenay and the north shore of the St. Lawrence river?
2. How much for direct relief?
3. How many mans' days work were provided?
4. How many families were granted relief thereby?
5. What is the actual cost of public works and undertakings which have been carried out in the above counties?

UNEMPLOYMENT RELIEF—CHAMPLAIN

Mr. BARIBEAU:

1. How much money was expended for the relief of unemployment in the county of Champlain?
2. How many mans' days work were provided?
3. How many families were granted relief thereby?
4. What is the actual cost of public works and undertakings which have been carried out?

UNEMPLOYMENT RELIEF—BERTHIER-MASKINONGE

Mr. BARIBEAU:

1. How much was expended for direct relief of unemployment in the county of Berthier Maskinonge?
2. How many mans' days work were provided?
3. How many families were granted relief thereby?
4. What is the actual cost of public works and undertakings which have been carried out?

OCEAN AND COASTING TONNAGE

Mr. PLUNKETT:

1. What is the tonnage, both ocean and coasting entering and clearing from the following ports in Canada for the last completed fiscal year: Sidney, Nova Scotia; Halifax, Nova Scotia; Saint John, New Brunswick; Quebec, Quebec; Montreal, Quebec; Prince Rupert, British Columbia; New Westminster, British Columbia; Vancouver, British Columbia; Victoria, British Columbia?
2. Which of the above ports have harbour commissions?
3. What would be the charges against a foreign-going steamship of six thousand tons (6,000) gross, three thousand eight hundred tons (3,800) net, draft twenty-five feet (25) carrying ten thousand tons (10,000) of cargo entering and leaving each of the above ports?
4. Of the ports as enumerated in this question, which one has the least charges and what is the nature of such charges for vessels entering and clearing from such port?
5. What ports as enumerated in this list have compulsory payment of pilotage dues, and what ports have not such charges?

UNOPPOSED MOTIONS FOR PAPERS

MARINE DOCTOR AT ARICHAT

Mr. VENIOT (for Mr. Ralston):

For a copy of all correspondence, applications, reports, memoranda, recommendations, and all other documents, to or from or in the possession of the Minister of Marine or any other minister or ministers of the government, or to or from any official or officials of the Civil Service Commission, or any other person or persons, relating to the dismissal of Dr. G. R. Deveau as marine doctor at Arichat, Nova Scotia.

FISHERIES WORK IN GLOUCESTER

Mr. VENIOT:

For a copy of all correspondence between the Department of Fisheries and any person or persons in connection with the work done for the Department of Fisheries in the county of Gloucester by Philip Mercier, the correspondence above referred to to date from the first of September, 1930.

SOUTH WEST LOT 16, POST OFFICE

Mr. MacLEAN:

For a copy of all correspondence, letters, telegrams and other documents, including full copy of all evidence taken in connection with the dismissal of Dougald Campbell as postmaster at South west lot 16, Prince Edward Island, and the commissioner's report on same.

EDWARD C. GAUDET—DISMISSAL

Mr. MacLEAN:

For a copy of all correspondence, telegrams, letters and evidence taken at the investigation concerning the dismissal of Edward C. Gaudet, plant disease investigator, of Pleasant View, Prince county, Prince Edward Island, with the commissioner's report on same; also a return showing, if available, the expenses in connection with the investigation.

CIVIL SERVICE SALARIES

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): I wish to direct to the Prime Minister a question based on two press items that have appeared in the Ottawa Citizen. I shall read only what I consider relevant to the question I shall submit, and if in doing so I fail to place the question in its proper light I shall be glad to read the extracts fully. First of all I refer to the Ottawa Evening Citizen of Tuesday, July 14. On the front page there appears the following:

Replying to a query by The Citizen this afternoon, however, Mr. Bennett said: "I do not at the moment propose a further interim supply bill."

This is taken by some to mean that the salaries may have to wait until departmental estimates are approved by the house.

[Mr. Plunkett.]

That is the first quotation. The next one appears in the morning Citizen of July 15:

In view of his statement to The Citizen early yesterday afternoon that he did not, at the moment, propose a further interim supply bill, The Citizen again approached the Prime Minister on the matter in the evening.

"Does it mean that the civil servants will have to wait for their salaries until the main departmental estimates are passed by the house"? Mr. Bennett was asked.

"Well, you see, I had expected that the main estimates would have been passed by parliament in the regular way before this date, without a further interim supply bill being necessary, but four or five days' delay doesn't mean so very much."

"You think the estimates will be passed in that time"?

"Oh, I didn't say that; but I don't forget things like salaries," the Prime Minister concluded. "I will have to consider what will be done in view of the situation now existing."

In the light of these two quotations may I ask the right hon. gentleman whether civil servants throughout Canada will be paid to-day? If not, why not, and if not, when will they be paid?

An hon. MEMBER: Solicitude.

Right Hon. R. B. BENNETT (Prime Minister): An interim supply bill for one-twelfth of the main estimates was passed some time ago. There is no provision, without the passing of an interim supply bill, for the payment of salaries due to-day, and I asked the leader of the opposition (Mr. Mackenzie King) whether there was any objection to the passing of an interim supply bill this afternoon. He assured me that there was not, and I propose to ask the house to pass a bill to-day.

BUSINESS OF THE HOUSE

LEGISLATION TO BE BROUGHT DOWN—PROBABLE DURATION OF SESSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): My right hon. friend will remember that in our conversation I suggested that this would be an opportune time for him to make a statement with regard to the remaining business of the session. I pointed out that if we met him in one particular we hoped that he would meet us in the other.

Mr. BENNETT: This affords me an opportunity to say that my right hon. friend's consent is not meeting me at all. It may meet the convenience of the public. When we discussed the question as to the amount of the supply bill, whether one-twelfth or one-sixth should be passed, the right hon.

gentleman thought that a month was ample, and we acted on that consent. I believe that last year it was made one-sixth, at least on one occasion. I thought that probably the house might hope to prorogue within a week or ten days and it might not be a matter of tremendous importance. But in view of representations made to me this morning as to the situation in city communities, and the undesirability perhaps of credit being asked for, with a possible refusal, I said that I would ask the opposition for their consent to a bill being passed. If the opposition does not desire that it should be done in the public interest, then I assure them that as far as I am concerned personally, it does not matter because matters of this kind are never matters of personal interest. One who has to discharge a public duty discharges that duty as well as he can. It cannot possibly be considered a matter of accommodation to me, it is a matter of public interest. If it is thought to be in the public interest, and I believe it is, then I ask the right hon. gentleman to agree to its being done, as a matter of public interest and not as an obligement. There is no question of personal accommodation in this matter, and I never took that view while I occupied the position of leader of the opposition.

So far as the future business of the house is concerned, the measures to be dealt with are those arising out of the budget resolutions and those, with I think three exceptions, now before the house. There is a public measure dealing with an amendment to the Red Cross Act. A serious situation has arisen because of the proceedings before a committee of this house. I have not asked the house to agree to morning sittings because that committee is sitting. It is a committee charged with very important duties and in the light of what transpired to-day and with respect to which the government has not yet had an opportunity to consider its future action, it may be that legislation will have to be submitted to this house for the purpose of compelling the attendance of certain witnesses who have declined to attend. The passing of a statute may be necessary or it may be that the matter can be dealt with by a royal commission. I cannot make any statement as to what the future business may be until such time as we have had an opportunity to determine what course of action will be taken in connection with this matter.

Mr. MACKENZIE KING: Mr. Speaker, may I say to my right hon. friend that when I asked him if he would advise the opposition as to the future business of the house, I hope he did not think that I was seeking any personal consideration. It was in the public interest and in the interest of all hon. members of the house that I made the request. I know that when the right hon. gentleman asks for interim supply it is not to enable him to get through the rest of the month, but rather for the benefit of the community generally.

May I point out to my right hon. friend that he knows that the fiscal year begins on April 1, and if he were thinking of the public interest he would arrange to have his supply voted before that time, at least for the most part. He can call parliament at any date he likes and he should not have to come to the opposition in order to get his supply put through. I hope another year he will get the session started a little earlier and bring down any important measures earlier in the session, rather than leave them until the last ten days.

An hon. MEMBER: We will be doing that for the next twenty years.

HUDSON BAY RAILWAY

On the orders of the day:

Mr. J. L. BOWMAN (Dauphin): Mr. Speaker, will the Minister of Railways and Canals (Mr. Manion) advise the house if the work at Fort Churchill is proceeding according to schedule, and what prospects there are for grain being shipped out of that port this year.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, the work is well up to schedule, in fact it is a little ahead. So far as the shipment of grain out of this port is concerned, I will probably give a statement to the house to-morrow which may deal with the whole question.

MONTREAL HARBOUR COMMISSION

On the orders of the day:

Hon. FERNAND RINFRET (St. James): Mr. Speaker, I would direct the attention of the Minister of Marine (Mr. Duranleau) to the question which I asked yesterday in connection with the advertisements published by the harbour commission of Montreal advocating protection and the policy of Canada first. Will he advise the house if these advertisements have been authorized by him and if they will be continued.

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, I noticed the advertisements to which the hon. member

refers some days ago, but I would advise him that they were not submitted to me personally. I do not know as yet whether or not they were submitted to the department, but I will inquire and if necessary make a report to the house.

WHEAT BOARD

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, in view of an article appearing in this morning's Citizen quoting a letter purporting to be from the Prime Minister (Mr. Bennett) to the premier of Manitoba to the effect that the federal government could not see its way clear to set up a federal wheat board, I would like to ask the Prime Minister if the statements contained therein are substantially correct. If not, has the government any other scheme in view to assist in the marketing of this year's crop?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the statement appearing in the press is substantially correct. The premiers of the three western provinces were advised that the government did not propose to set up a wheat board. It offered an alternative in respect of which it has not as yet received a reply.

INQUIRY AS TO QUESTIONS

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker, of nine questions which were left with the clerk during last week and this week, only one has appeared to date in the votes and proceedings. Will Your Honour advise me when I might expect to hear about these?

Mr. SPEAKER: I advise the hon. member that the clerk has looked into the questions which he submitted, as well as the notices of motion, and it has been found that they are out of order. They are unparliamentary; some have been answered already, others have been held to be irregular and were ordered expunged from the order paper, others were considered as being argumentative, others contained presumption of facts, and others contained insinuations. For these very good reasons they are considered to be out of order. The clerk declined to put them on the order paper, and I approved of his decision.

Mr. POULIOT: Could I have the authority?

[Mr. Duranleau.]

Mr. SPEAKER: If the hon. member desires to appeal from my ruling, he may do so; otherwise no discussion is allowed.

Mr. POULIOT: I was not discussing—

Some hon. MEMBERS: Order.

Mr. POULIOT: I wanted the authority for the refusal—

Mr. MANION: It is the authority of the Speaker.

Mr. POULIOT: For each one?

Mr. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I take it that it is Your Honour who has decided that these questions are not to appear on the order paper, and not the clerk.

Mr. SPEAKER: It is the duty of the clerk to look over these questions and decide whether or not, within his knowledge, they are parliamentary and properly admissible. He decided they were not and he submitted his reasons to me as well as to the hon. member for Témiscouata (Mr. Pouliot). As I said before, I rule the questions and the notices of motion out of order.

Mr. MACKENZIE KING: Mr. Speaker, I desire merely to clear up a matter of procedure. I have looked into the practice which prevails in the British House of Commons and I understand that the rule at Westminster is that His Honour, the Speaker is the one who decides whether or not a question shall appear on the order paper, just as he decides whether or not a particular question should or should not be asked in the house. I submit that Your Honour is entitled to be advised from any source, you may desire, but I think the full responsibility for any decision should be that of His Honour the Speaker and not that of the Clerk of the House.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I would be fully in accord with what my right hon. friend has said if he had stated that the ultimate responsibility would rest upon the Speaker.

Mr. MACKENZIE KING: Certainly.

Mr. BENNETT: It frequently happens that the clerk at the table, both at Westminster and here, deals with questions and orders as they are referred to him, but the ultimate responsibility must be upon the Speaker.

Mr. POULIOT: I prefer a refusal to no answer at all.

Mr. SPEAKER: From what I said, I did not think there would be any doubt that the Speaker was taking full responsibility in the matter.

PRIVILEGE—Mr. DUPUIS

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville (Translation): Mr. Speaker, I rise to a question of privilege. The "Bulletin des Agriculteurs" a weekly newspaper of Montreal, published, on July 9, 1931, an editorial dealing with my attitude towards the bill introduced by the hon. member for Compton (Mr. Gobeil), amending the act in connection with the penalty provided for adulterating butter. I would have discussed this question last evening, when the bill came up; but seeing that the hon. member for Compton was not in his seat then, I find it necessary now to explain my stand by raising a question of privilege. It is stated, among other things, in this editorial that I am in favour of adulterating butter—

Mr. DORION (Translation): That is so.

Mr. DUPUIS (Translation): It is the hon. member for Quebec-Montmorency, who says "that is so"! I had a higher appreciation of his judgment.

The editorial adds: "Mr. Dupuis, if you wish to foster adulteration, say so openly."

With your kind indulgence, sir, I shall refer to the remarks I made on June 30 last, when the bill was before the house. I then stated that I was in favour of the bill; that I congratulated the hon. member for Compton for having brought up this question; that as a lawyer, I was aware, through experience, that dealers in cities adulterated butter by mixing cocoa oil, and that to inflict a heavy fine would be only right. However, on the other hand, seeing that this bill imposes the same penalty on all those who violate the act, and that in sections 5 and 7 especially, it is provided that all those who are convicted of having more than 16 per cent of water in their butter must be punished, I stated that the minimum penalty of $500 mentioned in the bill introduced by the hon. member for Compton should not be pressed, in order to leave some discretion to the judge who could determine whether the farmers have—

Mr. SPEAKER: I would remind the hon. member that there is no motion before the house.

Mr. DUPUIS: I am just rising to a question of privilege.

Mr. MANION: The hon. member is making a speech.

Mr. SPEAKER: Will the hon. member come to the point?

Mr. DUPUIS: I just want to explain my position. Your Honour will allow me to say that this article published in this newspaper is malicious and not according to the facts as stated by me in the house.

SECOND NARROWS BRIDGE

On the orders of the day:

Mr. A. E. MUNN (Vancouver North): On behalf of the people of North Vancouver and Greater Vancouver I wish to make a special appeal to the Minister of Marine in connection with the proposed loan towards the Second Narrows bridge, Burrard inlet, connecting Vancouver North and South. I have under my hand a press despatch which states that the Second Narrows bridge awaits Ottawa action. I realize the minister is a very busy man, but if he will get this agreement through speedily, I can assure him this will be appreciated by 99 per cent of the people of Vancouver North.

Hon. ALFRED DURANLEAU (Minister of Marine): This is a loan of $200,000 to be made by the Vancouver harbour commission to the Second Narrows Bridge Company. At the present time we are inquiring whether or not the harbour commission will have sufficient security. We are endeavouring to get the information as quickly as possible and there will be no undue delay.

SUPPLY—CIVIL SERVICE SALARIES

Right Hon. R. B. BENNETT (Minister of Finance): Mr. Speaker, with the consent of the house, I move that you do now leave the chair for the house to resolve itself into committee of supply to deal with an interim supply bill.

Mr. E. R. E. CHEVRIER: I presume this motion is for the purpose of providing whatever sum may be necessary for the payment of salaries that may be due to the civil service of Canada. I wish to express my deep resentment at certain words that were uttered by some hon. members opposite when, as is my privilege, I rose to ask a question. In no sense is this a parochial matter. I do not think any hon. member can accuse me of having expressed any parochial sentiments at any time. During the eleven years that I have been a member of the house I have taken a broad, national view of all questions. My only concern in this matter is to see that employees in the public service receive their salaries, and in doing this I am but exercising the same right and privilege as may be exercised by any other hon. member. At the same time I resent the expressions of which I complain.

Some hon. MEMBERS: Sit down.

Mr. CHEVRIER: I do not think that it is becoming to the decorum of the house that when an hon. member desires to give expression to certain sentiments, he should be treated in this manner, and it does not behoove some hon. members who never exercise the right of free speech in the house to endeavour to stifle or restrict it. I hope that if this measure is for the purpose that I have indicated it will receive the unanimous endorsation of the house.

SUPPLY—TRANS-CANADA HIGHWAY

Mr. THOMAS HAY (Springfield): I should like to quote from a communication which I received the other day from Mr. W. W. Childe, general secretary of the Manitoba-Ontario Trans-Canada Highway Association. It reads:

Thomas Hay, Esq., M.P.,
House of Commons, Ottawa, Ont.

Dear Mr. Hay:

At a recent meeting of the Manitoba and Ontario committees of this organization, you were officially chosen as the party whom we would like to have address all members of the House of Commons, before prorogation, on our behalf.

You are asked that on the floor of the house you pass along an invitation to the hon. Prime Minister, his hon. cabinet, and the members for all the provinces to be present at the inter-provincial highway celebration on September the 7th.

This is the Manitoba and Ontario section lying east of Winnipeg, between that city and Kenora.

The official ceremony will take place at the Ontario-Manitoba border, and the celebration will be a two-day affair at both Kenora and Keewatin, Ontario.

I may say that the completion of this link in the Ontario and Manitoba part of this highway is a realization of a dream that has long been cherished by the people of eastern Manitoba and western Ontario, and this committee would therefore like to celebrate the event in a way in keeping with the occasion. It will be a historic event and to some extent national in character as it has to do with the trans-Canada highway, which is now in course of construction in parts of Canada. I therefore take pleasure, Mr. Speaker, in passing on this invitation to the members of the government and members of the House of Commons, and I trust that as many will be present on that occasion as are able to come.

Motion agreed to.

[Mr. Chevrier.]

INTERIM SUPPLY BILL

The house in committee of supply, Mr. LaVergne in the chair.

Mr. BENNETT moved:

Resolved, that a sum not exceeding $20,099,723.71, being one-twelfth of the amount of each of the several items to be voted as set forth in the main estimates for the fiscal year ending 31st March, 1932, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1932.

Motion agreed to.

Mr. BENNETT moved:

Resolved, that a sum not exceeding $943,832.33, being one-twelfth of the amount of each of the several items to be voted for Canadian National Steamships and Maritimes Freight Rates Act, as set forth in estimates for the fiscal year ending 31st March, 1932, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending the 31st March, 1932.

Motion agreed to.

Mr. MACKENZIE KING: It is understood that these motions are passed subject to the usual reservations?

Mr. BENNETT: Quite so.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY BILL

Mr. BENNETT moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

Mr. BENNETT moved:

Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1932, the sum of $21,043,556.04 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 124 for granting to His Majesty certain sums of money for the public service of the financial year ending March 31, 1932.

Motion agreed to and bill read the first and second times.

Mr. BENNETT moved that the house go into committee on the bill.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

Sections 1 to 4, inclusive, agreed to.

Mr. BENNETT: On the back of the bill, Mr. Chairman, the date will be the 15th of July, not the 14th, and I move accordingly.

Motion agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

THE FISHING INDUSTRY OF THE MARITIME PROVINCES

Right Hon. R. B. BENNETT (Prime Minister) moved that Mr. Speaker do now leave the chair for the house to resolve itself into committee of ways and means.

Mr. W. G. ERNST (Queens-Lunenburg): Before you leave the chair, Mr. Speaker, I hesitate to take the time of the house at this late stage of the session, and I would not do so did I not feel it were necessary in the interests of one particular industry in my own province and in the maritime provinces generally. I refer to the fishing industry. Nothing has been said during the present session of the house concerning the plight in which that industry finds itself. We have heard a good deal about the situation of the wheat farmers in western Canada, and rightly so, but their plight is not one bit worse than that of the fishermen scattered along the coast line of the province of Nova Scotia. What is more, these fishermen have had lean years in days gone by and for a considerable period of time, and they have no reserves on which to draw. In order that I may place the question with which I purpose dealing more fully before the house I shall briefly sketch the position of the industry. I am referring particularly to my own province, the province of Nova Scotia, which as hon. members know juts out into the Atlantic. Off the coast of that province are fishing banks equal to any in the world, and fishing communities are scattered along the entire coast line. For more than one hundred years the people of those communities have been going out in their boats and vessels to catch fish. Until recent years the method commonly used for the ground fish, those fish which swim near the bottom of the sea, has been the hook and line. In recent years another instrument of production has been introduced, the steam or otter trawler. The steam or otter trawler catches fish by drawing a huge purse-shaped net over the floor of the sea, scooping up the fish and hoisting them to its deck.

For some years past the industry has been declining, rather than improving, and for that condition there are a number of contributory causes. Before I give those causes I shall outline a particular illustration of the decline which has taken place in the county of Lunenburg from which I come. In 1918 the port of Lunenburg sent 140 fishing vessels to the banks, each vessel carrying a crew of from 20 to 25 men, earning on an average from $800 to $1,000 each. This year the number of vessels is reduced to 42 schooners. The number of men on each boat remains about the same, and while the average earnings for this year are not available the average earnings last year were less than $300 per man.

As I have said there are a number of contributory causes not only with reference to Lunenburg but to the whole province, because the decline has been general. In the first place there came the Fordney-McCumber tariff which shut out from the United States a substantial portion of our fish. That situation was further aggravated by the Hawley-Smoot tariff. There has been a world depression which has brought a decline in the price of salt cod fish similar to the decline in the price of wheat. Salt cod fish is sold almost entirely in the export market. This decline has further aggravated the domestic situation because men, vessels and boats which formerly produced entirely for the foreign markets have been driven into the home market. The home market has been unable to absorb the product. Canada in fact is absorbing less than it did in former years, and at greatly reduced prices.

Further than that there is the additional factor of an unsettling controversy which has been raging—and I use the term "raging" advisedly—in Nova Scotia between those who employ the different instruments of production. One may say that the controversy is age old—in a sense it is—but it is one which rages between those who employ the steam or other trawler and those who use the hook and line. The steam or other trawler came to this country from Europe about twenty years ago and was used unsuccessfully in pre-war days. During the war it established a foundation. Most of those however who had fished off our banks during the war returned to their countries. In post-war years however the steam or other trawler has established itself in the province as an instrument of production,

and from year to year its numbers vary. At present there are six trawlers operating in the province of Nova Scotia.

Mr. SHORT: There are two.

Mr. ERNST: Six are licensed in the province of Nova Scotia and were operating last winter.

Mr. SHORT: There are two at the present time.

Mr. ERNST: I would suppose my hon. friend would know because he is a director of the company controlling them.

I draw this matter to the attention of the house because a controversy has arisen. There are different schools of thought as to what ought to be done. Evidence was given before the royal commission which investigated the maritime fisheries in 1927, and it was so conflicting that it led to both a majority and a minority report. The majority report favoured the abolition of the trawler, but the minority report favoured its retention as an auxiliary instrument of production. The report of the committee gave rise to legislation in this parliament passed in the session of 1929 as an amendment to the Fisheries Act. Section 69a of that act consists altogether of six subsections. In the first place the purport of the section was to place the trawler under licence. Hitherto they had been able to operate freely, but through the legislation there was an effort to compel operation under licences, and only under licences. There was a further provision that such trawlers could not fish within twelve miles of Canadian shores.

There is a fourth provision which I wish particularly to draw to the attention of the house:

(4) The minister may determine the number of such vessels that shall be eligible to be licensed.

Then subsection 5 is as follows:

(5) Regulations may be made under the provisions of section 46 of this act.
(a) prescribing the form of licences;
(b) specifying the evidence to be submitted with an application for a licence;
(c) fixing the conditions under which a licence shall be issued;
(d) making any other provisions respecting licences.

Under the provisions of subsection 5 an order in council was passed in October, 1929, which imposed certain restrictions which were termed licence fees. I do not purpose to deal with those because payment was resisted, and a case was heard before Mr. Justice Audette of the exchequer court in which he decided that the order in council is ultra vires, although no reference of course is made to the statute itself being ultra vires. From this decision an appeal has been taken to the Supreme Court of Canada by the crown. My only reason for referring to the case is that the contention may be raised that I am referring to a matter which is sub judice. I do not intend to refer to the question which is before the court, namely the validity of the order in council.

One of the prime reasons for dealing with the question is that the very uncertainty of having the matter before the court is creating an uncertainty in the industry. I feel it is essential to the progress, stability and development of the industry that some measure of policy should be announced, whatever that policy may be. Under the sections of the act which I have read power remains in the minister by which he may give effect to a fairly broad and moderate policy.

I have outlined the history of the matter so that the question may properly be understood by the house. As I have said there are two schools of thought in the province of Nova Scotia and I feel bound to place them both before hon. members. The constituency from which I come supports the school of thought which makes representations advocating that the trawler be abolished. They base their representations upon two grounds: First, the conservation of the fisheries and secondly what they call "glutting" the market —a condition to which I shall apply a different term. They say that the trawler destroys the fishing ground and that its use results in over-production. I have placed their views before the house because I have felt it my duty so to do. Having put those views forward I feel it equally my duty, grave though the responsibility and position may be, to say that I cannot accept them. I do not believe in the abolition of the trawler; I advocate restriction and regulation. With reference to the question of conservation, that can be disposed of very simply by saying it is entirely an International question, and that to restrict or abolish the trawlers of Canada whilst trawlers from other lands can fish on the banks of the high seas would not in any way tend to preserve fish life.

Furthermore, from study which has taken place in the North sea, it is not apparent that the method of production is wrong; it resolves itself simply into a question of the intensity of fishing. I believe the minister would serve a useful purpose to the fisheries of this country if he would endeavour to have

an international convention called to deal with the question of conservation, so that there will not be depletion, and further to deal with what is even more important, the question of the destruction of fishing gear. I brought to the attention of this house this session one instance of apparently wanton and deliberate destruction of the gear of a fishing vessel by a French trawler. Such instances are not by any means uncommon, and any international arrangement which could be brought about tending to eliminate that practice would be to the advantage of those who use line fishing.

With reference to the "glutting" of the market, that resolves itself into a question of production. Undoubtedly many of our own fishermen have had to turn from the salt fish field to the fresh fish field, either wholly or in part, which has contributed to that condition. I feel that this fault, if it be a fault, does not call for abolition but for restriction and regulation.

I come now to the arguments of those who advocate unlimited trawling. In the first place they say it is an economic development and that you cannot stop the machine. May I say, sir, that usually with such economic developments cheapness of production is a prime essential. From the evidence given by those who own the trawlers there is no indication that they are cheapening production costs; their chief argument is not cheap production but continuity of supply, with which I propose to deal in a few moments. Even if this were an economic change bound to take place, in view of present conditions and in view of the fact that thousands of these men, scattered along the coast line, are ill-adapted for any other calling, such economic change should be slowed and regulated in order to cause as little dislocation as possible to those now engaged in the industry.

With reference to continuity of supply I may say that in part I accept that argument of those who advocate trawling. Continuity of supply, I am convinced as the result of four years of careful study, cannot be maintained without some use of the trawler. True it is that conditions have changed as they affect those who fish with boats and particularly with vessels. They no longer depend on sails; they are powered with crude oil engines, but still there are times of storm when the dory cannot be put over the side, and the fish are not forthcoming. In the present state of the fish market those who purchase fish, particularly in central Canada, insist upon fresh rather than frozen fish, and the result is that during the last winter there have been instances, as probably there will be instances during the coming winter, when the trawler was essential to maintain that continuity of supply which is necessary for the development and maintenance of market.

Having stated that I accept that argument, may I indicate one other circumstance which is aggravating the situation. As I have stated, there are six trawlers under licence at the moment in the province of Nova Scotia, of which the greater proportion are under the control of one corporation. Under the restrictions brought in by the previous government there is positive prohibition against bringing in further trawlers from outside. To build them at home would entail many times the cost of those already under licence, because they were imported from abroad. In addition, in the present uncertain state of affairs, no one would want to bring in a trawler even if he could do so. The result is a virtual monopoly by that one corporation. I am not finding fault with the corporation; this condition has been an accident, but it should not be allowed to continue, because it can result in only one thing. The firm which employs this mechanical instrument of production will gradually squeeze out of existence all the smaller fish firms scattered along the coast of the province, the fishermen who live in those localities where the smaller concerns operate will be deprived of their local market, and the last stage of the industry will be worse than the first.

You may ask what I advocate. I advocate a middle course. I believe that compromise will provide the solution, and I am going to venture to read one paragraph of a letter written by a gentleman with whom I very seldom agree but with whom, in this instance, I agree very cordially. I refer to the hon. member for Antigonish-Guysborough (Mr. Duff). This letter appeared in the Halifax Chronicle of September 5, 1929, dealing with this very question:

> Before closing may I say that although the arguments on this question are nearly all, if not all, in favour of the real fishermen of Nova Scotia, yet the question must be dealt with by practical men in a sane and sensible manner and with a view to protecting as far as possible any vested interests by endeavouring to compose the present extreme differences between the line fishermen and the steam trawlers. My experience in life has taught me that it is necessary and usually the best policy to compromise where the opinions of two opposing parties are diametrically opposite and to endeavour to find a means of mutual agreement which will partially satisfy both parties. This question is of such a grave nature that there should not be any arbitrary or hasty judgment made.

Well, Mr. Speaker, no arbitrary or hasty judgment has been given, because that letter was written almost two years ago. I say, as I have stated previously, that I favour restriction and regulation, and I desire to put forward some suggestions to the minister in the hope that at least some of them may meet with his approval.

In the first place I do not believe any trawler should operate out of the ports of Canada, or bring fish into the ports of Canada to be landed here, except under licence by the crown. I make that statement because I believe first of all there should be the element of control. The licence fee, of course, is a question for government determination in accordance with the ability of the industry to pay.

In the second place I do not believe there should be any increase in the number of trawlers operating at present; in fact I believe there should be a decrease, and that no one firm or corporation should be allowed to operate more trawlers than are absolutely necessary to insure continuity of supply. That is, the trawler should be used as an auxiliary aid to the vessel and the boat fishermen, because I am confident that if this policy is adopted, and the minister requires that he be satisfied before issuing a licence that it is solely for the purpose of enabling continuity of supply to be maintained, no firm will control or operate a large portion of the trawlers operating in the province of Nova Scotia. In fact I feel that this monopoly is one of the things which must be got rid of if the other firms are to survive. Under the section of the act which I have read undoubtedly the minister now has power to do both the things I have advocated, because the act itself was not called into question before the courts; only the order in council was attacked. Subsection 4 of section 69 (a) states that the minister may determine the number of such vessels that shall be eligible to be licensed, the word "vessel" in that instance referring to the trawler. Subsection 5 states:

> Regulations may be made under the provisions of section forty-six of this act,—
> (a) prescribing the form of licence;
> (b) specifying the evidence to be submitted with an application for a licence;
> (c) fixing the conditions under which a licence shall be issued;
> (d) making any other provisions respecting licences.

Now, sir, I wish to put forward a further view, which I grant is a personal view rather difficult of attainment, because it conflicts with vested interests. It is my own contention that no trawler should be eligible for licence unless it has been built within Canada. I so contend because these ships with which the trawlers compete are built in Canada and at Canadian prices. The trawlers are purchased mainly in England, where they are tied up at wharves or fish piers, and they are purchased at prices which in this country practically amount to dumping. They are then brought in to compete with our vessels.

I contend that it would be thoroughly in keeping with the policies of the Conservative party to accept the trawler as an implement of production under licence, but only when it is built in Canada from Canadian steel and with Canadian labour. This would give very much needed employment to Canadian workmen and shipyards. It would raise this further question: What are you to do with those which are here? Speaking altogether personally, I would suggest that they be sold and that the owners be reimbursed for any loss they might sustain; and I would make arrangements to have Canadian trawlers built. If I am asked why I make such a proposal, the answer is that I am convinced of the necessity for restriction. I have no doubt that the cost of building in Canada would impose sufficient restrictions to prevent the over-rapid development of a trawler fleet.

I put forward that view knowing that it involves difficulties and that it conflicts with vested interests. I realize that it is practically a confiscation of vested interests that have accrued in years gone by. If my view is not acceptable, however, I urge that for the future, having licensed those now in Canada, we license no more trawlers unless they are built in this country. This, as I have pointed out, would give work to Canadian labour and to our Canadian shipyards. When I make this suggestion I am conscious of treading on thorny ground. It will be immediately urged by those who are interested in the trawler companies that in advocating the interests of Lunenburg I am taking away markets which others have spent years in building up. In reply to that contention I say that in the first place, admitting that the markets in Canada for fish have been built up by corporations which to-day use the trawler, this has not been done without substantial government assistance in the way of plants, marketing and advertising. And in the years gone by assistance has also been given in the way of bonus on freight rates. In the second place, let me point out that I am not advocating the interests of Lunenburg alone. Anyone who will visit Nova Scotia to-day will realize what a live question this is in fishing communities. The only districts I know of which do not support

abolition are Halifax and Digby; in almost every other section of the province abolition is demanded. Perhaps I am taking my political life in my hands in saying that I do not agree with them, but certainly I am not advocating the interests of Lunenburg alone. Even if I were, however, my county is dependent upon fishing. The industry has built up the county and maintained prosperity not only in the fishing communities but in the back country where the wood is obtained for building the vessels. And I should be doing a disservice to my county if, in order to protect interests in Halifax or elsewhere, I were willing to sacrifice those among whom I was born and brought up.

I have made my case as moderately as possible and as fairly as I can, in an absolutely non-partisan spirit but in the sincere hope that some announcement of policy will be made which will give the industry some idea of what it can look forward to in the future, and so that it can make its plans accordingly. I should like to see this problem solved for it is causing great unrest and agitation in Nova Scotia.

I know quite well that I have dealt with but one problem of the fishing industry, but it is more immediate and urgent than any other. What I am proposing is by no means a panacea for all the ills of the fishing industry; there are a dozen other problems that must be solved. But I put forward this particular one because of its urgency. The condition of the industry is grave; it has never been more so. I want to thank the Prime Minister for restoring to the exempted list under the sales tax articles purchased by the fishermen. It may not seem much, but even a slight straw sometimes will break the camel's back. I can assure him that the fishermen of my constituency appreciate his action. I am not speaking in any spirit of pessimism with regard to this industry. I believe it has a future far greater than its past would lead us to expect. And I have no doubt that, with wise development, the industry in the future can take care of far more capital and a greater number of men than it can do to-day. It is because of this conviction that I have presumed to take up the time of the house to bring before it this problem which is of so much importance to the people whom I represent.

Mr. H. B. SHORT (Digby-Annapolis): I am surprised that my hon. friend from Queens-Lunenburg should bring up this contentious matter at this late time in the session. This trawler question is a very live one, having been before the house for the last four or five years. It was dealt with thoroughly by the committee in 1929, and as a result of their deliberations there was presented to the house and passed Bill No. 26 which proved perfectly satisfactory both to the trawler industry and to the fishermen. Had the regulations under that bill been carried out there would have been no difficulty on either side, either on the part of the shore fishermen or so far as the trawlers are concerned. But for some reason or other a commission was appointed to look into the situation and it made a recommendation. It was on their recommendation that Bill No. 26 was based.

Now, all the regulations provided for in that bill cover the objections made by my hon. friend to the trawlers. The regulations limit the number of trawlers that may be used, and that is left entirely to the discretion of the minister. The minister is empowered to collect a licence fee from the trawlers, and as I said before, the bill was satisfactory both to the fishermen and to the trawler interests. My hon. friend's constituency now comes forward with representations. The fishermen there are not shore fishermen; they are offshore fishermen, owners and operators of large schooners. It was not the shore fishermen who started this agitation of late. They are satisfied now with the way conditions are working. The trawler companies have been their best market for fish. There would never have been any trawlers operating in Nova Scotia if it were not absolutely essential to have them in the fishing business, to provide a regular supply of fish for the markets of the country. Prior to 1910, when the first trawler came to Nova Scotia, there was no fresh fish market in Canada. The supply all came from Boston and Portland; not a thousand pounds of fresh fish per week were shipped to the upper provinces from Nova Scotia. The government at about that time gave a rebate on the express charges amounting to one-third of the cost in order to try to build up a fresh fish business with the upper provinces. That was the beginning of the fresh fish business in this country. Previous to that practically every pound of fish was brought in from Boston because we could not supply the market with fish when it was required. When the trawler was brought into operation it was then possible to supply fish as required and the result is that a very successful fresh fish business has been built up. This business has been built up by the steam trawlers. These trawler companies buy from one-third to two-thirds of the catch from the boat fishermen, as is shown by the report of the commission which investigated the fish-

eries in 1928. Now that the trawler companies have built up a successful business, the vessel owners of the county of Lunenburg want to step in and reap the benefit. Both money and time has been expended by the trawler companies in the development of markets; they have spent years in working up this trade which is being endangered by agitation coming now almost entirely from the county of Lunenburg.

I live in a fishing county where not a single trawler is operated, but we have the best class of shore fishermen in Digby county that there is in the province of Nova Scotia. They operate the very best class of boats, but they have no objection to the trawler because they realize that a regular supply of fish is necessary to hold the market. My hon. friend has stated that modern vessels equipped with engines are being used. I want to tell him that in 1910 a fleet of vessels was operating out of the port of Digby. These vessels were equipped with engines, perhaps not as powerful as those used to-day, but I submit that an engine in a vessel has nothing to do with catching fish. In order to catch fish the men are obliged to go out in small boats in order to set their trawls and there are weeks at a time when it is impossible to put a small boat over the side. When the commission was sitting in Lockeport in 1928 it was shown that for four weeks there had not been a single fish landed by a schooner.

Is this modern industry worth millions of dollars, using modern methods of production, to be ruined in order that we may go back to line fishing? That would be a great mistake to make, and the business people of this country would not stand for it. My hon. friend is mistaken when he says that all these trawlers are operated by one company. Four trawlers are owned and operated by the company of which I have the honour to be a member. I take some credit to myself for the building up of the fish industry. When I was in business for myself I shipped the first carload of finnan haddie which ever went to the west, and from that beginning a great business has developed. The business carried on at Lunenburg has always been a salt fish business. It has not been so successful during the past few years and they want to convert it to a fresh fish business. They ask that the trawler be abolished in order that they may gain control of the markets of this country. What my hon. friend has said might have been said to the Prime Minister (Mr. Bennett) and to the department, and I presume he has taken that course. He has brought this matter up in the house simply because he represents a fishing constituency. I represent a fishing constituency but the interests who own fishing vessels in my hon. friend's constituency have told him that he must bring this matter up on the floor of the House of Commons, and that is the reason why he has done so.

Mr. ERNST: Mr. Speaker, I rise to a question of privilege. I deny emphatically the statement made by my hon. friend, and I sincerely hope he will withdraw it. I have not brought this question up because the interests who own vessels in Lunenburg have said that I had to bring it up.

Mr. SHORT: The interests who own vessels insisted that the hon. member bring it up.

Mr. SPEAKER: The hon. member has a right to state his question of privilege, and the hon. member for Digby-Annapolis (Mr. Short) should take his seat.

Mr. ERNST: I have brought this matter up in the interests of the fishermen of Nova Scotia. I have in my possession resolutions from practically every community in the province where there is a board of trade.

Mr. SHORT: I will accept the hon. member's statement.

Mr. SPEAKER: Any suggestion that the hon. member is bringing this matter up as a matter of personal interest should be withdrawn.

Mr. SHORT: I will accept the statement of the hon. member, but at the same time we can draw our own conclusions.

Mr. ERNST: I must object to such remarks coming from an hon. member who is a trawler owner and who has a direct financial interest in this matter.

Mr. SHORT: I have no objection to stating that I am interested in the trawler business, and I am proud of it. If it had not been for the trawlers, there would be no fresh fish markets for the Canadian fishermen. Our company has done more for the shore fishermen of Nova Scotia than any other half dozen concerns.

My hon. friend brought up the question of conservation. Six small trawlers only operate out of the province of Nova Scotia and according to regulations they cannot fish within twelve miles of the shore. During the summer months we have from forty to fifty French trawlers, each one four or five times the size of our trawlers, fishing off our banks. The American fleet consists of some 170

trawlers, and they fish our banks. It is perfectly ridiculous to say that there is a need for conservation because of the trawlers operating out of Nova Scotia. If the countries of the world would agree to abolish trawlers as a means of fishing, I would be agreeable, but so long as other countries use that method of fishing, surely Canada is not to be denied the same right.

Another matter brought up by my hon. friend was the destruction of gear. I do not think a single case has been reported where a Canadian trawler has interfered with the gear of our banks fishermen; such damage has been caused by the foreign trawlers. Our captains are familiar with conditions and they take great care not to fish in close proximity to the vessels or to interfere with their gear.

My hon. friend stated that the vessel owners were prepared to ask for legislation to deny to trawlers the right to come to our shores to fish. No one wants that. Everybody realizes that there is a limitation to the trawling industry and I believe at the present time we have all the trawlers necessary to supply the demand of the market, which is all any one should desire. There is a trawler owned by a firm in Lunenburg, with which firm the hon. member for that constituency is in close touch. They built and own a trawler, but they could not operate her successfully with the result that she is lying tied up at her wharf. Four or five years ago they were not against trawling, but when they found they were operating something about which they knew nothing and which they could not operate successfully, they tied her up and said: All those people who are in this business must adopt our antiquated method of catching fish. That is the whole situation. I think it is a great mistake to bring this matter before the house. It is at present before the courts, and until a decision is rendered in connection with a case that was brought before the exchequer court and that has now been appealled before the full bench, no legislation can be passed by the house in connection with the trawling industry. Therefore I think my hon. friend was ill-advised in bringing the matter before the house.

Mr. ILSLEY: The hon. member for Queens-Lunenburg did not advocate abolition, but the hon. member for Digby-Annapolis understood that he did. What I want to ask is this: If you restrict licences to Canadian-built trawlers, would that be abolition? I know the hon. member for Digby-Annapolis, because of his wide experience, can answer the question.

Mr. SHORT: We have in Canada to-day four or five British-built trawlers that have been given Canadian registry. They are Canadian ships just as much as British-built ships that are owned by the Dominion Coal Company in Cape Breton and that are registered in this country as Canadian ships. They were given Canadian registry in good faith. What do you want to do with those ships? If the government gave a register to a British-built ship, she is certainly as much a Canadian ship as one built in Canada. Otherwise a very large question will be opened because many other industries have brought British-built ships over here and those ships have received Canadian registry. Why make any discrimination in regard to trawling as against any other branch of business?

Mr. BOUCHARD: That is no Canada-first policy.

Mr. SHORT: That has nothing to do with the matter. Those ships are already here. I would be quite agreeable to a proposal that we do not allow any more British-built ships to be given Canadian registry. Have all the trawlers that are to be used here in the future built in Canada, but what are we going to do with those which we already have and to which we have given registry in good faith?

Mr. QUINN: All those built in the future.

Mr. SHORT: I am in accord with that. But what we have we are going to hold, whether my hon. friend objects or not. I do not think it is advisable to take up the time of the house in discussing this question at present, because no action can be taken by the government at this session. Therefore I am not going to try to answer further the different points raised by my hon. friend, but at some future time, when he brings the matter up, I shall be prepared to meet him.

Mr. A. E. MacLEAN (Prince): I do not think I can quite agree with the hon member for Digby-Annapolis, (Mr. Short), who has just taken his seat, that this question should not have been brought up. Parliament has now been in session for more than four months, and yet the very large and important industry of fishing has received no consideration whatever by the house. The hon. member for Queens-Lunenburg (Mr. Ernst) has made out a good case on behalf of the fishermen of his district, but I think my good friend, who is chairman of the fisheries committee, has been a little lax in his duty in not calling that committee together. If the fishing industry

of the Dominion is as important as he and also the hon. member for Digby-Annapolis would lead us to believe, why was the fisheries committee not called together so that important questions in connection with the fishing industry might be discussed, my hon. friend has left it to the very last days of the session to bring this matter before the house.

Mr. ERNST: Has the hon. gentleman either by letter or in the house during this session made any representations prior to to-day about the fishing industry?

Mr. MacLEAN: That is not my duty. The hon. member is chairman of the fisheries committee and it is his duty. That committee was appointed by the house early in the session to deal with matters concerning fisheries and not one meeting has been held.

Mr. ERNST: Yes, there has.

Mr. MacLEAN: There was one that dealt with marine matters, but there has not been a meeting that dealt with fisheries. I think it is only fair to point this out. There are large questions that could have been discussed regarding the fisheries. While my constituency could not be called altogether a fishing one, still that industry is of importance in my district and we have many questions that we should like to bring before the committee. Resolutions were passed by the fishermen's association asking for assistance in connection with collecting boats so that our live lobsters might be put on the markets of the world in competition with those from other parts. This little request from the fishermen of my constituency was denied while, I think, in Nova Scotia assistance is given in this way. This is one matter that could have been taken up and discussed in the fisheries committee.

The question of trawlers is also one that should be discussed. My hon. friend says that it is still before the courts. It was before the courts and they have given a decision. Early in the session I put a question on the order paper asking what tax had been collected and what was still outstanding.

Mr. SHORT: The case has been appealed; it is still before the courts.

Mr. MacLEAN: I know that. There is a large amount of tax outstanding, and the government does not know whether it is in a position to collect that tax or not until, I suppose, the case is finally decided by the appeal court. But there are many questions that could be brought forward. During every session that I have been a member of the house the fisheries committee has been one of the important committees. Representations have been made before it by members from all parts of the maritimes and British Columbia; those questions have been thoroughly discussed and representations have been made to the minister. At the present time our genial friend, the former Premier of Nova Scotia, is Minister of Fisheries, and I know he would be only too glad to have suggestions from members on both sides in connection with the fishing industry. I believe his sole ambition is to give to that industry every assistance he possibly can. How is he to get that information unless members representing the different constituencies meet in the fisheries committee and discuss these matters? It is impossible for him to secure that information through his deputy or any of the officials. The viewpoints of the people in the different constituencies can be stated only by the members representing them.

The trawler question is a big one, and some action should be taken. If it comes to a question between the trawlers and the inshore fishermen, I am for the inshore fishermen every time. If it can be shown that the trawler has a part to play in the fishing industry of Nova Scotia, some restrictions should be put upon its use and the inshore fishermen be given a chance. I think my good friend from Queens-Lunenburg has done a service to this country in bringing the matter before the house, but I do wish to say to him that he should have called the fisheries committee together this session and have given it a chance to discuss these very important questions before they were brought up in the house.

There has been legislation put through the house regarding the tariff, and in that connection I have a clipping here from the Halifax Chronicle, which I think is well worth reading. It says:

> The Prime Minister of Canada stated from a hundred platforms that he would make the tariff "fight for the consumer." He repeated in parliament when he imposed new, higher taxes that the people would not have to pay more. How putting 50 cents a garment on the fisherman's oilskins is not going to cost him more, we would like to know. How putting a dollar odd on a dozen pairs of socks is not going to make them cost 12 or 13 cents more a pair, everybody would like to know. How putting a tax on fertilizer, spraying machines, farm machinery and all the rest of it is not going to cost the buyer a cent more, who can explain?

It goes on to deal with the question of falling prices of world commodities and claims that some consideration should be given to the fishermen.

I hope that if we are spared to see another session our good friend from Queens-Lunenburg (Mr. Ernst) will call the fisheries committee together early in the session and give us a chance to discuss the situation from A to Z, so that we may be in a position to put before the minister any recommendations that we may decide upon in connection with these matters. There are very many questions to be considered. There is the protection service, which has always been a contentious question, and I believe that in our province to-day that service has not been handled in a way that is altogether satisfactory to the people there. They feel that the fishermen who live there should be engaged in the work rather than have outside men come in to do it. But I am not going to interfere in that matter, because it is a question of policy for the minister and for the department, and the minister can carry out that policy as he sees fit. In closing, I trust that the fisheries committee will be called together early next session and be given a chance to discuss these matters before they are brought up on the floor of the house.

Hon. E. N. RHODES (Minister of Fisheries): Mr. Speaker, at this late stage of the session, having in mind the desire on the part of hon. members of this house to bring about a speedy termination of its business, I trust that my hon. friend from Queens-Lunenburg (Mr. Ernst), the hon. member for Digby-Annapolis (Mr. Short), and the hon. member for Prince (Mr. MacLean) will not consider me guilty of any discourtesy if I do not discuss this question at any great length, nor is the comparative brevity of my remarks to be taken as in any way an indication of a lack of appreciation on my part of the very grave character of the subject matter which has been brought to the attention of the house by my hon. friend from Queens-Lunenburg.

May I say at the very outset, and I say it in the kindliest way possible, that I am rather sorry that my hon. friend from Prince, even in a mild way, has injected an element of controversy into the discussion which I think had better be absent, and for this reason: The matter brought to the attention of the house by the hon. member for Queens-Lunenburg dealt solely with the question of trawlers. He left all other questions dealing with fisheries to one side. The trawler question, of all questions, is one which ought not to be made the subject of political party controversy. It is a very serious and difficult question, and I may say frankly that it has given me very great concern, and I have given a very great deal of thought and attention and consideration to the subject. I think that perhaps we had an example in the house this afternoon, in the attitudes that were taken by two hon. members on this side of the house, which indicates that the subject is not one free from difficulties.

I take no exception whatsoever to the fact that this subject has been brought to the attention of the house by the hon. member for Queens-Lunenburg. I think perhaps my hon. friend from Digby-Annapolis did not hear, or certainly did not follow, the trend of the remarks of the hon. member who introduced this subject, because my hon. friend from Queens-Lunenburg in a very reasonable, very fair and very mild manner was at pains to indicate the conflicting interests as between the trawlers on the one hand and the line fishermen upon the other.

One of the greatest difficulties that we have in considering this question arises out of a number of collateral circumstances. In the first place, a marked change has taken place in the character of the fishing industry in Nova Scotia. The very backbone of that industry was for many years the salt fish industry, but owing to world conditions that I shall not enter into at the moment, inroads have been made upon that business and prices have fallen to inordinately low levels, in some cases to below the cost of production. My hon. friend from Queens-Lunenburg has very properly stated that the fishermen were driven into the fresh fish business on the Canadian market, which is very limited at best.

When the royal commission presided over by Mr. Justice MacLean sat in 1928 they found a very serious condition in the industry. They recognized the difficulties of the trawler situation at the time. It is unfortunate—I say this with every respect—that that commission could not have arrived at a unanimous decision by means of a compromise. My hon. friend from Queens-Lunenburg has referred to a letter published in the Halifax Chronicle quoting the remarks of the hon. member for Antigonish-Guysborough (Mr. Duff). In the letter in question, which was published in the Halifax Chronicle of September 25, 1929, he takes that very position. I am not going to take the time of the house to read a paragraph or two of that letter, which I have before me at the moment, but he expresses in no uncertain terms his regret that the commission could not have compromised and arrived at a unanimous decision.

This is what happened. The majority of the members of that commission recommended the abolition of the trawler. One member, Mr. Justice MacLean, the chairman, took the opposite point of view. I think the late government made a mistake—I do not for a moment wish to be understood as finding any fault in the sense of political party controversy—when they did not follow the recommendation of their own commission, or of the majority. What they did was to attempt to meet the situation by order in council, which got them nowhere. In the first place the majority of that commission recommended abolition of the trawler, whereas the order in council itself was predicated upon the operation of the trawlers. Furthermore, while for nine months of the year fish brought into this country by Canadian vessels for the Canadian market, was to be taxed one cent per pound, although that tax was tentatively imposed under the guise of a so-called licence fee, yet at the same time under that order in council the government allowed fish to come in during the months of January, February and March, thus recognizing in the very body of the order in council the contention of those who advocated the use of the trawler; namely, that there are certain periods of inclement weather when we must have trawler-caught fish if we are going to have a continuous supply in the Canadian market. Furthermore, another very unfortunate circumstance resulted from the passing of that order in council, namely, that if the order in council was constitutional it imposed a tax upon one company alone of between $130,000 and $150,000 a year, or, as the books of the company disclosed, an amount sufficient to involve a very large deficit in every operating year. In other words, the company could not continue to operate. It is true that it refused to pay the tax and resisted to the extent of fighting the case in the courts. Unfortunately it was unable to finance and its failure recoiled upon the heads of the very fishermen who felt hostile towards the trawler, or those fishermen who believed that the trawler was in large measure responsible for the conditions in which they found themselves. The royal commission found that in the year 1926, which was apparently the last year for which figures were available, 90,000,000 pounds of fish were caught in the province of Nova Scotia. Of that 90,000,000 pounds 40,000,000 were caught by the trawlers and 50,000,000 by the line fishermen. Of the 50,000,000 pounds caught by the line fishermen, however, 72 per cent were purchased from them for cash by the trawler companies. Therefore to the extent that the financial operations of trawler companies were crippled by the order in council, to that extent was limited the purchasing power of the people of Canada to buy fish caught by line fishermen. Instead of operating as a help to fishermen the order in council recoiled upon their heads. Although I am prepared to give credit to the government of the day for proper motives in passing the order in council, it is an unfortunate fact that it recoiled upon the heads of the fishermen for whose benefit it was designed, to the extent that it prevented the companies from being assured of a future in the business and lessened their chances of operating. To that extent it crippled their opportunities to buy fish from the fishermen of the province of Nova Scotia.

I do not purpose to go into the merits of this matter at length, but there are one or two factors to which I think particular attention should be called and which ought to be borne in mind. This controversy is not new. Trawler fishing has been in existence for a hundred years, and the very agitation which we have had to-day in portions of Canada as a result of trawler operations is an old story in practically every country—well, probably not every country, but in a large number of the countries of the world. The mother country was faced with a similar condition and as a result there were numerous royal commissions and inquiries. Investigations have been held in the United States, but there has never been any demand in any of the different countries to abolish the trawler. In Canada we have just off the shores of the province of Nova Scotia, where this agitation is most acute, what is perhaps one of the greatest fishing grounds in the world. To-day we have only six licensed trawlers, while in the world to-day there are the following numbers of trawlers in operation:

Name of country—	Land, steam and motor trawlers	Small motor trawlers	Sailing trawlers
England	1,229	.....	270
Scotland	347	.....	....
Ireland	154	.....	....
Holland	336	.....	....
Portugal	70	.....	....
France, estimated	250	.....	....
Belgium, estimated	100	.....	....
Denmark	1	2,600	....
Germany	355	.....	....
Sweden	184	.....	....
	3,026	2,600	270

Hon. members will see that in Europe alone there are nearly 6,000 trawlers in operation.

Mr. SHORT: Has the minister the figures for the United States?

Mr. RHODES: Yes. At the present time in the United States there are 115 large trawlers in operation, 137 medium sized trawlers, or draggers, and 72 small inshore trawlers. In Japan there are 70 large trawlers in operation. So that in the world to-day there are 6,296 trawlers, while in Canada there are only six under licence. Those six are much smaller than many hundreds licensed in other countries.

I make mention of these circumstances because I think they practically dispose of the question of conservation—if that question arises. I think the matter of conservation arises only if there is over-fishing, when of course conservation is interfered with. If the number of trawlers is excessive it is pointed out that they are operating in international waters, and that if our six are withdrawn there will be no effect whatever upon the result.

As an evidence of the desire to inquire as fully as possible into this subject, in April last public hearings were held by the Department of Fisheries. One whole day was devoted to hearing the evidence of those opposed to the trawler, and another whole day to hearing the evidence of those advocating it. By reference to the evidence it was made clear that trawler-caught fish were more expensive than line-caught fish, so that the introduction by the fishing companies of the trawler could not be attributed to a desire on their part to get cheaper fish. In this connection I should like to quote two very brief paragraphs from the evidence, and I shall refer to the evidence of Mr. J. J. Kinley, who was at one time a member of the legislative assembly of the province of Nova Scotia, and also a member of the government of that province. To-day he is a very prominent merchant in the town of Lunenburg, from which my hon. friend comes. At page 26 of his evidence I find the following:

> The point I want to make is that there is considerable food for thought, where it cost the beam trawler $1.85 to produce fish, the fishermen in Nova Scotia are taking less than the cost to the beam trawler.

In that instance Mr. Kinley is referring to the price per 100 pounds. His complaint was that the line fishermen were taking less than the beam trawlers.

We shall now refer to the evidence of Mr. A. H. Whitman, a highly respected gentleman in the province of Nova Scotia engaged in the fish business. He gave very complete evidence as a result of experience in his own business where he had lost a good many thousand dollars in the operation of a trawler which he finally had to sell—or, as he put it "unload" —to the National Fish Company, with which my hon. friend from Digby (Mr. Short) is associated. In his evidence he said:

> They found it cost more to produce a fish by the trawler than it did by the Lunenburg vessel.

That evidence is to be found at page 9 of the proceedings. I wish to emphasize another point, namely, that the sole reason assigned by those who operated trawlers in Canada was that their operation was necessary to afford continuity of supply. Their argument is that you cannot build up a market for fish unless you have fish available to supply that market, and that the purchaser, the house wife, is not going to buy fish as and when it is the desire of the merchant to supply it or as the elements permit it to be supplied. In other words, to build up a market you must be able to supply it continuously, and I think the evidence submitted by those who appeared both against and on behalf of the trawler at the hearing of which I speak has made that abundantly clear. I desire to cite just one or two lines from the evidence given by one or two of the witnesses. I refer first to Mr. H. G. Connor, managing director of the National Fish Company, whose evidence I might summarize. He stated that the experience of the trade has made it abundantly clear that they cannot get a continuous supply of fish for the fresh fish market unless they have the trawler to fill in the gaps caused by inclement weather, when it is impossible for the line fishermen to go out. He referred to a contract between his company and a large chain store organization in the United States, under which the company sold 1,500,000 pounds of fresh fish during a period of the year when it could not have been supplied from any other source. Mr. Connor says:

> . . . . and if it were not for the regular supply from the steam trawler it would not have been possible to do this business.

Then he continues:

> This one connection offers possibilities of unlimited developments.

I put the question to this witness, as I put it to the other witnesses, as to whether it would not be possible to supply the market with fish caught by line fishermen and kept in cold storage or preserved by brine freezing, methods. He answered at once that it would not be possible, that a fresh fish is a fresh fish and that you lose the flavour of a fish when it is brine frozen or chilled, as compared with the flavour of a fish fresh from the water. He said the Toronto market, and

other markets of Ontario, will not take other than fresh fish. This is made very clear by the evidence of Mr. Langskill, who is associated with the fish distribution business in Toronto. He said:

> I have seen a fresh Atlantic fish business in Toronto develop from a few cases weekly to several carloads per week due to the development of the trawler assuring us of a steady supply.

He referred to an incident which happened only last year, and stated that owing to the inclement weather off the Atlantic coast he would not have been able to supply his market but for the fact that he was able to get fresh fish caught by trawlers.

In any case it was my intention to have made an announcement as to my view and as to the policy of the government with respect to this matter at a reasonably early date. That I have not done so hitherto is very largely because of the fact that, very shortly after coming into office, I realized that we were not beginning to exploit our market possibilities for fish in Canada. If we increased the per capita consumption of fish by 10 pounds per person per year we would increase our market by over 100,000,000 pounds of fish yearly. Even if we arrived at that figure, which is by no means fantastic, we would be still consuming less than three-quarters of the per capita consumption of fish in the mother country, where the people are essentially meat eating people. It is true there are problems in our industry which are peculiar to Canada. We have a country covering half a continent, yet our population is only slightly larger than that of the city of London, and our problem of distribution is a very difficult one because fish is a highly perishable commodity. Realizing this, and with the view of enlarging the Canadian market, the department employed the firm of Cockfield, Brown and Company of Montreal, who were recommended to me as the best firm we could engage in Canada, to undertake under their research engineer a survey of the market possibilities in Canada and the other countries of the world with a view to our being able, as far as governmental activity permitted it to be done, to inaugurate such policies as would enable us to overtake as rapidly as possible that consumption of 100,000,000 pounds or more yearly. If we were able to do that we would go a very long way towards improving conditions among the fishermen and in the fishing industry.

I am satisfied, and I wish to state very clearly that I accept it as beyond reasonable doubt at least, that if we are to enlarge our production of fish in Canada to cover this market, and to supply large quantities to the United States, we must have the trawler as an adjunct to our industry in order to take up the slack of which I have spoken.

I do not propose to labour the subject further, because I have already taken more time than I would wish at this stage of the session, but I should like to say this: My hon. friend from Queens-Lunenburg (Mr. Ernst) and myself are practically in entire agreement. I believe the trawlers should be limited to the irreducible minimum, and should be subject to strict regulations. I think the six we have at the present time are ample, and perhaps too many, but whether or not that is so I believe they should be limited to the lowest possible number. My hon. friend from Queens-Lunenburg referred to the fact that one of the great complaints was that there was a monopoly in connection with the trawlers. That is so, and in large part it arose through accidental circumstances and not through any desire to create such a condition. This has been the cause of very hard feelings in certain sections of Nova Scotia. Under section 69 (a) of the act the Minister of Fisheries has very wide powers. I sometimes wish they were not quite so wide, because it would take a superman to administer that department in a way which would be reasonably acceptable to the majority of those engaged in the fishing industry. But I do believe that the Minister of Fisheries, under that section of the act and under the regulations which he can invoke, has sufficient power to be able to remedy that situation, if not fully at least in very large part. It will be my endeavour to see if some solution cannot be found which will bring about a little more equitable distribution of the trawlers. In that connection I might point out that one of the witnesses who appeared at the hearing of which I have spoken was Captain Myhre, who undoubtedly is well known to my hon. friend from Antigonish-Guysborough (Mr. Duff). He appeared against the trawler, but strange to say, in his evidence, to which I will not refer now, he stated that he had a particular customer who wanted fish on a certain day and that he was unable to supply his customer because the elements did not permit the fishermen to work on that occasion. He said very frankly that it would be of distinct advantage to him, and would permit him to supply his best customers with fish whenever they required it, if he could secure a trawler to take care of

the period when the line fishermen could not secure the necessary supplies.

My hon. friend from Queens-Lunenburg said that he advocated the licensing only of trawlers built in Canada. I will agree with him, with this limitation: I do not believe it would be fair to apply that principle in Canada now, since of the six trawlers under licence four were imported from the mother country. They were imported in good faith and were purchased at a considerably higher price than that for which they could be purchased to-day. In addition to the cost, they have expended large sums of money on repairs. In one instance twice as much money was expended in repairs on one trawler as was paid for the trawler originally. Are we prepared to pass legislation confiscatory in its character? If we pass a regulation to provide that all trawlers shall be built in Canada and those now here be disposed of, the government will have to compensate. And if we compensate we hand over to the trawler companies an equivalent sum of money which they will turn around and place in Canadian trawlers. So that we put them in no better position, nor do we improve the condition of the fishing industry. A fairer method would be to license the trawlers we now have, deciding that hereafter any trawler to be licensed must be built and owned in Canada. I may say to my hon. friend that, with that reservation, I am prepared to recommend to my colleagues in the government that as a matter of policy this be adopted with regard to the trawler question.

Motion agreed to.

ROYAL ASSENT

Mr. SPEAKER: Before leaving the chair that the house may go into committee of ways and means, I have the honour to inform the house that I have received the following letter:

Ottawa, July 15, 1931.

Sir,—

I have the honour to inform you that the Right Hon. Mr. Justice Duff, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber to-day at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

F. L. C. Pereira,
Deputy Assistant Secretary.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. LaVergne in the chair.

Customs tariff—451a. Spring-beard needles and latch needles: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent; and, per thousand: British preferential tariff . . . . ; intermediate tariff, $1.50; general tariff, $1.50.

(ii) Needles, of any material or kind, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—451b. Pins manufactured from wire of any metal, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent; and, per pound: British preferential tariff . . . .; intermediate tariff, 10 cents; general tariff, 10 cents.

Mr. YOUNG: The other night the Prime Minister said that pins were sold in this country at 5 cents per gross. That seems to be a very low price. Can he give some particulars?

Right Hon. R. B. BENNETT (Minister of Finance): I tried to indicate to the hon. gentleman the circumstances under which the matter had been brought to my attention, and I pointed out the tremendous effort that was being made to dispose of surplus inventories in this country. What I referred to was a small ring of fine wire on which had been attached 144 safety pins of varying sizes from an inch and a half to two inches in length, down to very small pins of perhaps less than half an inch. They were being sold in the stores at 5 cents per ring. The industry to which I referred is one that has been in existence in Montreal for upwards of thirty-five years. The hon. gentleman asked how many were employed; the number directly employed is 75. They have been subject to competition all this while and there has been no complaint either in regard to the quality of their product or of any tendency towards monopoly. Nor has it been complained that they were getting undue profit. Were it not for the reasons I gave, the industry would, I think, disappear. This tariff may or may not have the effect of preventing that. The imports last year were $171,000; from the United States, $65,000 and from Germany, $5,000. The imports from Germany of the ring I mentioned are materially increasing. I cannot give any further particulars. I need not say that the material in this country could not be purchased at that price.

Mr. YOUNG: I suppose that is the retail price.

Mr. BENNETT: I said it was the price at which they could be purchased in departmental stores.

Mr. YOUNG: Could an unlimited quantity be supplied at that price?

Mr. BENNETT: I could not answer that.

Mr. YOUNG: It seems to me that in the departmental stores pins cost several times that much. The price the minister has mentioned seems remarkably low, almost too low—

Mr. BENNETT: That was what I was saying; it is remarkably low. Whether or not one could buy them in hundreds of thousands of rings I cannot say. But that price did bring the matter most forcibly to my attention. There will be no increase in price by reason of this item, and it will enable this old established industry in Montreal to continue.

An hon. MEMBER: The minister hopes there will be no reduction.

Mr. BENNETT: I hope there will be.

Mr. BEAUBIEN: What is the duty on safety pins?

Mr. BENNETT: It is given in the item—30 per cent.

Mr. BEAUBIEN: The Prime Minister the other day said that overseas manufacturers could land safety pins here for retail sale at 5 cents per gross. That will be found at page 3584 of Hansard. This morning I went into some of the stores in Ottawa to inquire into the safety pin business. At Murphy-Gambles I bought a card of 10 safety pins for 10 cents. At Schulte-United, I bought a ring of 50 safety pins for 15 cents. I went into Woolworth's and bought another ring of fifty pins for fifteen cents. I then looked up the number of births in Canada and I found that there are approximately 240,000 per year. On an average, a baby would use about one gross of safety pins per year.

Mr. DUFF: The hon. member means the baby's mother.

Mr. BEAUBIEN: Yes, for the baby.

Mr. STEWART (Leeds): It would depend on how many the baby swallowed.

Mr. BEAUBIEN: I was allowing for pins that would be lost, and those that would be discarded because they were too sharp and would prick the baby. These were the cheapest pins I could get, and the cost works out to approximately forty-five cents per gross. Taking the five cent per gross pin which the Prime Minister spoke of the other day, for this number of babies the cost for pins would be about $12,000. Based on the price which I had to pay to-day, the cost to the mothers of these babies would be $108,000. In other words, the difference between $12,000 and $108,000 will have to be paid for safety pins. This is putting a premium on large families, without mentioning the safety pins used to hold up the old gentleman's trousers and things like that. The Prime Minister said there are seventy-five people employed in this industry and the extra price which the Canadian people will have to pay is too large a tax. I think the proof is absolute that the tariff is taking a tremendous toll from the people who raise large families in this country.

Item agreed to.

Customs tariff—453. Metal parts when imported by manufacturers of covered buttons for use exclusively in the manufacture of covered buttons, in their own factories, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. BENNETT: This is maintaining the rate granted under the button item.

Item agreed to.

Customs tariff—476b. Surgical suction apparatus including motive power; prepared surgical catgut; ethylene; ethylchloride; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: It has been found that nitrous oxide is being manufactured in Canada, and the item has been deleted.

Item as amended agreed to.

Customs tariff—506a. Clothespins and parts thereof, per gross: British preferential tariff, free; intermediate tariff, 20 cents; general tariff, 20 cents.

Mr. YOUNG: Some time ago I happened to be in a hardware store and the merchant produced one of these patent clothespins held together with a wire spring. He said, "This clothespin has been manufactured in Canada," and he took the two parts in his hand and pulled them apart without any trouble; he just gave a little twist and they fell apart. He told me that when this clothespin was used on a line of clothes it flipped apart and allowed the clothes to fall in the dirt. He said that the Canadian manufacturer was cutting down expenses and had cut off a little piece of wood where the spring used to come around over the edge. Is this the particular industry being protected by this duty?

Mr. BENNETT: The production last year of clothespins amounted to nearly $400,000. The industry is confined largely to the province of Quebec, although there is a small factory in British Columbia. I imagine the efficiency of the Canadian manufacturer will be improved by the hon. gentleman's remarks. I think the Canadian producers are endeavouring to produce an article which will commend itself to the public. This government is not granting protection in order to encourage inefficiency. In this particular instance it was a case of the factory closing down or protection being granted. The manufacturers will not take advantage of this protection, any more than will the manufacturers of pins. If the computations are predicated upon increased prices, an increase will be shown in the budget amounting to millions of dollars, but of course no one would do that who desires to make a fair computation of values.

Item agreed to.

Customs tariff—507. Single-ply, sliced or rotary-cut veneers of rosewood, mahogany, or Spanish cedar, not over five-sixteenths of an inch in thickness, not taped nor jointed: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. BENNETT: The amendment to this item is being made because of the provisions contained in the Australian treaty, the words "walnut" and "oak" being deleted. There are several items with respect to which varying rates apply. Under item 507a the rates were 5, 7½, and 7½ per cent; under 503, they were free, free, and free, while the rates proposed in the new item are free, ten, and ten per cent.

Mr. EULER: The increase is three per cent.

Mr. BENNETT: There was a combination of items.

Mr. EULER: I was thinking particularly of mahogany veneers used in the manufacture of furniture.

Mr. BENNETT: This is really a counterpart of the former item 507a except there is a little difference in connection with the thickness of the wood.

Mr. EULER: The raw material for mahogany veneers, as well as for oak veneers and some of the others, is imported.

Mr. BENNETT: There is an increase of 2½ per cent.

Mr. EULER: Did it meet with any objection on the part of the furniture manufacturers?

Mr. BENNETT: Not that I know of.

Mr. EULER: It is a raw material. This is done because of the Australian treaty?

Mr. BENNETT: Yes.

Item agreed to.

Customs tariff—507a. Single-ply, sliced or rotary-cut veneers of wood, n.o.p., not over five-sixteenths of an inch in thickness, not taped nor jointed: British preferential tariff, 10 per cent; intermediate tariff, 20 per cent; general tariff, 20 per cent.

Mr. BENNETT: We let this stand the other evening in order that we might await the Australian treaty. This is the n.o.p. item.

Mr. STEWART (Edmonton): That is an increase?

Mr. BENNETT: From 15 to 20 per cent.

Mr. STEWART (Edmonton): The government is giving the furniture manufacturers an increase on the finished product?

Mr. BENNETT: Yes. The Australian treaty items touch it.

Item agreed to.

Customs tariff—507b. Veneers of wood of any kind, not over five-sixteenths of an inch in thickness, taped or jointed: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

Mr. BENNETT: That goes with the former item.

Item agreed to.

Customs tariff—507c. Plywood made of two or more layers of veneer or lumber of wood, glued or cemented together, but not further manufactured: British preferential tariff, 17½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—507d. Veneers, viz.: Australian blackwood, walnut, silky oak, silkwood, blackbeam, maple, Tasmanian myrtle, and eucalyptii, single-ply and not over three thirty-seconds of an inch in thickness: British preferential tariff, 10 per cent; intermediate tariff, 12½ per cent; general tariff, 15 per cent.

Mr. BENNETT: The Australian treaty makes this item necessary. This is the item that necessitated our having the other items stand until the present.

Mr. NEILL: They are all Australian products?

Mr. BENNETT: Yes.

Item agreed to.

Mr. BENNETT: As I have to meet the deputy of His Excellency the Governor General, and as the Minister of Immigration is in his place, he might go on with supply.

Mr. RHODES: I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

SUPPLY

DEPARTMENT OF IMMIGRATION AND COLONIZATION

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Immigration salaries and contingencies, including grants to immigration societies, women's hostels, provinces, and loans for stock, equipment, etc., for Canadian boys, as may be authorized by the governor general in council, $1,905,000.

Mr. LUCAS: Would the minister kindly give a list of the societies that are receiving grants under this vote?

Hon. W. A. GORDON (Minister of Immigration and Colonization): At the present time no society is receiving grants. They have all been dropped this year. The item went through in that language at a time when I was not sure to what extent the restriction would obtain.

Mr. GARLAND (Bow River): What are the details of this vote?

Mr. GORDON: Salaries, outside service, $1,055,000, and contingencies, $850,000.

Mr. GARLAND (Bow River): None of this money has been voted to any society of any kind whatever?

Mr. GORDON: None.

Mr. GARLAND (Bow River): May I ask the minister, then, for the total amount of money voted to this department for salaries, inside and outside services?

Mr. GORDON: Outside service, $1,055,000; inside service, $312,555.

Mr. GARLAND (Bow River): Are any other salaries paid in connection with immigration work, Chinese immigration or the rest of it?

Mr. GORDON: These two items include all the salaries with the exception of the administration of the Chinese Immigration Act. That will be found under item 126.

Mr. GARLAND (Bow River): The other evening I asked the minister if he would give the committee the details of deportations for the last year, the number of foreign-born and the number of British subjects deported.

[Mr. Bennett.]

Mr. GORDON: The total number of deportations from August 1, 1930, to May 31, 1931, is 4,137; but going back to April 1, 1930, to date, the totals for the fiscal year are as follows: British deportations, 3,099; United States, 279; other countries, 998, making a total of 4,376. The causes of deportation are various—medical causes, criminality, public charges, other civil causes. In a large number of cases the deportations have been brought about through the deportees deliberately accepting public charity in order to be deported. We try to avoid that if we can.

Mr. EULER: How many persons have been deported at the request of municipalities because they were not able to support themselves and were in receipt of charity?

Mr. GORDON: I have not those figures. I am told that in order to procure them a special compilation would have to be made, but I would be glad to have that done—

Mr. EULER: I do not wish to put the minister to that trouble. Would the minister give a statement as to the policy of the department with regard to deportations of the kind I have mentioned? Does the department act only on the request of the municipalities, or does it take the initiative? I ask that because it seems to me it is pretty hard that people who have come to Canada in good faith, perhaps as the result of the activities of the Immigration department of a government, the preceding government, if you like, and have fallen on hard times, like many Canadians, should be deported against their will. That seems to me a hardship. I should like to know what is the feeling of the department.

Progress reported.

THE ROYAL ASSENT

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

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bill:

Bill No. 124, an act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1932.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house resumed in committee of ways and means.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Customs tariff—511. Fishing rods, walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds, for use in sports, games or athletics: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. BENNETT: This is a consolidation, putting similar articles together, which were at varying rates previously. This includes former items 511, at 20 per cent, 27½ per cent and 30 per cent; 506, at 17½ per cent, 22½ per cent, and 25 per cent; 446, at free, 15 per cent and 20 per cent and 362, at 22½ per cent, 30 per cent and 35 per cent. Items coming under those different classifications have been grouped together, so there is a slight reduction in some cases and a slight increase in others.

Item agreed to.

Customs tariff—540b. Woven fabrics, wholly or in part of flax or hemp, not containing silk, artificial silk nor wool, viz.: table linen, towelling, sheeting, pillow casing, grass cloth and crash, and similar woven fabrics of a class or kind made in Canada, not provided for in tariff item 540c: British preferential tariff, 22½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent; and, per pound: British preferential tariff, 3 cents; intermediate tariff, 3½ cents; general tariff, 4 cents.

Customs tariff—540c. Table cloths, napkins, towels, sheets, pillow cases in the web or further manufactured, wholly or in part of flax or hemp, not containing silk, artificial silk nor wool: British preferential tariff, 25 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent; and, per pound: British preferential tariff, 3 cents; intermediate tariff, 3½ cents; general tariff, 4 cents.

Mr. BENNETT: These are the linen items. The fabric and the finished article are separated, and the specific duty is 3 cents, 3½ cents and 4 cents in each case.

Mr. YOUNG: This is another item where the two rates apply. Could the minister tell us how it will figure out?

Mr. BENNETT: The items vary in value, of course, from a very small price for a table napkin to a very large price for a large table cloth. It would be rather difficult; I suppose the values would run from 25 cents up. I am speaking from my general knowledge at the moment; my hon. friend may correct me if I am in error, but I think that would be it.

Items agreed to.

Customs tariff—560a. Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p.: British preferential tariff, 27½ per cent; intermediate tariff, 40 per cent; general tariff, 45 per cent; and, per lineal yard: intermediate tariff, 10 cents; general tariff, 10 cents.

Mr. BENNETT: This item stood at the request of the hon. member for Weyburn (Mr. Young) who wanted some information with respect to the industry. I assume that he has obtained the information from the source from which I obtained mine, namely the bureau of statistics. It would appear that the silk industry in Canada has developed very rapidly during the last few years. Ten years ago there were five establishments; in 1929 there were 23. In 1921 the total capital invested was $4,500,000, in round figures; in 1929 it was $28,278,000. In 1921 the employees numbered 932; in 1929 they numbered 4,372. Salaries and wages in 1921 were about $719,000; in 1929 they were $3,825,000, in round figures. In 1921 the cost of materials was about $1,890,000; in 1929 it was $6,091,000, in round figures. The value of the production in 1921 was $3,500,000, in round figures; in 1929 it was about $14,500,000. The bulletin issued by the bureau of statistics in 1930, containing the last information that had been collected, indicated that the total number of establishments in operation increased from 16 in 1928 to 23 in 1929, and of the seven new establishments three were in Quebec and four in Ontario.

I have already indicated to the hon. gentleman the principal figures for which he asked the other evening. The total capital of $28,278,000 was divided between three companies having a capitalization of $1,000,000 or over; six companies having a capitalization of between $500,000 and $1,000,000; five companies having a capitalization of between $200,000 and $500,000, and nine companies having a capitalization of less than $200,000. The average number of employees per establishment was 109. There were nine factories employing from 20 to 50; four employing from 50 to 100; four employing from 100 to 200; three employing from 200 to under 500 and three employing 500 and over.

Mr. STEWART (Edmonton): From what country do we get our principal imports of the finished article?

Mr. BENNETT: As I mentioned the other evening, this is a combination of other items. With respect to pure silk the largest importations are from Japan and the United States. We imported these goods to the value of $4,366,000 in round figures, of which $1,731,000 came from the United States and $1,423,000 came from Japan, with the balance coming from scattered countries.

Mr. STEWART (Edmonton): So the bulk of the importations would carry the heavy duty?

Mr. BENNETT: No, Japan carries the intermediate rate.

Mr. YOUNG: This is one of those items in which we have a dual rate; we have under the general 45 per cent and 10 cents a yard. I asked the minister the other night to give me some idea as to what that would be on an ad valorem basis. This is about as good an illustration as we can get of the ease with which tariffs can be raised by putting them on a specific basis. I have here a sample of Japanese silk on which, under the new rate, the duty will be 116 per cent of the value of the silk. The silk is worth only 14 cents a yard, and when you add 10 cents a yard to the 45 per cent you have increased the duty to 116 per cent of the value of the product. I have here another sample of silk on which the rate is increased to 90 per cent—

An hon. MEMBER: We cannot see it.

An hon. MEMBER: Hold it up.

Mr. YOUNG: Here it is. I think this is a good illustration, I will not say of deliberate deceit, because I do not think it was done deliberately for that purpose, but of the ease with which people can be deceived when you change from a specific to an ad valorem rate. If you told people that you had increased the rate to 116 per cent they would not stand for it; but when you say that 10 cents a yard is added to the 45 per cent they do not regard it as so much until they figure it out. But what is the effect? I have the index figures of prices of silk for September, 1929, September, 1930, and June, 1931. The September, 1929, figure was 77; the September, 1930, figure was 50·9; and in June, 1931, the figure was 56·5, showing a slight increase since last September. In regard to the prices for the last three months of the raw product as compared with the finished silk, we find that the price of raw silk has declined from 43·6 to 36·6 since the first of April, while the price of the finished product has increased from 46·9 to 56·5. This would indicate that the silk manufacturers are not suffering from any great reduction in prices. According to the figures given by my right hon. friend, the industry pays in wages 22 per cent of its total income. The tariff protection, taking the average rate on all silk goods—because you cannot discriminate between some goods and others given in the returns—was 29 per cent in 1929 on all imports. So that they enjoyed 29 per cent protection and paid only 22 per cent of their income in wages. And on top of all that we find an American who has a controlling interest in a silk factory in Canada coming and asking—

Mr. BENNETT: I have already twice told the hon. member that the gentleman to whom he refers did not have a controlling interest.

Mr. YOUNG: An interest, then.

Mr. BENNETT: Thank you. Why make the statement deliberately?

Mr. YOUNG: I did not make the statement deliberately. At any rate, he had an interest sufficient to persuade him to come to Ottawa and advise the minister that it was in Canadian interests to raise the duty on silk so that he could supply the Canadian market from his Canadian business. I wish to call the attention of the committee to that fact.

Mr. BENNETT: He had one factory as against twenty-three. I endeavoured the other evening to make clear what the facts were. The hon. gentleman has taken as an illustration silk valued at 14 cents a yard. If he had followed me he would have observed that the importations amounted to 8,000,000 yards valued for duty purposes at slightly over 50 cents. So that the average of the importations was over 50 cents a yard—approximately 52. The illustration which he takes of 14 cents a yard is hardly a fair one upon which to base a conclusion, and the figures which he gives of average costs in 1929, 1930 and 1931 are themselves conclusive against his contention, to say nothing of the figures he gave with regard to prices during the last three months. I will not go over the ground I traversed the other evening. I said that the gentleman in question had stayed here but a short time, and he did not come for the specific purpose my hon. friend suggests. He was interested as a shareholder and he told me of the conditions in the United States. As I said, a brief had previously been filed, and the information he gave me squared with the facts we had. He told me what their experience had been and I found that also to be true. I believed that there was nothing left for us to do, in view of the competition from sur-

plus inventories, but to take the action we did. And that action we took for the reasons I explained at length the other night. I promised the hon. gentleman that I would try to secure the information for him and I have just told him what I know of the matter. If there is any further information I can get I shall be glad to give it to him.

Mr. YOUNG: My right hon. friend objects to my taking as an illustration the cheapest silk at 14 cents a yard. He says I should take into account the higher priced silks.

Mr. BENNETT: No, but the average priced silk imported.

Mr. YOUNG: Taking the average, we shall find that the rate of duty is lower than 116 per cent; that is true. But that illustrates my point that on the cheaper silk which the poor person must buy you are charging 116 per cent while you are not charging that percentage on the higher priced silks which the richer people buy.

Item agreed to.

Customs tariff—561a. Buttons of vegetable ivory: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent; and, per gross: British preferential tariff, 5 cents; intermediate tariff, 10 cents; general tariff, 10 cents.

Item agreed to.

Customs tariff—564. Woven fabrics, of a kind not made in Canada, wholly or in chief part, by weight, of silk or artificial silk, or both, imported, in the web in lengths of not less than five yards each by manufacturers of neckties, scarves or mufflers, for use exclusively in the manufacture of such articles in their own factories: British preferential tariff, 17½ per cent; intermediate tariff, 20 per cent; general tariff, 20 per cent.

Mr. BENNETT: The former item covered neckties and scarves and this is extended to mufflers.

Item agreed to.

Customs tariff—567. Clothing, wearing apparel and articles, made from woven fabrics and all textile manufacturers, wholly or partially manufactured, n.o.p., of which silk is the component of chief value: British preferential tariff, 27½ per cent; intermediate tariff, 30 per cent; general tariff, 45 per cent; and, per ounce: British preferential tariff . . . . ; intermediate tariff, 7 cents; general tariff, 7 cents.

Mr. BENNETT: This is the complement of the silk article which we discussed at length the other evening. It is the raw material from which clothing is manufactured. Items 567 and 567a take care of the finished product against competition from outside. Our trade has substantially increased and this accords with the protection afforded under items 560 and 564.

Mr. STEWART (Edmonton): You are not changing it from the September schedule?

Mr. BENNETT: Oh yes; there is a specific rate of 7 cents per ounce. It is more imposing than it really is in these days when fabrics weigh rather less than some people think. In one instance to which the attention of the department was called the weight of the finished dress was something like—

Mr. STEWART (Edmonton): A quarter of a pound?

Mr. BENNETT: Fifteen and a half ounces. It was less than a pound. I cannot speak from personal experience regarding weights of dresses—

Mr. LAPOINTE: I was just going to ask that.

Mr. BENNETT: I saw that the hon. gentleman was about to ask the question and I anticipated it.

Item agreed to.

Customs tariff—571. Carpeting, rugs, mats and matting of straw, hemp or jute; carpet lining and stair pads: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Customs tariff—571a. Carpeting, rugs, mats and matting of cocoa fibre: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Provided, that the duty under any tariff shall be not less than, per square foot: British preferential tariff, 10 cents; intermediate tariff, 10 cents; general tariff, 10 cents.

Mr. BENNETT: It will be observed that the first item is unchanged while the second item is a separation. The first item is reprinted in order that there may be no misapprehension, and the second item contains a specific provision that the duty shall not be less than 10 cents per square yard.

Items agreed to.

Customs tariff—586. Coal, anthracite, n.o.p., per ton: British preferential tariff, free; intermediate tariff, 40 cents; general tariff, 40 cents.

Customs tariff—588. Coal, n.o.p., including screenings, and coal dust of all kinds, per ton: British preferential tariff, 35 cents; intermediate tariff, 75 cents; general tariff, 75 cents.

Mr. GUTHRIE: I beg to move that the following item be added to schedule A of the Customs Tariff:

Customs tariff—588b. Coal, lignite: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. NEILL: Are we to discuss the three items together?

Mr. BENNETT: Yes.

Mr. NEILL: I will take up the last item which strikes out the duty on lignite. This is another illustration of the scriptural expression:

> For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, from him shall be taken away even that he hath.

When the budget was brought down we in British Columbia, more particularly those interested in the coal mines on Vancouver island and in Comox-Alberni and Nanaimo constituencies, were bitterly disappointed at the treatment we had received, or shall I say the lack of treatment. However, in the midst of our bitterness and disappointment we gave the government credit for this one glimmering ray of hope, the duty on lignite, which would result in some little benefit. We anticipated that it would mean the sale of some 20,000 tons which at present are shipped in from the state of Washington to be sold in Vancouver in competition with the product of our coal mines. But now we have lost that, and whatever benefits remained to us are now taken away. Apparently the objective of the Prime Minister is to help the Saskatchewan lignite producers.

Mr. BENNETT: That is not it.

Mr. NEILL: The situation could possibly be relieved if the Prime Minister were to use his influence to have lignite properly defined. Some years ago it was necessary to define this product, but as the sale of lignite was of small proportion a rough and ready definition sufficed. It was not anticipated at that time that there would be any importation from the United States into Canada, so it was agreed that lignite should be defined as coal which contained a certain percentage of moisture. In time the trade from the state of Washington developed. These importations are coming in free but in fact it is really sub-bituminous coal rather than lignite which is being shipped in. I have in my possession a bulletin published by the state department at Washington in which an analysis of this coal is published, and it is frankly admitted that it is not lignite but sub-bituminous coal. I took this matter up with the departments of Mines and Customs, but for some time the buck was passed from one department to the other. After a time I came to the conclusion that the department of Customs was playing the game fairly. I was told that they were bound to follow the definition as handed to them by the Mines department, but they said they would check up from time to time on the importations to make sure that no misleading samples were provided. It was always found that the coal contained exactly the quantity of moisture to allow it to come in as lignite and escape the duty on bituminous coal. I took this matter up with the Mines department but so far as I could make out it is simply a matter of indifference with them; they could not be bothered to take the necessary steps to define this lignite accurately. If the Prime Minister would use his influence to have this matter adjusted I think it could be adjusted in such a manner as to permit the lignite coal from Saskatchewan to go into the United States as lignite and prevent this sub-bituminous coal coming from Washington into Vancouver as lignite. If it did come in it would come in as bituminous coal and would be subject to a duty of 75 cents per ton, which would be all that we would require. Then we would hope to regain this trade amounting to 17,000 to 20,000 tons per year.

Now I come to the main tariff item which raises the duty on bituminous coal from 50 to 75 cents per ton. If there is such a thing as provincial political gratitude, which has been cynically defined as a lively sense of favours to come, I should think the provinces of Alberta, Saskatchewan and Nova Scotia for many generations to come would adhere most faithfully and loyally to the right hon. gentleman who at present leads the government. It is hard to recall another industry which has received such a large—I was going to say hand-out, but that is the wrong word because there is nothing nefarious about it—present. It is almost without precedent. This object has been achieved by two methods, one of which is before us and we may have an opportunity to discuss the other a little later. I am afraid the right hon. gentleman will find himself in the position of Frankenstein who created a monster of such vicious appetite that it ultimately destroyed both itself and its creator. Once this sort of thing is started it is so easy to come back and beg for more and more. The Prime Minister is certainly entitled to the popularity he has gained in these provinces, but there is a possibility that those people not directly interested in the coal trade will realize that they are being put in the position of having to pay the piper. There are many people in this class, not only in these provinces, but in the central provinces of Quebec and Ontario.

The government have adopted what they call a national fuel policy in line with the pledges which they made before the election. The item I am referring to is No. 4 of the platform on which they went to the country, and it reads:

> We pledge ourselves to the development of interprovincial trade, and of a Canadian fuel policy and development of a foreign market.

I quote again from a speech in the campaign:

> The party would find the rates that would enable Canadian coal to meet competition, and would make up the loss by subsidization.

The method which they have adopted is that outlined in the speech, namely, of imposing a higher duty and giving transportation bonuses.

The Minister of Finance might have proceeded by other methods. He might have imposed an increased duty on fuel oil, which is really the competitor of coal in British Columbia; and he is aware that very strong influences have been brought to bear that the duty on fuel oil should be increased. But the minister has adopted a different method, and I am not here to waste the time of the committee in discussing the alternative. I am inclined to say that possibly he adopted the better method of the two under the circumstances, with a strong emphasis on "the circumstances", because under different circumstances fuel oil would have been the natural commodity on which to increase the duty. I shall take the opportunity of saying that while he may have been right in not imposing a greater duty on fuel oil, it was against the interests of the coal producers of British Columbia to boost the oil industry as he did when last September he increased the tariff on importations of gasoline. By that time we had almost but not quite reached the point where the oil refineries of western Canada could produce, in the distillation of crude oil for the production of gasoline, enough fuel oil to supply the wants of western Canada. Consequently a duty on fuel oil might have had some slight temporary effect, but increasing the duty on imported gasoline encouraged the introduction of crude oil as such and of course the greater manufacture of fuel oil in British Columbia, so that within a very short time it is reasonable to suppose that not only will they produce enough fuel oil to supply British Columbia and the west, but they will also have a surplus. There is only one answer as to what they will do with the surplus, and that is, they will cut down the price in order to force a market for it, the result being that the coal mining industry will be increasingly affected thereby. So much for that.

I now wish to consider the application of this policy of increased duty to the Vancouver island coal mines, some eight or nine in number, in Cumberland, Nanaimo and further south. I am not objecting to the policy provided that it is applied in a manner fair to all, but I cannot get into my head a conception of a Canadian national fuel policy which leaves out one-third of the coal mines, or, at least, one-third of the coal mining area in Canada. We are in the position of the profligate son who has been cut out of his father's will, and who, in order that the will could not be upset by the suggestion that he has simply been forgotten, finds that his name has been inserted and he is allotted the sum of one dollar. Our wants and needs have not been cut entirely out of the picture, but we have been allotted the sum of one dollar or its equivalent.

Mr. GORDON: On the basis of last year's production of island coal, the present bounty will assist island coal to the exent of at least $50,000. That is scarcely cutting you out of the will entirely.

Mr. NEILL: If the minister will allow me, I shall deal with that when I come to that particular phase of the matter. I am just coming to it. By the way, I do not know where the minister gets his figures. What I was saying was: What does this mean to us? And by "us" I mean the coal mining interests that I represent. I am quite entitled to stand up in the house and, at least in the first instance, consider the matter from that point of view. I have notes of my speeches made during the election where I predicted that something very much like this would be the natural outcome of the fuel policy as then outlined. I was countered by the accusation that I was taking a parochial view of the situation, and that I should take a broad, national viewpoint; that that was the aspect from which to look at it. As a representative of those people it is my duty to begin at least by seeing how these matters affect the district which I represent, being assured that the other districts of Canada will be looked after by the members who represent them.

This duty is an increase of twenty-five cents a ton, or a 50 per cent increase on the original duty, which was fifty cents a ton, and it applies against all countries importing coal into Canada, the United States principally, Russia, and to a somewhat smaller

extent, Great Britain. That coal is all marketed in eastern Canada, so that the coal mining interests of the east get the whole benefit of the increased duty. I have the output figures under my hand. The minister will possibly dispute them and I cannot do more than say that I got them from the very best government sources. The output for Nova Scotia, New Brunswick, Saskatchewan, Alberta and that portion of eastern British Columbia which will derive a benefit from this duty and the transportation bonus, is something like 13,500,000 tons. There may be some little difference arising from the fact that some provinces record their coal output in long tons and others in short, but those are the figures which I obtained from the government bureau. An increase of twenty-five cents a ton on the present basis of production, provided there be no further increase in production—and the whole idea of this policy is to increase the quantity of coal mined in these districts, although possibly it may not do so—will provide an increase of price or of profit if you like, of $3,375,000 annually. While other parts of Canada are getting this sum yearly under this item, we stand to get absolutely nothing. I was going to say that we stood to get something from the duty on lignite, but in the last few minutes that duty has been taken away. In addition we lose the sale of 48,480 tons. There is no gainsaying that; that again is a matter of statistics. That is the quantity which we export yearly to the United States. Call it 50,000 tons and I shall explain how an increased duty on bituminous coal coming into Canada is going to prevent us from selling 50,000 tons in the United States. The reason is this: the United States tariff on coal entering that country is free, but if any outside nation imposes a duty on United States coal, a similar duty will be placed automatically on the foreign coal going into the United States. Therefore we see at once, now that the duty has been raised to seventy-five cents a ton on United States coal coming into Canada, the duty on coal going from Canada into the United States will, not by legislation but automatically, be raised to seventy-five cents a ton. We are working on a very close margin. On the island we have deep coal mines which are expensive to work. By scraping and cutting and paring down costs to the limit we were able to secure this market in the United States for 50,000 tons.

Mr. GORDON: What is the cost of island coal?

Mr. NEILL: Somewhere around $6.40 a ton, varying somewhat as to how acute the economic pressure is.

Mr. GORDON: What is the spread between the cost at the pit mouth and the sale price of the same coal in North Vancouver, sixty miles away?

Mr. NEILL: I do not know. I am talking about coal sold in Seattle.

Mr. GORDON: The hon. member will find there is about $5.25 of a spread between the two places.

Mr. NEILL: This is an old, old standby, to take the lowest, minimum, screwed down wholesale price and compare it with the price delivered in sacks, 200 yards away from the sidewalk, into a man's cellar. That is played out as an argument.

Mr. GORDON: Colonel Villiers does not consider it is played out. He stated that he was cutting down the price by establishing his own selling agencies in Vancouver and thereby cutting $1.25 off the price.

Mr. NEILL: What bearing has that on the question?

Mr. GORDON: It has a great bearing.

Mr. NEILL: The hon. gentleman will have an opportunity to explain it, but I cannot see it. By adopting a cheese-paring policy at every point, the coal mines have been able, under desperate economic pressure, to cut down costs so as to capture the local, domestic trade. But I am not talking about the domestic trade at all. If it is necessary, I shall discuss it. What I am talking about is that the increased duty of twenty-five cents per ton will prevent us from selling 48,480 tons in the United States, for this reason: We have either got to absorb it—and we cannot absorb it—or we must lose the trade. That is what the increased duty on bituminous coal is doing for our coal mines.

Mr. GORDON: What effect will that have on the Crowsnest pass coal mines?

Mr. NEILL: I am talking of Vancouver island coal mines.

Mr. GORDON: But the export from the Crowsnest pass coal mines to the United States is very much more than that from the Vancouver island coal mines.

Mr. NEILL: I am not dealing with the Crowsnest pass coal mines, nor with the Alberta nor the Nova Scotia coal mines. Sufficient unto the day is the evil thereof. I am dealing with the poor effect that this

supposed Canadian national fuel policy is going to have on the district I represent and on that represented by my friend from Nanaimo. As I said, the prices are too close to enable us to absorb the two bits a ton extra duty and we will have to lose the trade or sell at a loss. To be fair, I was going to say at that point that we must offset that by the lignite coming in from Washington, because we hoped to capture that trade, but by putting lignite on the free list again, to-night even that business has been taken away from us. That leaves us, as I say, with 50,000 tons of coal trade that we are going to lose, worth more than $200,000 to us. You can hardly expect me as representing a portion of the Vancouver island coal mines to be wildly enthusiastic about a policy of this kind. It is all very well to talk about being broad-minded, about taking a national viewpoint, but the idle miners in Cumberland or Nanaimo cannot trade off those lofty national sentiments at the grocery store for food for their wives and children. They are not negotiable there; they may perhaps pass here.

Now perhaps if anyone was in the chair who had a finicky obsession as to adhering strictly to the rules of debate, I might be forbidden to deal with the other phase of this matter. But I think the right hon. Prime Minister would admit that it would be better to discuss it under this item because the two phases are so intimately related. I refer to the transportation bonus, which is interlocked with the duty phase of the subject. It will save repetition of this argument when we come to the bonus item in the supplementary estimates if I deal with it now.

I said at the beginning that the national fuel policy had been applied in two ways: one, by way of increasing the tariff; the other—what I am now going to speak of for the moment—by a transportation bonus applicable to the different coal fields. It is there that one would naturally look for some compensation for us to make up for what we have suffered by an increased tariff. I quite agree that taking a national viewpoint it may be imperative in some cases to do one district harm in order to secure the greater benefit to some other place; but when that is done it is the act of statesmanship to provide by some compensating method so that the district which suffers at one point will be compensated at another. And here is the opportunity that arose for giving us a compensating advantage, but instead of that it has made our comparative position a great deal worse. We are worse off under that phase of the situation. We get 25 cents a ton transportation bonus on our bunker coal only, while other parts of Canada get from $1.25 up to $2.25 on their transportation costs. As a matter of fact we do not get this 25 cents a ton on all our output but only on our bunker and part of our export trade. The hon. Minister of Immigration mentioned some $50,000. I do not know where he got his figures, but I am prepared to produce statistics—in fact, I think I have a telegram from the head of one of the coal mines on Vancouver island—to show that last year the bunker trade of Vancouver island was 101,900 tons. At 25 cents a ton bonus that would give us $25,470. Now it is proposed, I understand, to allocate something like $2,000,000 towards this bonus transportation scheme, and it is figured that it will move 1,800,000 tons. If we strike an average of $1.50 a ton, then out of that $2,000,000 we ought to get $163,000—and we do not.

Mr. BENNETT: One is a rail haul; in the other case the mines are on an island and within a short distance of the shipping port.

Mr. NEILL: I will deal with that later on. We ought to get $163,000—and we are getting nothing. In fact we are getting worse than nothing. I am not in a position to prove it, but I firmly believe that in the past—and still worse will it be in the future—the bonus given the Alberta coal field has been used and will continue to be used in part in increasing the quantity they are actually shipping to Vancouver in competition with our island coal.

Mr. GORDON: What increase are they getting on their Vancouver coal?

Mr. NEILL: They are getting no increase on that movement, but they are getting so much to take it east that they are applying a certain amount of that money as a bonus rate on the coal that they ship into Vancouver. If that is not so, how is it that Alberta coal is sold within a few miles of our coal mines?

Mr. GORDON: Do I understand the hon. member to say that the Alberta coal mines are making so much money that they are able to make up the loss on their coal going to Vancouver out of the money they make on their coal coming east?

Mr. NEILL: I do not know how they figure it out, whether by red ink or black ink figures, but I do know that since the bonus was given to the Alberta coal mines there has been an increasing quantity of their coal shipped west as well as east. A few years ago an hon. member representing one of the Alberta coal

districts stood up in his place in this house and said: "As soon as we get the bonus on our eastern shipments we will ship west as well." I objected to that, but he said he did not care whether I objected or not.

Mr. GORDON: The Alberta and Crowsnest pass mines were shipping coal into Vancouver long before this subvention was in effect.

Mr. NEILL: But it has been coming in increasing quantities since this bonus was granted.

Mr. GORDON: Has the hon. member any figures showing the increased quantity shipped west since the subvention was put into effect?

Mr. NEILL: No, but it is worse than it was before. As the man spoken of in the Bible said, "Whereas I was blind, now I see." Before the bonus was granted their coal did not come within five miles of our pithead; now it does. The national fuel policy—if it is the right policy—is intended to assist coal from various fields to reach its respective markets. In the east it was to compete with foreign coal. As the Prime Minister tripped me up the other day, it is not going to a foreign country. In the east they want to compete with coal of foreign origin. What we want is the same principle practically—we want assistance to go into a foreign market and compete there. What is the difference, in the long run? Our hoped-for market happens to be in South America, and if we could have got $1.50 or $1.25 or even a dollar we might have made shift. Instead of that where one province can get up to $2.25 a ton we have to be content with two bits. There was a time in the west when there was no smaller coin than two bits, and if one wanted any change smaller than that amount he got back a box of matches. For the information of eastern members I may say that two bits is 25 cents. If the Prime Minister would allow us a seventh of a cent per mile to our markets in Chile or Peru we would be satisfied, but such a rate to the water, which is only twelve miles away from our mines, is of no particular benefit.

Mr. BENNETT: The ratio of water to rail carriage is about forty to one.

Mr. NEILL: But the distance is fifty to one. Let us summarize what we get out of this—and I am not trying to overpaint the picture, because goodness knows it is bad enough without any trimming; when one has a good case there is no need for exaggeration. What do we get out of it? We get $25,470 in bonus. From that must be deducted, if possible, the loss of trade to the United States amounting to $293,000. If we take $25,000 from $293,000 we have somewhere around $277,000 of a loss. That is a dead loss, most of it probably in wages.

I should be glad to hear any argument which could upset those figures. Possibly by using different figures the absolute detail might be changed to a certain degree, but the principle remains the same. The increased duty will kill our trade to the United States, on the one hand, and 25 cents a ton bonus will hardly take it out of sight of the mine, to say nothing of taking it to South America. I wish to repeat, because I want to be fair, that I am not complaining of the adoption of the policy. I ask, however, that it be applied fairly.

The bonus to the various coal mines has been introduced by an order in council. That order in council recommended that the government put a sum in the supplementary estimates to meet the estimated expense. Of course that will be done. The only remedy is to increase the bonus in the supplementary estimates to take in this dollar a ton for our mines, and change the order in council. I trust that the government will yield to the representations—and I know they have had a great many of them—from British Columbia. I might quote a communication from Premier Tolmie as follows:

> After careful consideration, this government strongly suports the request of the British Columbia coal operators for some adjustment of coal policy, as set forth in your budget speech. Letter setting forth arguments sent by Hon. W. A. McKenzie to you June 5. Request first that bonus on bunker coal and export coal other than to United States, be raised from 25 cents to $1 a ton.

He goes on to say:

> Situation so desperate in coal mining that every effort must be made to protect all possible markets.

I have a further communication from the Victoria chamber of commerce, a very conservative body, which sent by air mail to their member, the hon. member for Victoria (Mr. Plunkett) a resolution which set out—

> —that if the bonus on the foreign-going coal from Vancouver Island were raised to $1 a ton it would be commensurate with the aid provided for on Alberta and Nova Scotia coal.

That is support for my claim for equality.

Mr. BENNETT: But the difficulty is that it is not. Seven cents a ton land transport applied to water transport would enable people to be paid for carrying the coal away.

Mr. NEILL: I did not hear my right hon. friend.

Mr. BENNETT: If the hon. member applied the land transport rate to water carriage there would be a bonus so great as to enable people to compete to get the opportunity to take the coal away; they would compete for the privilege of carrying it.

Mr. NEILL: My hon. friend does me small compliment when he thinks I am advocating anything like that.

Mr. BENNETT: That is the suggestion.

Mr. NEILL: It is not essential to put it on an exact rate per ton mile. All that is needed is to say that a coal mine in Vancouver island shall get a straight bonus of $1 or $1.25 per ton. So desperate is our need we will come down to a dollar, although $1.50 would be more appropriate, and $1.25 would be the strictest justice. The provincial government take the matter up and say:

> These facts were emphasized when Nova Scotia operators two years ago applied to the tariff board for an increase in the duty, and the British Columbia government engaged counsel at Ottawa to oppose the application because the granting of it would strike a blow at the industry in this province. The application was refused.

That was two years ago. I have before me a wire of recent date reading as follows:

> Premier R. B. Bennett in a wire to provincial Premier Tolmie Thursday stated that the demand for a dollar per ton bonus on bunker coal would receive favourable consideration.

Mr. BENNETT: Favourable consideration?

Mr. NEILL: No, alas! it was not favourable; if it had been favourable I would not be on my feet now.

Mr. BENNETT: I am not so sure.

Mr. NEILL: If the Prime Minister would change the word "careful" to "favourable" it would be quite satisfactory.

I shall now quote the remarks of Senator Robertson, Minister of Labour in the present cabinet. The minister was in the west investigating the conditions of distress. While there he was told by men not specially interested in the coal industry that if he wanted in part at least to relieve distress in British Columbia all that was necessary was to grant $1 a ton on coal, and that the coal industry could then take care of their own unemployed. Although he did not tell me so, I understand from the press he expressed the opinion that that was a very reasonable proposition because it would enable the people to help themselves, and he stated that he would pass the information on to the government as soon as he returned.

Mr. BENNETT: Since the hon. member has dealt so carefully with the matter, has he considered what the effect would be of granting a bonus of $1 a ton in connection with the countries he has mentioned, and the question of the tariff rate they would have to pay?

Mr. NEILL: Coming from those places?

Mr. BENNETT: No, going into them.

Mr. NEILL: Do you mean such as the United States would charge—the United States with their reciprocal item in their legislation?

Mr. BENNETT: No, not countervailing, but something equivalent to our dumping duty.

Mr. NEILL: I did not think that conception of economics had yet reached South America.

Mr. BENNETT: Oh, long ago.

Mr. NEILL: Well, they are not so far behind us in iniquity as I thought they were.

Mr. BENNETT: It is wonderful that the hon. member believes in bonuses at all.

Mr. NEILL: I am prepared to wade in economic iniquity, because the situation is so desperate—to wade in blood, if necessary. The $1.50 or $1.25 would be fully justified by the government to equalize what had been handed out to the other parts of Canada. The supplementary estimates should provide an increased bonus to take care of this matter. No tariff change would be required, but only an order in council. Until then I am not going to condemn the government or seek to make political capital out of the situation. I am going to assume that the Prime Minister—because after all he is the responsible party—is sincere in his desire to formulate a national fuel policy which will do justice to everybody. I have his written words to that effect, and in that connection I shall refer to the eighth item of the platform with which he went to the people. It says:

> We pledge ourselves to such compensating adjustments as will ensure the benefit of the above policies to every part of Canada.

To tell the honest truth, during the election I did not understand that plank; I went about rather ridiculing it and challenging my opponents to explain what it meant, but not one could make a stab at it at all. Since then,

however, like Saul of Tarsus—though I do not compare myself to him in other respects —I have seen a great light, and now I understand the meaning of this somewhat obscure plank. It is the guarantee and the justification for the action for which I am now asking. The Prime Minister might have had this very situation in mind when he put those words in the platform. It is admitted that he cannot help us by an increased duty, but he is trying to help other parts of the country in that way, so I still hope he will come forward in the supplementary estimates and give us that compensating adjustment which is required. He has the support of his own platform and of the Conservative party in British Columbia. I am going to assume that he will do justice and will not be so unsportsmanlike, or so unstatesmanlike, as to inflict this injustice upon these mining districts.

Mr. EULER: As one who comes from a province which unfortunately has no coal deposits whatever, unless we have some in northern Ontario not yet developed, I should like to make a few comments with regard to the two items under consideration, the duty on hard coal and the increased duty on soft coal.

I do not desire to be regarded as one who would object to a well considered national fuel policy, so long as that policy does not entirely cut across all economic principles in its application. Nor do I wish to argue from a sectional point of view, representing as I do a province which, as I said before, has no coal deposits of its own. Coming from Ontario, I think I may say fairly that the people of my province always have been willing to bear their fair share of any burden that might have been placed upon them by way of taxation or otherwise. I think we realize—though perhaps some of my hon. friends who sit behind me may deny this—that if we do occasionally get some advantages by way of tariff which we consider necessary, we have no objection to doing our share when it becomes necessary to do something for other parts of the Dominion of Canada, and I quite agree with that view.

I should like to refer to the duty of 40 cents per ton on hard coal, which is not produced in Canada at all. Hard coal will continue for many years, I think, to be the fuel of the ordinary, plain people, if I may so designate them, in western Ontario at least. That is a very thickly populated section of this country, say from Toronto to Windsor, containing considerably more than one million people, or at least one-tenth of the population of this country. The people residing in that portion of Canada will find it necessary, for a long time to come, to use hard coal as their fuel during the winter months. A duty of 40 cents a ton on hard coal will inevitably result in an increased price to the people who use that hard coal for fuel. I can say that with assurance, because the price went up immediately after the announcement of the imposition of the duty.

Mr. BEAUBIEN: Does that apply to all tariffs?

Mr. EULER: As I said before, I have no objection, and I think the people of Ontario would have no objection, to making some concessions provided some good will come to the rest of the people of Canada. If this is merely a revenue tariff then I would say that the government is ill advised to apply it on hard coal, because it will be paid by the people who can ill afford to pay that extra amount, especially under present conditions. If it were true, and the Prime Minister could assure us, that by placing a tariff of 40 cents per ton on hard coal the coal producers of other parts of Canada would be benefited, I think that argument might be sound and valid, but for my part I do not think there will be any other result than that the people of western Ontario at least, and in fact the people of the greater portion of Ontario and perhaps of Quebec, will be obliged to pay more for the fuel which they need during the long winter months. It may be that it was the intention of the Minister of Finance to transfer the business of supplying our hard coal from the United States to Wales, but I am convinced that it will not have that result.

Mr. BELL (Hamilton): He never suggested that.

Mr. EULER: I am wondering whether that was his reason. If that is so; if it was his intention to promote inter-empire trade, at least that would be an argument, I fear that the imposition of this duty will not bring more Welsh coal to Canada but rather will result, as I have said, merely in an increased cost to those who must use it for fuel in the provinces of Ontario and Quebec.

The duty on soft coal has been increased from 50 cents to 75 cents a ton. Here again, if some good will come to other parts of Canada producing soft coal I might grant the validity of that argument if it were advanced. Soft coal is still used to a very considerable extent by the manufacturers in Ontario, and I suppose in Quebec as well. It is true that in western Ontario manufacturers are to a large extent using electric power

generated at Niagara Falls and other points, but still soft coal is, to some extent at least, almost the raw material of our manufacturers in this province. If it were possible, in lieu of the soft coal now coming from the United States, to bring coal from the western provinces or from Nova Scotia, that argument might hold some appeal for the people of Ontario. I am open to conviction; that result may come about, but I am of the opinion that the addition of 25 cents to the former duty on soft coal will bring very few tons of that coal from Nova Scotia or the western provinces either to Quebec or to western Ontario, where we have an intensive manufacturing industry.

That being the case my protest is this: unless some real good is accomplished by the imposition of an additional duty on soft coal, why should our people—and even if they are manufacturers I think I might have the support of my hon. friend from Weyburn—be obliged to pay higher prices for that which they need in the production of their manufactured goods? If the Prime Minister is imposing the extra 25 cents for the purpose of increasing our revenue perhaps I would not have very much to say, but if he believes it will give more business to the maritime provinces I think he will find himself very much disappointed.

Mr. CANTLEY: It certainly will.

Mr. RHODES: In the first portion of his remarks my hon. friend from North Waterloo (Mr. Euler), referring to the duty of 40 cents per ton on anthracite coal, directed his comments more particularly to the position of the householder in western Ontario who, according to his assertion, will have to pay 40 cents per ton more for his coal.

Mr. EULER: They are doing it now; they are paying more than that.

Mr. RHODES: I do not propose to discuss the effects of this policy as disclosed by a superficial examination made after it has been in operation only a few weeks; I do not intend to discuss what extraneous facts may enter into the equation with respect to the price of coal. That can be determined only after the policy has been in effect for some time. But I do assert this, that far from imposing a burden upon the householder of western Ontario, this tariff, in the final analysis, will prove a benefit and a direct saving of money to every wise householder in that part of the country. I propose to give chapter and verse for the statement I have made. The mines branch carried out a demonstration which left no room for error in their computation of the comparative merits of coke and anthracite, and that test showed that one ton of American anthracite coal could be replaced in fuel value by ·953 ton of Nova Scotia coal. The accuracy of that test was further established by a similar test which was made in the Nova Scotia technical college at Halifax where the figures were practically the same to the fraction of a decimal. What does that mean in terms of money? The householder who has been accustomed to anthracite uses, let us say, 10 tons, and we will put the cost at $16 per ton. It really does not matter what the exact price is inasmuch as the figures are comparative. Let us take coke at $14 per ton, which is a high figure compared to the average price, in Nova Scotia at any rate. This would mean a saving to the householder of $2.38 per ton. In other words, by the use of coke instead of anthracite he would save $23.80.

Mr. BEAUBIEN: On ten tons.

Mr. RHODES: Yes. These figures are well within the mark. Now many hon. members will say, "But you cannot use coke in a hard coal furnace."

Mr. BEAUBIEN: Does the minister consider changing the furnace?

Mr. RHODES: A furnace that burns anthracite can burn coke equally well.

Mr. SANDERSON: No, not always.

Mr. RHODES: I am speaking from both personal observation and experience. If any hon. member wishes to be convinced all he has to do is to consult the technical officials of the fuel board, who will substantiate the statements I have made.

Mr. SANDERSON: I have had experience with my own furnace.

Mr. RHODES: I do not intend to go into any technical discussion of the subject, but I may point out that the ordinary householder makes the mistake of using coke in exactly the same way as he uses anthracite. The secret of the successful burning of coke is to burn it in an incandescent form. In the use both of bituminous coal and of anthracite you must have a draft through the bottom of the furnace, whereas the proper method of burning coke is to cement the cracks and close the drafts in the bottom of the furnace, burning the coke incandescently. If you do that, as many householders have done, you will not only get better results but the cost will be lower. The householder in Ontario can save money by using coke.

I fancy my hon. friend from North Waterloo will rise and ask where the coke is to be got. Let me point out that in Ontario you do not even have to make it from Canadian coal. Under section 1049 of the tariff act there is a drawback of 99 cents per ton on American bituminous which is processed into coke. If the Ontario householder will use coke instead of American anthracite he will be creating an industry which, even if American bituminous coal is used exclusively, will be the means of securing an investment of hundreds of thousands of dollars, giving employment to a large number of Canadian workmen in the process of transforming that American bituminous into coke.

Mr. EULER: I am sure my hon. friend does not wish to leave a wrong impression. He says that the Canadian can buy American bituminous and get the drawback if that coal is converted into coke.

Mr. RHODES: Yes.

Mr. EULER: Does not the minister know that while the by-product coke ovens in Hamilton do get the drawback, the municipalities are discriminated against? When they produce coke from American coal they pay the duty and they get no drawback.

Mr. RHODES: The municipalities can construct by-product ovens.

Mr. EULER: But why should they be obliged to construct special ovens?

Mr. RHODES: The hon. gentleman has asked a question and I am replying. If the municipalities put up by-product coke ovens they will get the drawback.

Mr. EULER: They have the by-product from their gas-making plants and they get no drawback.

Mr. RHODES: I have been making statements of fact which can be verified by reference to the secretary of the fuel board in the mines branch. Now there is one other factor to be borne in mind, and it is this. It is not generally known that the American anthracite mines are nearly at the point of exhaustion. If hon. gentlemen will look at the report of the royal commission, under the chairmanship of Sir Andrew Rae Duncan, which inquired into maritime claims, they will find at page 36 the statement that the reserves of anthracite in the United States may be exhausted in thirty-five years, an unofficial warning to this effect having been given in 1921 by the United States bureau of mines to the Canadian Department of Mines. That was ten years ago. So that in the interests of a great Canadian industry it is well that we should anticipate that day; and the people of western Ontario, in patronizing a Canadian industry, would be benefiting themselves to a substantial sum each year.

My hon. friend spoke of the duty on soft coal and he said that if some good would accrue to other parts of Canada he would not offer any great objection.

Mr. EULER: I said it was an argument.

Mr. RHODES: Having regard to the cost price of coal at the pit mouth to-day, the duty of 75 cents per ton on bituminous coal represents less than 50 per cent of the protection afforded that industry thirty years ago. That is a statement which cannot be controverted. There is an important compensating factor; as you enlarge the production of the bituminous coal mines, to that extent you increase the opportunity for continuous operation and as you have continuous operation, so you bring down the cost of production. There is another important compensating factor, and it is this: there are large areas in this country which are dependent entirely upon the money paid in wages in the towns, cities and villages surrounding our coal mines. If those places are made into prosperous communities the buying power of the people will be increased for the products of the factories of Ontario. There is another important consideration. To the extent you bring that condition about, you provide return freights for our railroads from east to west. Instead of taking loaded cars down and empty cars back, which is very bad railway operation, you will have full cars both ways with a resultant benefit to the railways.

Mr. EULER: The increase in duty is only 25 cents per ton, as we have already a duty of 50 cents per ton. Does the hon. member think that the increased duty is going to move a great deal of Nova Scotia coal into the districts to which I have referred in Ontario and western Ontario?

Mr. RHODES: I would have preferred to see the duty made $1 per ton, but half a loaf is better than no bread.

Mr. EULER: I do not think the hon. member will get any.

Mr. RHODES: My hon. friend is very sceptical, but the view he holds is entirely contrary to that held by men of all political opinions in the eastern portion of Canada. These men know something about the coal

industry, and their view is that this is going to be of vast benefit when taken in conjunction with the bonus rates upon the western movement of coal.

Mr. EULER: We will know next year.

Mr. RHODES: The hon. member mentioned the industries of Ontario, but he overlooked the fact that there is a drawback upon every pound of bituminous coal used in all phases of metallurgical operations. This is a very material factor in manufacturing costs for the great basic industries of this country.

Mr. EULER: That would cover perhaps five per cent of the industries of Ontario.

Mr. RHODES: There are many other aspects of this question with which I would like to deal, but I do not want to delay the Prime Minister.

Mr. GORDON: Mr. Chairman, this is a matter to which I have given some thought since assuming the administration of the affairs of the Department of Mines. I am rather disappointed at the attitude taken by the hon. member for Comox-Alberni (Mr. Neill). I will not say I am discouraged, but I must confess that I am disappointed. The representatives of what is known as the island coal industry saw me on a number of occasions with respect to possible assistance to the coal mining industry on Vancouver island. The request made was that a dollar per ton bonus be paid on island coal used for bunkering, based on the increased production over last year's figure. It will be remembered that last year the consumption of coal was on the decrease due to climatic and other conditions, and I came to the conclusion that the island coal operators could not and would not increase to any considerable extent the production of bunkering coal. They were looking not only for bunkering coal but export coal to Chile and Peru, and in order that they would be assured of some assistance the course indicated by the legislation brought down was adopted. When the hon. member says that he was cut off in the will with but a dollar, I am afraid he is using an extremity of language which under the circumstances is scarcely fair. An examination of the figures will disclose that this 25 cent bonus will apply even if there is no increase over last year's figures. The production amounted to 186,448 tons of coal, and the monetary relief will come to $46,612. That is quite different from being cut off in the will with but a dollar. This relief is not dependent upon an increased production but will apply to all production falling within this class.

Conditions are changing rapidly, and it may be that the situation of the coal mines on Vancouver island will have to come under review, but I think for the present we should wait to see what benefits will accrue.

I have no desire to make a criticism of the management of these coal mines as they are labouring under great difficulty in their operations. Their costs are high, in fact probably higher than any other coal mine. They run around $5.75 per ton, and any hon. member who knows anything about the cost of mining coal will realize what a huge cost that is. In spite of the short water haul from the island to the nearest and best markets, Vancouver and North Vancouver, there was a spread in the price of something about $5. This matter was taken up with the operators who admitted that that spread was too great. This matter arose over the invasion of the Vancouver market by some Alberta coal, and they agreed to take steps to establish their own selling agencies. If the press reports are to be believed, they have done this and the price of coal has come down.

The hon. member for Comox-Alberni claims that this action is imperilling the export trade to the United States. If anyone will be hurt, I suggest it will be the Alberta and Crowsnest pass operators. What have they to say about the policy of the government? While I am not given much to reading quotations, I will ask the committee to bear with me while I spread a few letters and telegrams upon the record. The following telegram dated June 2nd was addressed to myself:

> First news of budget just received. Desire express appreciation action re extension markets Canadian coal.
>
> H. Stutchbury,
> Alberta Trade Commissioner.

The following is a letter from the International Coal and Coke Company Limited of Coleman, Alberta. It is dated June 15, is addressed to myself and reads as follows:

> Please accept the thanks of the writer for the improved subventions granted our industry. The increased duty will also help us, and I feel the industry as a whole in the west will benefit greatly.
>
> We will be anxious to cooperate with you in every way possible to the end that there need be no American coal burned west of Ignace.

That is signed by the general manager of the company.

Mr. McKENZIE (Assiniboia): Did the minister receive any local messages from the Saskatchewan coal fields, Bienfait and Estevan?

Mr. GORDON: I imagine from the hon. member's question he knows there is created

with respect to the Bienfait and Estevan fields a difficult situation that will require a good deal of careful thought, and it is still under review in the Mines department. I have a letter from the West Canadian Collieries at Blairmore, Alberta, addressed to myself under date June 6, 1931. Hon. members from Alberta probably know a good deal about this concern and the size of it. This letter reads:

I have just read the last order in council, covering the movement of our coals to Manitoba and western Ontario (P.C. 1303). As the representative of one of the largest mining companies in the west, I want to thank you and congratulate you very heartily.

I feel just a little self-conscious over such eulogy, but I shall have to continue.

Mr. McMILLAN (Huron): Be thankful for small favours.

Mr. GORDON: Listen to what the letter says, and see if they are small favours.

Mr. McMILLAN (Huron): To the hon. gentleman, I mean.

Mr. GORDON: The letter continues:

The subvention as now established must enable us to get all our natural markets. It is sound and well balanced in every respect. I consider all points in connection with your access to our books as wise and logical.

The reason that sentence is there is this: when I was in the west I thought it desirable, as the government had given assistance in the past and were contemplating giving further assistance in the future to our mining companies, that they should give me a definite statement of their mining costs, so that I might have them under review and at least try to prompt those mines that were operating with methods that were obsolete or that for some other reason were operating at too high a cost to adopt more efficient methods. That is what the writer is referring to. The letter continues:

If a man asks for relief, he must show what his earnings are; if he refuses to answer, he is not entitled to any relief.

This new order in council, coupled with Mr. Bennett's budget, gives our coal industry a wonderful chance; the best we ever had.

I am convinced now, that by next winter, all our men will be back to steady work; and you and your government will not only have relieved the unemployment conditions in the mining camps, but have done something that will go a long way to build up again the prosperity of the country.

I do not mean that I feel the coal companies do not need to worry any more; on the contrary, I realize it is our duty now to improve our costs, and our selling organizations; and through more efficiency and lower prices at the mines, coupled with the wonderful assistance we are getting from you, we must be able, by next winter, to show you and the country some really great improvements.

Thanking you again, I beg to remain.

Yours very truly,

G. A. Vissac,
General Manager,
West Canadian Collieries Ltd.

I shall burden the committee with just one or two other letters. This is from the McGillivray Creek Coal and Coke Company, Limited, addressed to me and dated June 12:

We wish to hereby go on record as thanking you for the efforts which you have undoubtedly put forth on behalf of the western coal interests, and to express our thanks and appreciation for the increased subvention and the favourable rulings which you have been instrumental in getting for us.

I am quite sure that the help which you are extending to us will be of very considerable advantage and my fully considered opinion is that a large tonnage of American coal will be displaced by Canadian coal.

Yours very truly,

McGillivray Creek Coal and Coke Company, Limited.

I have under my hand with respect to the Nova Scotia coal mining industry a statement by Mr. McNaught, the representative who met me, who represents those large interests in Glace Bay and elsewhere in Nova Scotia and who is probably better equipped than any other man in the maritimes to say whether or not what the government has done will assist the coal mining industry. This is what he says:

The position of the Canadian coal industry has quite evidently received earnest and sympathetic consideration. Mr. Bennett is to be congratulated on the sincerity of his effort to deal with the Canadian fuel question on a broad national basis. It cannot be expected that any benefits afforded under the budget proposals will be immediately effective in improving our coal operating conditions.

Any material improvements will be dependent almost entirely on the recovery of general business conditions in Canada but so far as coal is concerned Mr. Bennett's budget should accelerate the general recovery. The policy announced should be of considerable aid in preserving to our coal industry its Canadian market.

I am not in a position, nor do I know sufficient about the coal mining markets in Canada to make a statement of my own as to the effect of what the government has sought to do, but I hazard the opinion that the letters which I have read come from those in the coal mining industry in this country who must of necessity know that industry better than anybody else, and they all commend the action of the government with respect to its coal policy.

Mr. MOTHERWELL: Will the minister tell the committee what government it was that began those coal subventions in both the east and the west?

Mr. GORDON: I have not the faintest idea.

Mr. MOTHERWELL: Well, I shall tell the hon. gentleman. It was the Liberal government that preceded his.

Mr. GORDON: Let me read just one other letter; as follows:

Lancaster Building,
Calgary, Alberta.
23rd June, 1931.

Hon. W. A. Gordon,
Minister of Mines,
Ottawa.

My Dear Wes,—

I had delayed writing you with respect to the coal situation until I heard individually from my numerous clients. You no doubt know, but it will do no harm to tell you, that they are all very much pleased indeed with what has been done, and it is of some interest that they give the credit to yourself. May I add my own thanks and very sincere appreciation of your lively interest and excellent results procured by you in the matter? This letter does not amount to anything, unless that in times of so much grief for a person in your position, it might brighten the day just a little bit to know that there are some people who are very grateful to you.

With kindest regards,

Yours sincerely,
A. L. Smith.

Mr. DICKIE: I do not wish to delay the proceedings of the committee, but I feel I should be remiss in my duty to the coal mining part of my constituency if I did not say something with respect to the state of affairs which exists in Nanaimo and Ladysmith. I wish to associate myself in the main with what the hon. member for Comox-Alberni (Mr. Neill) has said. I shall, however, try to deal with the matter from another angle. We are grateful for the assistance that has been granted. I believe it was wrong to remove the duty from lignite coal, but the matter can be very easily arranged by properly classifying the coal that comes from Bellingham into British Columbia. It is not a true lignite; it is a semi-bituminous coal, and if classed as such it would not have the advantage it has as lignite. We have in Nanaimo, Ladysmith and Cumberland, the latter a coal mining town represented by the hon. member for Comox-Alberni, from 700 to 1,000 people out of employment. During the coming winter these men, many of whom are married and have their homes in those towns, will have to be looked after and it will cost the government a good deal of money to take care of this coal mining population. Colonel Villiers, the manager of the coal mines there, has told us that if they are given a bonus of $1 or $1.25 a ton, he is quite sure he can open up a market for coal in Chile, Peru and other South American countries. By doing so, he would employ perhaps several hundred more miners than he does at the present time. If what he says can be done, we would be fully justified in giving this bonus of $1 a ton. We are not asking as much as has been granted to coal mines in other parts of Canada. In Vancouver island it costs us too much to mine our coal, owing to structural difficulties in our mines; nevertheless we have our coal mining population there and they must be maintained. Supposing difficulties should arise with respect to the marketing of coal in Chile and Peru, this bonus would not be required. The manager of the coal mines on Vancouver island practically told us that a bonus of $1 or $1.25 on offshore coal, that is bunker coal in ships, to ports other than those in the United States, would put the mines on a much better basis than they are at the present time. If we can give employment to 200 or 300 miners, would it not be a good investment to try this bonus of $1 or $1.25 a ton? We are not going to lose anything by it, and if we were to lose anything, it is an easy matter to make it up. Last year we imported into British Columbia 160,000,000 gallons of fuel oil and raw petroleum. We have a duty of one-half cent a gallon on fuel oil which is a fairly respectable duty. But we bring the petroleum into British Columbia where it is refined and the residue is a fuel oil on which there is no duty. Let the government impose a duty of one-quarter of a cent a gallon on that residue and we would make twice as much money as would be required to give the coal mining industry the bonus it asks. I do not believe there is a man in British Columbia who would raise his voice against the imposition of such a duty. I do not believe the price of fuel oil would increase one iota. It is, as I say, a residue. They make their profits mostly out of the distillate product, the gasoline, and this fuel oil has to be got rid of. I have no doubt they would keep the price of fuel oil just about the same, even if there were a duty of one-quarter of a cent a gallon on the fuel oil content of petroleum. Were that duty, say, one-quarter of a cent a gallon, on 160,000,000 gallons of petroleum and fuel oil there would be a revenue of $400,000. Perhaps $100,000 will grant all the relief we ask for the coal-mining industry. I have endeavoured in a quieter way to persuade the

government to see matters in this light, but unfortunately up to the present I have not succeeded. However, I have not given up hope, and although I lack the delightful, persuasive ability of my hon. friend from Comox-Alberni, I am still going to try to convince the government that it would be good business for Canada and an act of humanity on their part to grant that very moderate concession for the relief of the suffering coal miners of Vancouver island.

Mr. NEILL: I want to say a word or two in answer to the remarks of the hon. Minister of Mines (Mr. Gordon). His speech reveals more subtlety in argument than accuracy in fact. You can make a case out of anything if you make your premises to suit you. He said I had stated that a 25 cent bonus would produce a sum of $25,000 odd. He makes it $48,000. How does he do it?

Mr. GORDON: Divide four into 186.

Mr. NEILL: It does not give 48, even at that; it gives $46,000.

Mr. GORDON: That is what I said.

Mr. NEILL: He arrived at his figure by figuring on the total output. He is not deliberately deceiving the house, but all the same his figures are incorrect. I was dealing with the coal on which we could and would get 25 cents a ton.

Mr. GORDON: And so was I.

Mr. NEILL: Pardon me. I was dealing with the bunker output of Vancouver island; he was taking in the whole product of British Columbia.

Mr. GORDON: Not at all.

Mr. NEILL: Just a minute. He was taking in practically the whole product of British Columbia. Here are the figures, and they check up within 9,000 tons, a discrepancy that will often arise because of one place quoting the long ton and the other the short ton. Here are the department's figures.

Mr. GORDON: What department?

Mr. NEILL: The department that gives out these statements.

Mr. GORDON: My statistics came from the Dominion fuel board. They check their figures every day.

Mr. NEILL: They were based more or less upon estimates, and were not accurate.

[Mr. Dickie.]

Mr. GORDON: I have to take the Dominion fuel board's figures from time to time and have always found them accurate. They are relied upon by the coal operators all over Canada.

Mr. NEILL: Then in this particular instance I am unfortunate, for the fuel board told me the figures were mainly estimates.

Mr. GORDON: Not the figures I gave.

Mr. NEILL: These figures came from the Department of National Revenue, and as they collect the revenue surely their statistics must be accurate. Here they are for all British Columbia. They discriminate between shipments to the United States and to other countries. Shipments out of Nanaimo to the United States, 48,847 tons; shipments out of Nanaimo to other countries, 62,621 tons. If you add the two sets of figures together they give a total of 110,000 tons. Then: shipped from Cranbrook, 49,902 tons; from Fernie, 60,732 tons; then there are small shipments through New Westminster and Prince Rupert, which make up a bigger sum than he gave.

Mr. BENNETT: Over 200,000 tons.

Mr. NEILL: Yes; he said only 186,000. But both figures are for all British Columbia.

Mr. GORDON: But the bounty will be paid on 186,480 tons.

Mr. NEILL: Then it will be paid illegally because the bounty is only going to be paid on bunker coal mined on Vancouver island. Is he going to treat the shipments from Fernie as bunker trade? You cannot send ships from Fernie.

Mr. GORDON: I never said you could.

An hon. MEMBER: Airships.

Mr. NEILL: That is a very fine illustration of the subtlety of my hon. friend's argument.

An hon. MEMBER: He did not say so.

Mr. NEILL: He said they might do it.

Mr. MANION: He did not say so at all; another hon. member said it.

Mr. NEILL: Whoever said it was wrong anyhow.

Some hon. MEMBERS: Oh, oh.

Mr. NEILL: This is no joking matter. I have statistics showing 101,900 tons; that is bunker coal.

Mr. BENNETT: What is the production on the island?

Mr. NEILL: It is much bigger. I think the whole island district production is something like 1,107,000 tons.

Mr. BENNETT: That is what I thought.

Mr. NEILL: But that includes the domestic trade going into Victoria and Vancouver, on which no bonus would be paid. The minister spoke with a tone of reproach in his voice of the spread between the cost of the coal at the pithead and the price at which it was sold at Vancouver, which he thought was excessive. I happen to have been in the coal business myself and I know very accurately what are the costs of the retail coal dealer. First of all he gets short weight on his coal. That is a trade secret I can give the committee as I am no longer in the business; an allowance has always to be made for short weight. Then the coal has to be unloaded and screened, and that costs money. Then you cannot sell screenings at the price of run of mine coal. It is supposed to be screened when you buy it, but it is not too well screened, and you have to sell the screenings at a lower price. In many cases it has to be sacked—sacks do not last long in the wet weather of Vancouver—and that costs money. Then there is delivery; all these costs mount up, and I have never seen a retail coal merchant die a millionaire. I know there is always a howl on the spread between the rock bottom price wholesale of any commodity and the extreme retail price. When this comparison is made you do get a suspiciously large spread.

The minister was very kind to read out for the benefit and information of the committee a number of letters which he received commending the action of the government and wishing them godspeed in their good policy. But where did those letters come from? Alberta and Saskatchewan and Nova Scotia, as I said at the beginning, ought to support the present Prime Minister for all time to come on account of the benefits they are getting from this policy. Naturally these are the people who are writing to the minister and thanking him for what he has done. But did he get any letters of thanks from Vancouver island? There would have been the answer to my argument that it was not justified.

Mr. GORDON: If I might interrupt the hon. gentleman for a moment: I said the representatives of the island coal mines asked for a dollar a ton on their increased production over last year, hoping to get the Chile and Peru market. I am persuaded they would not benefit as much if they got a dollar a ton in such way as they do at present at 25 cents a ton on their total production.

Mr. NEILL: Was that application made in writing ?

Mr. GORDON: I believe it was.

Mr. NEILL: I am inclined to think it was not.

Mr. GORDON: It was made on a number of occasions.

Mr. NEILL: I was present at a meeting of the associated boards of trade of Vancouver Island at which the head of the colliery company was present. On that occasion there was no hint of making any such ridiculous suggestion.

Mr. GORDON: He made the suggestion to me last fall.

Mr. NEILL: There must be some misunderstanding. Probably the minister is not as well acquainted with the coal industry as—

Mr. GORDON: Probably there may be a misunderstanding between my hon. friend and the people in his province.

Mr. NEILL: Then, two men who knew the coal business misunderstood each other, and also a hundred people at a meeting of the associated boards of trade were under a misapprehension. However, that is a matter between himself and the minister. When this red herring was dragged in I was saying that we on Vancouver island had not received a square deal, and in answer a lot of letters were read. Whence do these letters come? They come from the people who did receive the benefit. I have never denied that some people have received a benefit, and those people would be very foolish and ungrateful if they did not acknowledge it. I would ask my hon. friend to produce a few letters from the coal miners on Vancouver island; let him produce a letter from one of them—because there is more than one. My hon. friend from Nanaimo (Mr. Dickie) knows that, and I know it. The real fact is that we will stand a loss in trade of about $263,000 a year. If that is a national fuel policy for Vancouver island there is another guess coming to someone.

Mr. STEWART (Edmonton): This is one occasion upon which I can agree with the policy of the government, because that policy

is merely an amplification—I do not wish my friends to become too enthusiastic—of the policy of the previous administration. We have heard a great deal about a national coal policy.

Mr. BENNETT: Fuel policy.

Mr. STEWART (Edmonton): I thought we would have some brand new system of dealing with coal reserves and distribution, but I have found that the government has simply extended the bonuses on transportation; with that policy I fully agree. I doubt if there is any other remedy, if we are going to bring eastern coal westward to its proper market or bring western coal eastward to the market in Canada it should have. The government of which I formed a part began this policy in 1925, and from year to year we extended the assistance because we found it was beneficial.

My hon. friend the Minister of Fisheries (Mr. Rhodes) to some extent discussed the coking proposition. May I say to him that we were the fathers of that idea. We began operations in Hamilton, and I may say to hon. members that during the period of its inception that industry went through some very difficult stages. The recent terrific slump in the price of coke has jeopardized the position of that industry. While coke is not at present under discussion I understand that at a later stage we shall be dealing with the duty on that particular commodity. The encouragement to Wales and Scotland to ship anthracite coal into Canada has resulted in real competition in the anthracite field. The displacement of anthracite coal by coke in the last six years has cut down the importations from the United States by about one-half. At the present time we are importing anthracite to the extent of less than 3,000,000 tons. I do not think the 40 cents a ton duty on anthracite is required at all. The better quality anthracite from Great Britain is rapidly supplanting the market held by Pennsylvania anthracite. There is no question about the fact that coke is a cheaper fuel than anthracite and does everything my hon. friend has said it would do. The problem however is to educate the people how to use it. I think my hon. friend might have said that all that is necessary is to be careful not to shake the grates down, but to leave a bed of ash. In that way coke may be burnt in anthracite grates; that fact was proven long ago, and I may say that the experiment was tried in Hamilton. It cost us some money to educate the people to burn coke as a substitute for anthracite.

[Mr. C. A. Stewart.]

I am in agreement with all the proposals of the government in this respect, but I doubt the wisdom of the imposition of the duty. I admit at once, however, that such duties will help Alberta coal. Last year the increased subventions were the means of capturing the market in Winnipeg, which formerly had not been enjoyed. There is a further competitor in southern Saskatchewan receiving the advantage of the subvention. I do not complain about that competition because I believe the Saskatchewan people are as much entitled to the market as are the Alberta people. Undoubtedly the added subvention will bring that coal at least one division point past Kenora and add to the market of the Alberta and Saskatchewan fields.

I wish briefly to congratulate the government upon the increase in subventions. Their action has been to add to a policy which we encouraged and were working out very successfully. I hope that policy will be equally beneficial to the eastern mining fields so that bituminous coal may be brought further west, into Ontario. There is an area in Ontario however which undoubtedly will have to pay an increased duty. I am bound to say that the hon. member for North Waterloo did not mention that the government have in other directions been extremely kind to the manufacturers by increasing the duties on the commodities they manufacture. Perhaps they can stand the added 25 cents.

Mr. DUFF: The consumer will pay.

Mr. STEWART (Edmonton): The manufacturer is compensated by the increased duty on his product which in the past he has not enjoyed. For that reason I cannot feel sorry for him. If I have any criticism to offer at all it would be that there is an added duty placed upon this coal. From the Fernie area in British Columbia a considerable amount of coal is exported to the United States. As the coal duties are reciprocal, difficulty will be experienced in getting the product of that field into the United States. That, Mr. Chairman, is my objection to the duty.

Mr. MacDONALD (South Cape Breton): I come from a county which produces over 70 per cent of all the coal mined in eastern Canada. I have some knowledge of the industry and of the conditions under which those miners live. To-day in the town of Glace Bay there are over 1,000 people living on doles. Last Saturday the sum of $7,800 was paid out to those miners. Usually during the summer months we enjoy considerable prosperity in Cape Breton; the winter is our

hard time. While the St. Lawrence is open and the Montreal market available, up to this year we have always enjoyed a fair measure of prosperity and comfort. This is the first year the miners of Cape Breton have had to be helped by charitable neighbours and their locals.

The simple question is this: Are we going to let that industry die? We must either let it die or take steps to rejuvenate and help it. In its platform this government gave a promise to the people of Canada that it would inaugurate a national fuel policy. What is meant by a fuel policy for Canada? It means that, as far as our resources will permit, Canada is to supply the fuel necessary to run its furnaces and stoves. This government has taken two steps in that direction; it has increased the duty on soft coal to 75 cents, and it has increased the subventions which will enable us to extend our markets further west into Quebec and Ontario. I want to say on behalf of the miners of Cape Breton that they appreciate what this government has done for them; they appreciate the fact that this Minister of Finance is keeping the pledge he made to the miners of Glace Bay when he visited there last year.

Hon. members opposite have asked how the additional 25 cent duty will help. Let me tell them that at many competitive points in Ontario a difference of 15 cents turned the scale; when a manufacturer could buy American coal for 15 cents less than Canadian coal, the order went to the American firm. The subventions will enable us to carry our coal a little further west in Quebec and Ontario, and it has been calculated that those subventions will net us something over one million tons a year, which to us means the difference between adversity and prosperity. The duty and the subventions are two elements only in a fuel policy, but they are the two fundamental and essential elements in the creation of such a policy; they are the evidences given by this government of its intention to keep the pledges it made, something I presume hon. gentlemen opposite do not understand.

It is possible that in some parts of Ontario the price the manufacturer will have to pay for his coal will be slighty increased, but I am bound to say from my personal observation and knowledge that the Ontario manufacturers are meeting the situation in a patriotic spirit. They realize that the maritime provinces have furnished them with a market for everything from hats to boots; we buy everything from them. They have taken from us all our banks, our trust companies and our financial resources, which are now located in Ontario and Quebec. We are the fringe of confederation, but we claim the right to live, and we ask the Ontario and Quebec people to make in a patriotic spirit any small sacrifice that may be necessary. In this world of ours we cannot take everything and give nothing. We are giving the manufacturers a market, and we ask them to accept, if necessary, a slight increase in the price of coal in order to enable us to live. The industry must have this assistance or it will perish. This government says it is not going to perish but that it is going to live, and those of us who come from the coal counties of Nova Scotia feel that in this government they have men who are determined that this industry shall have a fair chance to prosper.

The hon. gentleman who has just taken his seat takes credit for introducing the subventions some years ago. At least he might have given some credit to those of us who worked on the coal committee in 1926, which suggested these subventions to the government of that day. He might also have given some credit to those of us who stood up on the other side of the house and fought for maritime rights, as a result of which we obtained certain concessions. Though at present, the skies are dark and the situation is very distressing, still we have hopes that when present contracts have expired and new ones are being made we shall be able to meet competition, no matter whence it comes, on an even basis, thanks to the good sense, the sound judgment and the patriotic effort of this government.

Mr. SPEAKMAN: Mr. Chairman, so long as we have a policy in this country under which we give assistance to various industries by tariffs or bonuses, I am quite certain that those of us who come from coal areas cannot quarrel in any way with the assistance given the coal industry. At present I am not certain just to what extent the increased tariffs and subventions will extend the coal markets for my own province of Alberta. I hope the markets will be widened very considerably, because that extension is badly needed. Until it is clearly demonstrated just what will be the result of these changes I am content to take the opinion of those who are in the industry and who are best qualified to speak. However, may I ask the Prime Minister to what extent, if any, this assistance by way of tariffs and subventions will apply to the purely steam coal areas whose market is wholly restricted to one or the other of our great railway systems? So far as I can judge it will hardly apply in that regard.

There is a branch of the coal industry—and I will only speak of that part of it with which I am familiar—with which I should like to deal for a few moments. I refer to the steam coal areas in my own district, the Brazeau collieries whose sole market is the Canadian National Railways. The district itself lies in the mountains towards the British Columbia line and is accessible only by the Canadian National, and that railway, as I say, is the sole market. In former years these Brazeau collieries supplied a very large part of the coal used in that section of the country by that railway system. The operating costs are low. The method is known as drift mining as distinguished from shaft mining. They drive a drift in through the face of the mountain, slanting upwards, and the seams run to nine, seventeen and eighteen feet in depth. There is rock above and below, and the coal is so pulverized by pressure that it requires little further in the way of operations to dislodge it. It is shovelled out and is about as cheap a system as you could possibly have. Yet they could not hold their contract with the railways. The mines themselves are equipped to handle 75,000 tons per month, but the average in the last few years during the month of February, has been between 26,000 and 27,000 tons. But at present they are putting out from 10,000 to 12,000 tons per month Formerly they employed as many as 900 men and now only 300. That in itself will give a picture of the industry as it is to-day. But although one-third of the number of men formerly employed are now at work, these men are working only part time and their standard of living cannot be regarded as satisfactory. In order to be quite certain not to exaggerate I wrote not only to the heads of the workers' unions but to the accountants and the manager of the mine, and the information I received from them as to the present output and the number of men employed I have given to the committee. The manager sent me ten typical monthly pay sheets showing just what the men are earning, and the facts disclosed will show how impossible it is for men to live in decency under present conditions. Let me give some examples from the ten. The first case is that of a man whose family numbers seven and whose net earnings amounted to $34.83 for the month of February. Another, four members in the family, receive $34.41; another, five members, $31. And so on. In another branch of the work—men working on the ground—I find one man, six members in the family, receiving $19.54. I will not detain the committee by giving further particulars in that direction.

[Mr. Speakman.]

So far as I can understand subventions and the tariff, this will not give any assistance to that particular type of mine; yet it is at least as important a part of the industry, in proportion to the number of men employed, as any other. Last year during the short session I hoped that some assistance would be given out of the $20,000,000 voted for the relief of unemployment. At that time I pointed out the situation to the Prime Minister and asked him whether it would be possible, under the terms of that vote, to pay a small bonus or subvention to Canadian steam coal equal to the difference in cost to the railways as between Canadian and American steam coal. The amount required would be comparatively small, and I suggested that a bonus, from the point of view of employment, would perhaps be better than assistance in any other form. I had hoped that this would be done, for the Prime Minister at that time stated that one of the objects of providing the relief was to meet such a situation as I had described. When I wrote to the manager of the company a short time ago to ascertain the exact condition of the industry I asked whether anything of that kind had been done, and he said they had not received directly or indirectly one dollar of bonus or subvention, nor assistance in any other form to enable them to extend contracts. At present, unless there has been an increase during the last two or three weeks, the only contract outstanding is the contract with the Canadian National Railways for 10,000 tons per month, and obviously that will not improve conditions.

I confess at once I do not believe that, in the long run, bonuses, subventions or tariffs are an economic way of improving the situation. But while that system is in vogue and industries are receiving protection, while that policy is being put into force, it should be extended to cover the whole of this industry in all its peculiar operations. The same situation exists in part of the Crowsnest area; I am told that the Canadian Pacific Railway is their sole market. I would urge, therefore, that these particular districts, the Brazeau district and that Crowsnest area, be given consideration and that an attempt be made to extend to them some measure of assistance comparable to the assistance which the government contemplates giving to domestic coal in the other coal producing provinces.

Mr. HACKETT: An impression has gone abroad that a duty of 40 cents a ton has been placed on all anthracite coal. This is an inaccuracy as regards the very best anthracite coal that comes into our markets. The trade returns for the last few years show that we have purchased from the United States much

more than we have succeeded in selling to that country; they also show that we have sold to Great Britain much more than we have bought from her. This tariff admits British anthracite coal free. It will enable anthracite coal from that source to come to Canada in ships which in the past have come in ballast. It is believed that these ships coming in cargo instead of in ballast will be able to take back to the old country Canadian products, and in particular wheat, at lower freight rates than in the past. This is a deliberate attempt on the part of the government to promote inter-empire trade. It is an attempt to establish here credits through which our commodities, and in particular wheat, may be purchased by the British people. Nothing but good can result from this policy, because it gives free entry into our markets of the very best anthracite coal and places a duty upon coal coming from a country which in the past has not favoured us with very extensive purchases, at least when compared with what we have purchased from it.

Mr. McKENZIE (Assiniboia): Mr. Chairman, representations have been made to me regarding the coal subventions. A short time ago I asked a question of the Minister of Mines (Mr. Gordon) and I was pleased to hear that the problem of the lignite coal miners of southern Saskatchewan was receiving some consideration. I notice in the budget speech that the subventions have been changed to one seventh of a cent per ton per mile on coal from Alberta going into Manitoba, and one third of a cent per ton per mile on coal going into Ontario. These rates apply also to Saskatchewan coal, but I would point out that this coal has obtained quite an extensive market in the city of Winnipeg. The people in that city are becoming more and more accustomed to the use of this coal, due to certain mechanical devices which have been installed and which make the burning of the coal much more profitable and beneficial. A short time ago I noticed in one of the papers that an engineer connected with one of the new central heating plants being constructed in the city expressed a preference for Saskatchewan lignite coal. The subventions now being offered are to replace the subvention of 50 cents per ton formerly given to our coal; instead of 50 cents per ton we now are to receive about 40 cents per ton, whereas the Alberta coal is to receive an increased subvention. It would seem as though the Saskatchewan lignite fields are being discriminated against to the extent of about 23 to 25 cents per ton. This business is carried on under a very narrow margin of profit, and this discrimination would mean that they will be excluded from the Winnipeg market. The minister has assured me that this problem is being considered and I would suggest that the subvention given to Saskatchewan lignite coal be the same as that given to Nova Scotia coal, that is, one fifth cent per ton per mile into Manitoba and one third cent per ton per mile into Ontario. I believe that that would enable our Saskatchewan lignite miners to retain the market in Winnipeg which they have established through hard work. It would be nothing more than justice.

Mr. YOUNG: Mr. Chairman, it seems to me that the worst feature of this system of granting bonuses and handouts to special industries or special localities is, to borrow an expression of the Prime Minister, the fact that it debauches the people with their own money. It is proposed to take money out of the public treasury in order to pay part of the freight on coal from Nova Scotia into Ontario. It is proposed to take money out of the treasury to pay a part of the freight on coal from Alberta into western Ontario. It is proposed to take money out of the public treasury to pay part of the freight on coal from Alberta and Saskatchewan into Manitoba. It is proposed also to take money out of the public treasury in order to bonus bunker coal mined in British Columbia to the extent of 25 cents per ton. The result is that every hon. member who has any coal industries in his constituency is clamoring for more handouts. Even the hon. member for Red Deer (Mr. Speakman) whom we have looked upon as being one of the incorruptible members of this house, so far forgets the principles upon which he and his party were elected as to ask for an extension of this principle to certain kinds of coal mined in his district. I would ask the government to tell me candidly upon what principle of equity one man's money can be taken to pay another man's freight. What right has the government to ask the farmers of Saskatchewan, who perhaps are suffering more from the present depression than any other class of people in Canada, to pay a part of the freight on coal hauled from Alberta right past their own doors to the city of Winnipeg in order that the people there may get coal more cheaply than it can be obtained in Saskatchewan?

Mr. MacDONALD (Cape Breton South): Did not the hon. member support this identical thing last year when the Liberal government brought in its subvention?

Mr. YOUNG: I am not making any apology for the mistakes made by the Liberal party when they were in power.

Mr. BENNETT: It is the hon. member's own mistake.

Mr. YOUNG: If the Liberal party did wrong, they have suffered. I am not going to be embarrassed by any such question as that. I did not support this policy and I ask the minister upon what principle of equity he justifies this procedure.

Mr. BENNETT: Mr. Chairman, even at this late hour I am afraid I must intervene for the purpose of answering the observations made by the hon. member for Comox-Alberni (Mr. Neill). I think no more imperative duty rests upon any government than to assist the development of the natural resources of the country. Even the most rabid free trader will agree to that doctrine, with perhaps one notable exception and that only when in opposition. When not in opposition the hon. member espouses the cause of the protectionist and votes gladly for bounties to be paid to the coal industry when proposed by the ministry he supports; when that ministry is out of power, he finds it not convenient so to do, and he asks upon what principle the taxpayers of Canada are asked to contribute to the development of the resources of the country. The answer is a fairly resonable one—the greatest good to the greatest number. For the same reason that five cents per bushel is being paid to the farmer for his wheat, this contribution is being made with respect to coal. On the same basis that the producers of wealth in eastern Canada are willing to assist other sections of the country in times of crisis, I take it that when in an emergency we endeavour to develop the natural resources of the country we might expect that those who are most prone to dwell upon the necessity of the development of these resources would give their assistance to the policies so proposed.

There is no country in all the world so blessed with coal resources as is Canada. One can commence at the most westerly point, Vancouver island, travel to the most easterly point, Cape Breton, and he will find coal in every part of the country with the exception of the provinces of Ontario and Quebec, where the geological formation is such that coal has not yet been found in substantial quantities. Coal is found on Vancouver island, and to the north of the Skeena river where there are deposits of anthracite coal unrivalled in the world. The late Lord Rhondda said that within a century he believed these deposits would be looked upon as being the most outstanding in the world.

East of the mountains we have the great deposits to which the hon. member for Red Deer (Mr. Speakman) referred. In the southern portion of British Columbia and extending into Alberta there are great deposits. Alberta is underlaid with three layers of coal. The upper layer is not so good, but of the second and third layers of lignite I shall speak presently. In the north, the hardness of the coal makes it a semi-anthracite, while in the south, outside of the Lethbridge field, we find the great fields of coking coal. The coke ovens at Hosmer and Fernie supplied coke for many years to the mines at Great Falls, Montana. This was continued until our neighbours put up their tariff and made it impossible for us to meet successfully their requirements. This field was opened up through the vision of the late J. J. Hill and Elias Rogers in order to supply the requirements of the Great Northern Railway. The deposits in that area supplied for many years the requirements of a great number of people and enterprises in the United States, but later on the tariff of the United States provided that if we imposed a tariff upon the importation of bituminous coal into our country, an equal countervailing tariff would immediately become applicable against our coals.

Lignite coal has developed a substantial market in the state immediately south of the province of Alberta. The grade of lignite coal at Lethbridge has the reputation of being the finest domestic fuel of that type that we have any evidence of in that part of Canada, and the result is that substantial quantities of that lignite coal are bought not only in the state immediately south but also a little to the west in eastern Washington. Those exports have grown to very considerable magnitude. If a duty be now imposed upon lignite, under a recent ruling of the treasury the effect would be the same as though it were bituminous coal and the countervailing duty would immediately apply.

The coal referred to by the hon. member for Comox-Alberni that reached Vancouver from Bellingham is not, according to my appreciation of the proper definition of the term, lignite coal. Lignite coal, according to the definition arrived at by our scientists, Doctor Haanel being our representative, means a coal that carries six per cent or more of moisture. Many tests of varied character have been imposed to determine what constitutes lignite coal, but finally scientists arrived at the conclusion that the fair and the

only effective test that could be applied was that of moisture content. It was therefore concluded that if coal carried a moisture content of six per cent or more it should be classified as lignite. If it carried a less moisture content, it should be classified, as we speak colloquially, as semi-bituminous, or really as a bituminous coal. The result is, in my appreciation of the matter, that the plea which the hon. member for Comox-Alberni has expressed this evening as to the loss of market to the coal of Vancouver island, because of the effect of the application of the countervailing duty in the United States upon coal, is perhaps unwarranted. In other words, if the United States coal is not lignite, then it cannot be said that the countervailing duty shall apply to it. That is, if the coal coming in from Bellingham is not a lignite coal, it is not affected by this item. That is as far as that goes.

But let us proceed a step further as we come east. In Saskatchewan and Manitoba there is a further deposit of lignite coal. Scientists tell us that the quality of that coal is not as high as that of the lignite coal to which I have previously referred. It is now being briquetted. During the war and after we spent a substantial sum of money in experiments, in this connection, as a result of which, supplemented by more recent scientific knowledge, that area or measure of coal has been developed by the production of briquettes and a substantial market has been created in the city of Winnipeg and elsewhere in the provinces of Manitoba and Saskatchewan for the products of those mines.

There are then no further coal deposits until you come east to the province of New Brunswick, where at Minto you have a substantial deposit of a soft quality of coal which has been utilized to some extent to meet the requirements of the railways and as a fuel for the population. Then there are the great deposits of coal on Cape Breton island and elsewhere in Nova Scotia. In fact, one might fairly say that the whole province of Nova Scotia is underlaid with coal. It is a singular circumstance that the cost of production of coal in Vancouver island has reached a very high mark, and it is undersea mining, and that in the island of Cape Breton the cost has also reached a high level and it is likewise undersea mining. Therefore you have, 3,000 miles apart, two great coal measures, the winning of coal from which necessitates undersea mining. Those are the conditions that confront the Canadian people.

When I say that there has been a universal expression of opinion on the part of Canada —and I speak broadly—that there should be developed a national fuel policy, I state but the bald truth. It is not quite correct for the hon. member for West Edmonton to take the credit to himself or to the administration of which he was a member, for, as the hon. member for Comox-Alberni has remarked, this was not the outcome of the thought in the mind of one man or two men or a government. During the war it was realized it was absolutely essential for a country such as this, possessing the vast resources we have, to utilize and develop them, and the sums expended in Saskatchewan together with the sums expended for the production of tri-nitro-toluol during the war indicated, first, the value of our deposits, and, second, the necessity for their development. Under those circumstances I say that every part of Canada was agreed that we should endeavour to originate and maintain a national fuel policy. Spasmodic efforts had been made to this end. The question was: How was the result to be attained? I think we are almost in agreement when I say that two methods and two only offered themselves for the moment: one, the utilization of tariff as an instrument for that advancement, and, second, the payment of such moneys as would enable equality of cost to be established if possible to those who had to use the coal. It may well be said that bonuses and bounties are objectionable, and yet two of the greatest industries we have in Canada to-day owe their origin to a bounty. I recall the first session I was in the house that a bounty was extended to lead, and the great industry that has now developed to such an extent at Trail owes its origin to a small bounty that was given for the production of lead. The same thing is true with respect to copper refining, and there are other matters that one might mention. Bounties, bonuses, have been applied almost from time immemorial for the purpose of developing in the early days the great natural resources of a country—and when I say "early days," I mean the early stages of their development. In other words, to aid pioneering effort in that regard we have utilized the public purse, because we believe we are aiming to establish a national policy that in the end will be advantageous to every part of the country, east and west, north and south.

It is possible of course the price paid may be too great; but possessing as we do 12 per cent of all the known coal in the world, we do not believe it is at all reasonable that the Canadian people should have to send $25,000,-

000 or $30,000,000 abroad for the purchase of a commodity which exists in such quantities in our midst. The hon. member for Comox-Alberni quoted from observations that were made by members of the party which I had the honour to lead in opposition, and an extract, I think, from the platform adopted by the party at Winnipeg. I agree with the hon. member for West Edmonton that the consensus on the part of the Canadian people was that such a policy should be adopted. Having adopted it and having secured from the electorate a mandate, this government proceeded to put that policy into effect. The extent to which the government may be able in its first session to realize all its hopes and expectations in that regard is in the lap of the gods. But this at least we have done: we have, I think I may say without egotism, made a courageous step forward in that direction. If that be so—and I think most people will admit it is so—the letters read to-night are interesting, not because of their flattery of individuals or their tribute to what has been accomplished, but rather because they indicate an appreciation of the effort that has been made to develop a national policy in this respect.

That being so, let us see what the position is in detail. It has been suggested that as regards Vancouver island we should pay a bonus of $1 or $1.25 a ton for every ton of coal exported. Representations have been made to me by the hon. member for Nanaimo (Mr. Dickie). No man is more moved by the pain and suffering of others than the hon. member for Nanaimo, and in season and out of season he has urged upon me and upon other members of the government the desirability, nay the necessity, of action being taken for the purpose of providing against the calamity that threatened the miners in the Nanaimo and Ladysmith areas. I received a deputation consisting of himself, the member for Comox-Alberni and the candidate who opposed him in the recent election. They presented to me a petition signed by thousands of people. The gravemen of the petition was this: Here was an industry that might fall, and the calamity would be very great. There is one of the oldest coal mines in the country. The almost romantic circumstances under which that coal deposit was discovered will be recalled. A pioneer Scotchman crossed the isthmus of Panama and made his home on what is now known as the island of Vancouver. He disturbed with his foot a piece of coal, and having a true appreciation of the value of coal, he at once saw what he believed to be a great opportunity for development. He developed the coal deposit, and the family of Dunsmuir was associated with that development through I think two generations, when the industry passed into the hands of a corporation. Its securities were offered to the public under circumstances that put a very high value upon the deposit, shall I say, and it has been very difficult since for that corporation to make sufficient profit to meet its fixed charges. For a time it was in the hands of a receiver—I speak subject to correction as to that—

An hon. MEMBER: Yes.

Mr. BENNETT: My friend corroborates my memory in that regard. To ask arbitrarily for a bonus or bounty for the purpose of saving an enterprise from disaster is one thing; to ask for a bonus or bounty for the purpose of promoting the development of a new enterprise is another. In Alberta the coal areas have been practically untouched and undeveloped until recent years. I remember when they used to haul a few dray loads and sleigh loads of coal from the carbon area to the central parts of Alberta. I remember when within the boundaries of the city of Edmonton coal was taken from the river banks and hauled to the city for use there. To-day Alberta produces 6,000,000 tons of coal. I remember distinctly the development that took place in Manitoba and Saskatchewan, and I attribute the development of the last few years to the recognition by governments of the part that government must play in the orderly development of the natural resources of the country. This old colliery, as the hon. gentleman has admitted, has encountered many difficulties in meeting the new competition that has developed. Duties, long drives under the sea, the cost of winning the coal and raising it to the pit mouth—all these have been potent factors in increasing the cost of production. Nevertheless the government, desiring to assist the British Columbia industry as well as others, provided that it should be paid a bonus of 25 cents a ton on the product sold for bunkering purposes for fuel and for export to foreign countries except to the United States. It was felt that at least a reasonable purpose would be served in paying this bonus. The hon. gentleman from Nanaimo at once impressed upon us that this was not an ample recognition of the situation, and the argument that he has used to-night must appeal to every man who thinks of the starving families of the unemployed miners. Put on that ground, temporary assistance might be warranted; but that will not stimulate or create there an enduring industry, for the reasons that were dealt with by the hon. member himself.

Now it is said that to assist that industry we should have been willing to put a duty on fuel oil coming into this country. I have already said in this house, and I repeat it tonight, that the time has gone by when that remedy would have redressed the grievance complained of. The time to do that was when oil was a new fuel and before it became a serious competitor of coal. But that day went by. At present there is a duty of half a cent on fuel oil. That duty was imposed by the Minister of Finance of that day for the purpose of encouraging the coal industry of British Columbia and other parts of Canada. It was not a Conservative minister of finance that placed that duty on fuel oil. But great industries have been built up on the Pacific slope, paper mills, lumber mills and other industrial enterprises, in which the furnaces are arranged for the utilization of fuel oil, and this has created such a situation that to pass legislation that would have the effect of preventing the use of fuel oil for those industries would bring wreck and ruin upon them. In the early part of this year it was suggested that we should enact legislation placing a higher duty upon fuel oil. I should like to assure the house that within a few days after that suggestion was made in the press we were actually receiving from those industries telegrams by the score stating very frankly that to do so would spell ruin to them in these days. I mention that because it has been suggested—and the hon. gentleman did it very insinuatingly—that under the circumstances we could not be expected to place a duty against fuel oil. Now there is a duty against it. To have increased that duty would have brought about the conditions to which I have referred.

But there was a far greater difficulty than that. You had your duty on crude oil. The crude oil was brought in as a raw product. It was treated at the refineries on the Pacific coast—whether the Imperial, the British American or the Shell, matters not—and after the gasoline was extracted there was left a residuum that becomes the fuel oil of commerce. It was suggested that that fuel oil should bear an additional tax. Now, how would it be possible to put an import tax upon the residue after the raw material had paid duty and there had been extracted from that residue the commodity for which it had been imported? Clearly, it would have to be an excise tax, and to impose an excise tax would be injurious to the very interests that I have mentioned and would not, I think have given the redress which has been sought. At any rate, the government did study the problem and arrived at the conclusion that on the balance of economic results to this country it was not warranted at this time in doing so.

Recently the miners of England and Wales have been carrying on an agitation demanding that fuel oil should be no longer used on battleships, but that the admiralty should return to the use of coal, for the very reasons that have been given in this house. And yet Britain with her immense coal deposits and no petroleum deposits has been compelled by the very nature of things—the economic value of fuel oil, its cleanliness in use, its superiority in quickly raising steam, and its other advantages—to use it for her battleships and other naval craft. The great ocean liners that come into Montreal, Quebec and New York, and an increasing number of cargo ships are driven by fuel oil. It may not be improbable that in the laboratories of our great universities or in those of our research council there is some young man working on the problem of converting into liquid form the coal of these great western deposits. I hazard no guess, but I have every reason to believe that as progress is made in scientific research some such result will be achieved. In the meantime by subventions, by tariffs, or by any other means within the power of this government, we will use every effort to bring about an orderly sustained development of the great coal resources of Canada for the benefit of the Canadian people.

If it be felt at times that a given policy does not result in the uniform advantage that those in all parts of this vast Dominion seek and expect, we can say only that in a country so vast, with a population so limited, it is not to be expected, in the nature of things, that from the very inception of these efforts you can secure uniform results. The hon. member for Red Deer (Mr. Speakman) referred to steam coal. The largest consumers of steam coal are the two great railway companies. The development of the mines on the Canadian National railways are for the use of those railways. For its own purposes the Canadian Pacific Railway has carried on great developments at Bankhead, Hosmer and other points. The Great Northern Railway has developed the Fernie mines for its own use. We have reached a situation where steam coal to be used by private enterprises other than the great transportation companies is almost an impossibility, because as we come east the demand becomes more limited. There is an increasing use of electricity. The hon. member for North

Waterloo (Mr. Euler) referred to the white coal which has taken the place of black coal in western Ontario; that applies also in other parts of Canada. Around the city of Winnipeg industrial development has taken place; the waterfalls in that locality have been utilized and have brought about changed conditions. That applies in other parts of Canada, and British Columbia is no exception. I say to my hon. friends from that province that part of the difficulties under which they now labour have arisen from the utilization of electric power or energy in the development of the industrial life of that province.

I have dwelt upon these matters at greater length than I had intended, because after all I think it necessary that we should have a clear appreciation of these problems. It is not so much a matter of difference of policy, but sometimes it is a difference of methods and principles of approach. When my hon. friend from Comox-Alberni talks so strongly to-night I am wondering why he has been silent through all these years. What about the island in days gone by?

Mr. STEWART (Edmonton): May I say to my right hon. friend that the hon. member was not silent.

Mr. BENNETT: His silence at least was felt by those in the house, but not by those out of the house. His views were not put forward with that strength of conviction—

Mr. NEILL: Oh yes, they were, again and again, in Hansard.

Mr. BENNETT: Again and again in Hansard, probably, at an opportune moment —but certainly not with that vigour of presentation and strength of conviction with which he addressed the committee to-night. A plea for the suffering was not heard from his lips; on the contrary he made only a perfunctory presentation of conditions which had arisen in the hope that peradventure it might have the effect of securing for him a few votes at an opportune time. That difficulty is one which everybody administering a government experiences. Hon. members sitting to the left of Mr. Speaker feel that it is part of their duty to take that attitude. Now and then we find some slight differences of opinion, such as that expressed to-night by the hon. member for Weyburn (Mr. Young), who said, "Well, what I did in the past has nothing to do with it; what those who led me in the past did has nothing to do with it; I am leader unto myself; my views are my own, and I shall express them as I please." Such courage is rarely found in Israel.

[Mr. Bennett.]

Mr. STEWART (Edmonton): I think my right hon. friend has been treated with a great deal more leniency than we were in former days.

Mr. BENNETT: These private discussions do not seem to have led to any public manifestations of conviction.

Mr. NEILL: I am afraid I cannot let that statement go without making some reply. My very first speech in the House of Commons was on that subject.

Mr. BENNETT: I have no doubt about it; it is wonderful how much more moderate those manifestations became as the days passed, the strength of the administration became more apparent and the power of the hon. member as a voting factor became less. My hon. friend from West Edmonton (Mr. Stewart) can scarcely refrain from laughing heartily, because he knows the strength of the protestations—

Mr. STEWART (Edmonton): I have a great deal of sympathy for you.

Mr. BENNETT: Yes. However, Mr. Chairman—

Mr. NEILL: Is this ward politics or a statement on the national fuel policy?

Mr. BENNETT: That is exactly the remark one would expect—exactly. There we have evidence of it. Now it is "ward politics"; but when my hon. friend first came into the house he was talking about a national fuel policy.

May I say to my hon. friend that this is a national matter and will be treated as such. Wherever compensating adjustments become necessary this government will endeavour to apply them. The extent to which they may be applied depends upon factors I have frequently presented to the house and which I do not purpose to present again.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the item carry?

Mr. SANDERSON: No, it will not carry just yet. I should like to ask the Prime Minister if he can tell the number of tons of anthracite coal imported last year from the United States and the number imported from Great Britain?

Mr. BENNETT: There were 3,950,000 tons imported valued at $28,500,000. Of that quantity 2,748,000 tons came from the United States; 918,000 from Great Britain and 284,000 from Russia.

Mr. SANDERSON: Is the minister in a position to tell the committee the number of

tons of anthracite coal imported from the United States into the province of Ontario during the past year?

Mr. BENNETT: There are no separate items.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the item carry?

Mr. SANDERSON: No, it is not carried yet. Can the minister get those figures?

Mr. BENNETT: No; separate figures are not kept. Probably they could be compiled in a week's time.

Mr. SANDERSON: I think those figures could be obtained within the next day or two; I do not believe any hon. member would wish to wait two or three weeks for them. To my mind this is a very important item, which affects the province of Ontario to a greater degree than any other part of Canada. It simply means that this duty of 40 cents a ton is a duty—

The CHAIRMAN (Mr. Smith, Cumberland): It is now eleven o'clock.

Mr. SANDERSON: The item is not carried.

Mr. BENNETT: No, of course it is not carried; my hon. friend will have ample time to discuss it.

Mr. SANDERSON: I want ample time, and I will take ample time to discuss it.

Progress reported.

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

Thursday, July 16, 1931.

The house met at three o'clock.

PRIVILEGES AND ELECTIONS

Mr. R. B. HANSON (York-Sunbury) presented the second and final report of the select standing committee on privileges and elections, as follows:

Your committee have had before them an order of reference of the house under date of June 4, 1931, namely:

"That all correspondence and other communications in the possession of the government relating to the preparation of the voters' list for the municipality of Port McNicoll, in the riding of East Simcoe, and a copy of the original list prepared by the enumerator, and of the revised list as prepared by him for use on election day, together with a copy of any communications exchanged between the chief electoral officer and the returning officer or any other person as to the conduct of the poll on election day, laid on the table of the house on Wednesday, the 27th of May, 1931, be referred to the select standing committee on privileges and elections with instructions to inquire fully into the registration and polling of the votes or other related matter in connection with the election in the electoral division of East Simcoe, on July 28, 1930."

Your committee have inquired into the matters referred to them under the terms of the above reference and have held five meetings in the course of which they have heard twelve witnesses. After having perused the evidence adduced before them, your committee beg leave to report as follows:

That in the opinion of the committee, having regard to the fact that it is the intention of the Dominion Elections Act to enfranchise as many voters as possible under the residence provisions if they have the other qualifications, those in situations similar to that of Messrs. Chidwick and Campbell, should have been entitled to vote.

Your committee therefore recommend that the necessary amendments be made to the Dominion Elections Act to enable persons similarly situated to vote at future Dominion elections.

Your committee also recommend that the proceedings and evidence, a copy of which is submitted herewith for the information of parliament, be printed as an appendix to the journals of the house for the present session.

RAILWAYS AND SHIPPING

Hon. J. D. CHAPLIN (Lincoln) presented the third and final report of the select standing committee on railways and shipping, as follows:

Your committee, to whom was referred for consideration and for report to the house the estimates on the Canadian National Steamships and Maritime Freight Rates Act, the Canadian Government Merchant Marine, the Canadian National (West Indies) Services, and the Maritime Freight Rates Act requirements, held thirteen meetings in the course of which they examined sundry witnesses, including:

Sir Henry Thornton, K.B.E., chairman of the board and president, Canadian National Railways;
V. I. Smart, Deputy Minister of Railways and Canals;
J. E. Labelle, director, Canadian National Railways;
S. J. Hungerford, vice-president, operation and construction departments, Canadian National Railways;
D. C. Grant, vice-president, finance department, Canadian National Railways;
R. C. Vaughan, vice-president, purchases and stores department, Canadian National Railways;
R. L. Burnap, vice-president, traffic department, Canadian National Railways;
D. E. Galloway, assistant vice-president, Canadian National Railways;
S. W. Fairweather, director, bureau of economics, Canadian National Railways;
J. B. McLaren, comptroller, Canadian National Railways;
T. H. Cooper, assistant comptroller, Canadian National Railways;
C. B. Brown, chief engineer of operation, Canadian National Railways;

C. S. Gzowski, chief engineer of construction, Canadian National Railways;
Dr. W. J. Black, director of colonization, Canadian National Railways;
B. J. Roberts, comptroller of government guarantee branch, Department of Finance;
R. B. Teakle, vice-president, Canadian National Steamships;
A. H. Allan, general manager, Canadian National Steamships.

Canadian National Railways

Bill 79

Your committee have had under consideration Bill 79, "An act respecting the Canadian National Railways and to authorize the expenditures made and indebtedness incurred during the calendar year 1931" amounting to $68,500,000 and have agreed to report the same without amendment.

Bill 83

Your committee have also had under consideration Bill 83, "An act respecting the Canadian National Railways and to authorize the guarantee by His Majesty of securities to be issued under the Canadian National Railways Financing Act, 1931" and beg leave to report the same without amendment.

The committee have considered the general report of last year's operations of the railway made by Sir Henry Thornton as president of the company and chairman of the board of directors and were particularly interested in his expressed intention to reduce the expenditures on capital account and wherever possible on operation and maintenance. Your committee heartily approve of such proposed action and recommend that for the present projects entailing capital expenditure be curtailed as far as possible.

Your committee desire to call the attention of the house to the proposal made by Sir Henry Thornton at one of the sessions of the committee. He referred to the serious position of the transportation business generally and recommended that a commission be appointed for the purpose of considering the whole question of Canadian transportation. Your committee regard such a recommendation coming from such a source at this time as worthy of the serious consideration of the government.

Canadian Government Merchant Marine

Your committee have had under consideration item 379 of the estimates—loan to the Canadian Government Merchant Marine, Limited, to be applied in payment of deficits in operation of the company and of the vessels under the company's control during the year ending December 31, 1931, amounting in all to $588,500.

Your committee also reviewed the balance sheet of the company and are of the opinion that the amount of $588,500 included under item 379 of the estimates, is required for the purposes of the company and should be granted by this house.

Your committee believe that the time has come when the government should very carefully consider the abandonment of the Canadian Government Merchant Marine, and the making of arrangements with other shipping companies so that the external trade of Canada will not be jeopardized. In this respect we wish to point out that the total original cost of this enterprise which was undertaken solely as a result of the exigencies of the war was approximately $80,000,000.

After almost ten years of operation there has not been a single year in which an operating profit has been shown by the merchant marine.

Throughout the whole period, a deficit of over $57,000,000 has accumulated, including depreciation on ships sold and interest due the government, but does not include accrued depreciation on vessels remaining in the fleet, which depreciation amounts to more than $17,000,000 in addition. Your committee has been informed that the ships are for the most part obsolete and only part of the fleet is now in operation.

Canadian National (West Indies) Services

Your committee have had under consideration item 380, loan to the Canadian National (West Indies) Steamships, Limited, whose steamships provide the services called for by the West Indies Trade Agreement.

Your committee note that the operations for the year ending December 31, 1930, resulted in an operating loss of $523,136.98, which is partly offset by the fact that previously a subsidy equal to $380,000 per annum was paid to a private company by the Dominion government for a similar service.

Your committee further believe that the steamship service established on the Pacific coast and known as the Triangular Service between Vancouver, Seattle, and Victoria should not have been established as it does not earn its operating expenses. We, therefore, recommend that serious consideration be given to immediate action looking toward the elimination of this loss.

Maritime Freight Rates Act

Your committee have also had under consideration item 382 of the estimates, to provide for the payment to the Canadian National Railway Company as required by the Maritime Freight Rates Act, of the deficit incurred during 1931 on eastern lines, the amount of the estimated deficit being $6,631,856, and in addition the sum of $2,450,632, representing the estimated amount by which the revenues of the eastern lines will be lessened during the coming year by the reduced rates granted under the Maritime Freight Rates Act in accordance with the recommendations of the Duncan commission.

By reason of the special consideration involved in the maritime railway situation, with which the house is familiar, your committee are of the opinion that these amounts are necessary to give effect to the Maritime Freight Rates Act in the operation of the eastern lines.

Your committee have also had under consideration item 381, to provide the sum of $900,000 from which privately owned railways operating in territory covered by the Maritime Freight Rates Act shall be reimbursed the difference between normal tolls and special tolls provided by that act. Your committee are of the opinion that this amount is necessary to implement the provisions of the act in that regard and should be granted by this house.

Certain questions relating to the salaries and emoluments paid to executive officers of the company were asked by members of the committee, and were by resolution of the committee submitted to a sub-committee for consideration. The report of the sub-committee has been re-

ceived accompanied by a statement from the president of all salaries of $15,000 per annum and over, together with the names of the officials receiving them. The president, Sir Henry Thornton, has expressed the opinion that it is not in the best interests of the railway that the list of such salaries and the names of the recipients be published.

Your committee, while of opinion that many of the salaries are much too generous, and in some instances excessive, accede to the expressed wish of the president that the list be not published for the reasons given by him.

Your committee, however, are of opinion that the salary of the president stands on a different footing as he has a term contract calling for the payment of $75,000 per annum from the National Railways and all its subsidiaries, besides legitimate out of pocket expenses, which was negotiated by the previous government and approved by order in council. Therefore, to all intents and purposes the salary of the president is a matter of contract with the Dominion of Canada and is a public document.

Your committee also are informed that in addition to the contractual salary of the president above referred to, he is, with the approval of the former board of directors, in receipt of other substantial amounts in the form of salary and emoluments, which he receives in addition to his contractual salary.

It has also come to the knowledge of your committee that the late board of directors in the year 1929 passed a resolution recommending the payment of an annuity of $30,000 per annum for life to Sir Henry Thornton, if his services to the railway should at any time be terminated. Your committee are of opinion that such resolution was unnecessary and should be rescinded forthwith. If later on the services of Sir Henry Thornton are discontinued and his contract terminated, the matter of a retiring allowance may then be discussed on its merits, by the directors and the government.

In view of the decreased revenues of the company, and the economies being made in other branches of the service, your committee are of the opinion that the executive committee of the board of directors should immediately consider the whole question of salaries, allowances, disbursements, pensions and retirement provisions for executive officers and officials of the company, receiving salaries of $5,000 and over in order that every reasonable and proper economy should be effected.

Your committee recommend that immediate action be taken in these matters and a report be made to the select standing committee on railways and shipping, owned, operated and controlled by the government, at the next session of parliament.

Your committee strongly condemn the practice which has grown up under which the National railways are chargeable with large amounts for payment for the social entertainment and other activities of officials on other than official business. Your committee recommend that this practice should be discontinued forthwith. Expenditures for such purposes are in the opinion of your committee, wrong in principle and practice, and should never have been permitted.

When it is necessary in the interest of the business of the railway that moneys should be expended chargeable to the railway for entertainment, then it should be approved by the executive committee.

In reporting the result of the conferences of the committee with the president and officials of the railway, your committee would draw the attention of parliament to the magnitude of the task which was referred to them by the house. In the opinion of your committee, it is a practical impossibility to conduct an exhaustive inquiry into the affairs and management of the Canadian National Railways and Mercantile Marine within the time at the disposal of the committee. The result of the partial investigation conducted by the committee is by no means adaquate, complete or satisfactory. Full justice cannot be done in respect of an undertaking of so great magnitude without much greater time than the committee had at their disposal. The committee desire to emphasize this phase of the matter to the house, and recommend that in order that the operations of the company be fully scrutinized, a thorough audit by an independent auditor, appointed by the government, should be made from time to time of all such matters and accounts as may be designated by the minister and reported to him.

Your committee are glad to record that all the members present as hereinafter stated are unanimous in the foregoing report, namely:

Hon. R. J. Manion, Minister of Railways and Canals, Hon. J. D. Chaplin, chairman, Hon. Robert Rogers, Hon. W. D. Euler; and Messrs. Beaubien, Bell (St. Antoine), Bothwell, Cantley, Duff, Fiset (Sir Eugène), Fraser (Cariboo), Gobeil, Gray, Hanbury, Hanson (York-Sunbury), Heaps, Kennedy (Peace River), McGibbon, MacMillan (Saskatoon), Power, and Stewart (Lethbridge).

Your committee append hereto a copy of the proceedings and evidence adduced before your committee, for the information of the house and recommend that the same, together with this report be printed as an appendix to the journals of the house.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I was surprised to read in this morning's press the report of the special committee on railways and shipping. Perhaps the Prime Minister can give some explanation of the matter.

Right Hon. R. B. BENNETT (Prime Minister): Like the right hon. gentleman opposite, I was greatly surprised to see the report published in the newspapers. I know nothing about the matter but I have asked that inquiries be made as to who is responsible for the publication of the document before it was laid before parliament. I am greatly annoyed that it should have happened. It is a reflection upon parliament, is an improper thing to have done, and whoever is responsible for the information having been given to the press is guilty of a gross error so far as the house is concerned.

Mr. CHAPLIN: If any error has been committed I must say to the house that I must take the responsibility myself. Unfortunately I gave to one of the press men a copy on the understanding that the report had not been presented to the house and that

no use was to be made of it until it had been presented. I regret if any error had been committed, and I only and solely am to blame, and no other member of the committee.

Mr. MOTHERWELL: Good sport.

SERVICE LOAN AND FINANCE CORPORATION

Mr. J. E. LAWSON (West York): I move, seconded by Mr. MacNicol, that Bill No. 118, Letter L1 of the Senate, to incorporate Service Loan and Finance Corporation, the preamble of which has been returned as not proven, be placed on the order paper for consideration at the next sitting of the house.

Some hon. MEMBERS: Carried.

Mr. WILLIAM IRVINE (Wetaskiwin): The hon. member ought to give some reason for his motion.

Mr. LAWSON: This is a private bill which I undertook to sponsor, and having been engaged on another committee I was unable to be present when the bill came before the banking and commerce committee yesterday. I felt that it had not been presented to that committee in the light in which I should like to have had it presented, and I make this motion merely in order that I may have an opportunity to present the bill properly to the committee. If, when the bill is presented to the committee, the committee sees fit to withhold its support or still to regard the preamble as not proven, that will be the end of the matter.

Mr. IRVINE: May I point out that although the hon. member was not present in the committee, the company concerned was represented by learned counsel. The object of the bill was fully explained and the members of the committee present did not feel like supporting it. I do not believe that any explanation which the hon. member could give regarding the meaning of the provisions of this bill would differently impress the committee if composed of the same members who were then present. I do not think it is good parliamentary procedure to upset the actions of that committee, nor do I think the committee should be asked to go all over the matter again, especially when we are so near the end of the session.

Mr. SPEAKER: Under standing order 111, the hon. member for West York (Mr. Lawson) is within his rights in offering the resolution. Is the house ready for the question? All those in favour of the resolution will say aye.

[Mr. Chaplin.]

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Opposed, nay.

Some hon. MEMBERS: Nay.

Mr. IRVINE: No.

Mr. SPEAKER: In my opinion the ayes have it. The resolution is carried.

Motion agreed to.

AUSTRALIAN TRADE AGREEMENT

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 123, respecting a certain trade agreement between Canada and Australia.

He said: The items that affect the Australian agreement having been passed in committee yesterday, perhaps it will be in order to introduce the bill and move its first reading. It is not proposed to go further than the first reading this afternoon, but we can advance it that stage.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Can the Prime Minister give a word of explanation?

Mr. BENNETT: My right hon. friend asks whether I propose to make an explanation at this point. I had not intended doing so, the idea being merely to advance it one stage. The resolutions, although passed, have not been formally adopted. We can advance the bill so far and on the second reading I shall make, not an extended but an adequate explanation of its provisions.

Mr. MACKENZIE KING: Perhaps my right hon. friend will tell us whether the bill which is now being introduced is in the nature of a short measure simply approving the agreement in its entirety.

Mr. BENNETT: The bill which is now introduced is for the purpose of confirming and validating the agreement, making it part of the law of the country, and providing that it shall not come into force until proclamation is made to that effect.

Mr. MACKENZIE KING: The agreement is a schedule to the bill?

Mr. BENNETT: The agreement is a schedule to the bill.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS.

Bill No. 126, for the relief of Rebecca Jacobs Wiseblatt.—Mr. Heaps.

Bill No. 127, for the relief of Ada Jane Woodhams Bush.—Mr. White (Mount Royal).

Bill No. 128, for the relief of Marie Rose Agnès Bélanger Gauron.—Mr. Bell (St. Antoine).

Bill No. 129, for the relief of Minnie Fagan Rabinovitch.—Mr. Factor.

Bill No. 130, for the relief of Annie Bick Barder.—Mr. Heaps.

On division.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PENSIONS TO RETURNED MEN

Mr. MacLEAN:

1. In how many cases where the veterans' tribunal has recommended a pension to returned men has its decision been reversed by the pension board?
2. What number for each province to date?

Mr. MacLAREN:

1. The Board of Pension Commissioners for Canada (pension board) is not empowered to reverse a decision of the pension tribunal, nor does the pension tribunal make recommendations; it renders decisions, subject to appeal to the pension appeal court. The number of cases in which a decision of the pension tribunal granting a pension to an applicant has been reversed by the pension appeal court is 196, to the 14th of July, 1931.

2.

Nova Scotia	13
New Brunswick	7
Prince Edward Island	1
Quebec	15
Ontario	53
Manitoba	19
Saskatchewan	23
Alberta	38
British Columbia	27
Total	196

RURAL MAIL SERVICE—SAINT PAUL, MONTMAGNY

Mr. FAFARD:

1. What are the reasons for delaying the establishing of the rural mail service in the parish of St. Paul, county of Montmagny?
2. How many boxes are required by the department before the service is started?
3. How many boxes have been bought to date by those interested?

Mr. SAUVE:

1. A sufficient number of boxes have not been purchased to warrant department inaugurating the route.
2. 90.
3. 67.

DEPARTMENT OF THE INTERIOR—RETIREMENTS

Mr. BEAUBIEN:

1. How many employees of the Department of the Interior, who were above grade 4, have been given notice of retirement during the past three months and have not been taken into the employ of one of the western provinces nor subsequently been given employment of a permanent nature by the Dominion government in another position?
2. What was the total yearly salary of these people at the date of their retirement?
3. What is the total yearly superannuation of these people?

Mr. MURPHY:

1. 123.
2. $350,864.
3. $149,912.50.

Note—In addition to the above there were sixteen contributors to the superannuation fund with less than ten years' service whose total salaries were $34,800, and who will receive gratuities amounting to $12,318.33. Also twelve contributors to the retirement fund whose total salaries were $33,045, and who will be refunded their contributions to that fund plus interest.

DEPARTMENT OF NATIONAL REVENUE—PATROL BOATS

Mr. RALSTON:

What is the contract price being paid by the Department of National Revenue for each of two patrol boats for customs excise preventive service, one of which is being built by Manseau shipyards, Sorel, Quebec, and the other by Ditchburn Company, Gravenhurst, Ontario?

Mr. RYCKMAN: One hundred and two thousand dollars each, $102,000.

RIVIERE DU LOUP STATION

Mr. POULIOT:

1. Was the proposal to build a new railway station at Riviere du Loup put before council?
2. If so, at what date?

Mr. BENNETT: Mr. Speaker, it has been held that this is an improper question.

Mr. SPEAKER: The question being improper, it will be expunged from the order paper.

Question dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF—QUEBEC-MONTMORENCY

Mr. DORION:

1. How much money was expended to relieve unemployment in the county of Quebec-Montmorency?
2. How much for direct relief?
3. How many man's days' work were provided?
4. How many families were granted relief thereby?
5. What is the actual cost of public works and undertakings carried out in the above county?

MONTREAL HARBOUR COMMISSION

Mr. SULLIVAN:

1. How many men were employed by the Montreal harbour commisioners previous to July 28, 1930?
2. How many men are now employed, and where do they live?
3. How many men have been dismissed from the Montreal harbour commission since July 28, 1930: (a) and what were their names and addresses; (b) why were they dismissed?
4. Were any permanent employees appointed by the Department of Public Works in the district of Montreal from 1926 to 1931, if so, how many were at the time of appointment over 35 years of age and not returned soldiers?
5. Have any employees, not residents of the district of Montreal, been appointed to permanent positions at Montreal under the control of the federal government in the following departments: (a) National Revenue; (b) Public Works; (c) Post Office?
6. Are there any positions in the federal government service in the different federal departments at Montreal not under the jurisdiction of the Civil Service Commission?

Mr. CAHAN: I objected to clause 5 of this question and the hon. member for St. Ann (Mr. Sullivan) agreed that the following words should be added: "since July 28, 1930."

OLD AGE PENSIONS ACT

Right Hon. R. B. BENNETT (Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Old Age Pensions Act by increasing the amount of the payment to the provinces for old age pensions from one-half to seventy-five per cent of the net sum paid out during the preceding quarter by such province for pensions, and to provide for the examination and audit of expenditure in the province and the accounts relating thereto.

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.

[Mr. Speaker.]

RELIEF FOR THE WEST

On the orders of the day:

Mr. THOMAS F. DONNELLY (Willow Bunch): Mr. Speaker, I would like to ask a question of the Prime Minister (Mr. Bennett) which arises out of a telegram which I have received from Gravelbourg, Saskatchewan. It is dated July 15 and reads as follows:

No hay or fodder available in the prairie provinces this year to supply needs. Suggest that federal government enter into agreement with provincial government granting free freight on fodder from Ontario and Quebec provinces.

Rural Municipality of Gravelbourg.

I know of one municipality having to import during June thirty carloads of hay in order to keep the stock alive. This was necessary during a season of the year when pasturage is ordinarily at the best, and I would ask the Prime Minister to have this matter looked into with a view to taking steps along the lines suggested.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, we have been advised that there has been a considerable improvement in this section of Saskatchewan by reason of recent rains, and that green feed possibly may be available because of that fact. I assure the hon. gentleman and the house that any proposals which may be made in that regard by the competent authority, namely, the province of Saskatchewan, will receive the most sympathetic consideration.

HUDSON BAY RAILWAY

PROGRESS OF WORK AT CHURCHILL—POSSIBILITY OF TEST SHIPMENTS OF GRAIN THIS SEASON

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, the hon. member for Dauphin (Mr. Bowman) asked a question yesterday in connection with the progress of the work at Churchill, and the possibility of shipping grain this season out of that port. I promised the hon. member that I would make a statement to-day.

I stated then, and I repeat now, that the work of developing the port is ahead of schedule, and there is no doubt but that by September 15, the date upon which the elevator is to be finished under the terms of the contract signed by the late minister, the elevator will be available. My officials state that the four-year construction program of the late government contemplated a test of facilities this coming autumn, and the completion of the port during the season of 1932.

As the responsible minister, I have taken every opportunity to press forward the work

and we have reached the point where, barring accident, we will be in a position to handle sufficient grain out of Churchill between September 15 this year and the close of navigation to demonstrate the feasibility of the project.

There has been discussion in the press of western Canada as to the quantity of grain that should be handled in this test movement. I have made careful inquiry of my departmental officials, and the records have also been searched, and I am unable to find any statement as to quantity of grain to be moved in connection with the proposed test of terminal facilities. I am advised by officials of the department who have been constantly in touch with the matter that, in view of the necessity as far as possible to avoid interference with the dredging and construction program, it was never contemplated that more than two or three cargoes should be attempted in this test movement. Pending organization of the port next season any grain moving for export through Churchill this fall will have certain advantages, as no elevator or storage charges, port charges, or pilotage fees will be exacted. Partly due to this it appears probable, from investigations by the department, that grain may be shipped via Hudson bay this season, notwithstanding relatively high insurance rates, as cheaply as it can be shipped to Europe through present recognized channels. On this basis, the department has endeavoured to interest the western grain trade in the proposed movement, so far without success, due probably to the demoralized state of the grain trade owing to world conditions.

The position of the matter at present, therefore, is this: the government has fulfilled the implied obligation of its predecessors and will have the terminal facilities at Churchill available on September 15 as planned. The railway, the dock, the elevator, and the necessary aids to navigation have been provided. Vessels will not proceed to Churchill to load unless grain is sold abroad for delivery via that port. The matter is thus in the hands of the grain exporters. It is no part of the business of the government to undertake the purchase and sale of grain for movement via Churchill, any more than for movement via any other Canadian port. If the test movement is to take place, the responsibility is therefore on the grain dealers of western Canada. The facilities will be available and if the grain interests are not in a position to take advantage of the opportunity to give them a practical test after September 15, it will be necessary to postpone the handling of grain through Churchill until the formal completion of work next year.

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, in connection with this matter I would direct the attention of the house to the following, which appeared in a western paper under date of July 9:

> No official announcement has yet been made as to the terms under which the test shipments carrying between 500,000 and 750,000 bushels of wheat will be made.
>
> The understanding is, however, that because of the route being new, the insurance rates consequently high, and the trips being of a special nature, as far as the ships participating are concerned, the charges per bushel in the ordinary course would be somewhat higher than via Montreal.

I have received a communication from the St. Boniface young men's board of trade under date of July 11, which reads in part as follows:

> The Leader-Post from Regina states that it is expected that the government will assume this extra cost. We are not satisfied to guess on a question of such importance and would be glad if you would ask the Miister of Railways and Canals to give a definite statement as to whether the government will or will not absorb this extra cost.

This letter refers to the newspaper article I have just read. Can the minister give the house any information in this connection?

Mr. MANION: I think the statement I have given to the house will cover pretty well the question of extra cost. This will be absorbed by the absence of elevator and pilotage charges which will not be charged this year upon the test movements of grain. I think my statement covers pretty well the question asked by the hon. member.

Hon. W. R. MOTHERWELL (Melville): Notwithstanding the likelihood of certain charges being eliminated as an offset to high insurance rates on grain, unless the government takes the initiative to see that a trial shipment is made through somebody, no shipment will be made at all, because nobody will take a chance in regard to the matter without some assurance as to the relative cost.

Mr. MANION: We have already inquired of some large interests in the grain trade and we have not succeeded in getting them interested in taking grain that way, even at a rate, insurance and everything else covered, equal to the through rate from other portions of the western country to Europe. We have made some efforts in that regard.

Mr. MOTHERWELL: As far as I understand the insurance rates, they will block any shipment going that way.

Mr. MANION: Only if it happens that they make the rates higher than those through other channels. It depends on the through rate, which way the grain goes.

DOCTOR LYLE TELFORD

On the orders of the day:

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, the answer to the question asked by the hon. member for Vancouver South (Mr. MacInnis) which appears on page 3673 of Hansard, is that no action has been taken by the department or by anyone else on behalf of the department to prevent Doctor Telford from broadcasting over the radio in Vancouver, British Columbia.

GASOLINE DUTIES

On the orders of the day:

Mr. C. E. BOTHWELL (Swift Current): I should like to direct a question to the Minister of National Revenue. In the morning papers a news item appears with the following heading:

Announcement of new duties on refined gasoline was made yesterday.

What new duties are referred to there?

Hon. E. B. RYCKMAN (Minister of National Revenue): I am sorry that at the moment I cannot answer the hon. gentleman, but I shall make inquiries and refer to the matter again.

AUSTRALIAN TRADE AGREEMENT

SUPPLEMENTARY STATEMENT OF TARIFF RATES TABLED

Hon. H. H. STEVENS (Minister of Trade and Commerce): Perhaps with the consent of the house I may be permitted to lay on the table—I should have done so under motions—certain added information for the benefit of members who are interested in the Australian trade agreement. This gives the rates and comparisons regarding, not all the items but such items as perhaps we are likely to do business in as coming under the British preferential rates, and not included in the schedule or the statement which was supplied the other day.

Mr. NEILL: Will that appear in the votes and proceedings?

Mr. STEVENS: With the consent of the house I suggest that that should be done.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. Hanson (York-Sunbury) in the chair.

Customs tariff—586. Coal, anthracite, n.o.p., per ton: British preferential tariff, free; intermediate tariff, 40 cents; general tariff, 40 cents.

Customs tariff—588a. Coal, n.o.p., including screenings, and coal dust of all kinds, per ton; British preferential tariff, 35 cents; intermediate tariff, 75 cents; general tariff, 75 cents.

Customs tariff—588b. Coal, lignite: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Right Hon. R. B. BENNETT (Minister of Finance): Yesterday evening the hon. member for South Perth (Mr. Sanderson) asked for certain information regarding importations of anthracite coal by provinces. The bureau of statistics has not that information as yet, but I have secured it from the Customs department with, I think, approximate correctness. It may have to be verified, but in general it may be taken as being accurate. The statement is as follows:

Statement showing the imports by countries of anthracite coal entered for consumption in each province of Canada during the fiscal year ended March 31st, 1931

Province	Great Britain		United States		French East Indies		Germany		Russia	
	Tons	Value	Tons	Value	Tons	Value	Tons	Value	Tons	Value
		$		$		$		$		$
Nova Scotia	34,435	284,674	24,489	226,561	.....	.....	.....	.....	14,340	95,135
New Brunswick	45,628	246,464	34,575	308,470	.....	.....	.....	.....	17,744	116,134
Prince Edward Island	1,496	4,758	7,974	58,866	.....	.....	.....	.....	.....	.....
Quebec	836,693	5,123,055	683,674	4,530,192	.....	.....	11,480	58,542	252,187	1,649,353
Ontario	.....	.....	1,973,552	14,949,251	.....	.....	.....	.....	.....	.....
Manitoba	.....	.....	7,277	68,559	.....	.....	.....	.....	.....	.....
Saskatchewan	.....	.....	320	3,947	.....	.....	.....	.....	.....	.....
British Columbia	.....	.....	1	10	1,122	5,481	.....	.....	.....	.....
Totals	918,252	5,658,951	2,731,862	20,145,856	1,122	5,481	11,480	58,542	284,271	1,860,622

In regard to the importation from Great Britain, the tonnage entering Nova Scotia is some 11,000 tons less than that entering New Brunswick, but there is a difference in value, the value of that entering Nova Scotia being some $30,000 greater than the value of that entering New Brunswick. This is apparently due to the quality of the coal.

It will be noted that according to the statement Quebec is the only province importing coal from Germany, while Nova Scotia, New Brunswick and Quebec are the only ones importing coal from the Soviet republic.

Mr. SANDERSON: I want to thank the finance minister for producing those figures for me. I did not expect to get them so quickly, Mr. Chairman, and so in the meantime I did some figuring myself, and I do not think that my figures are very far out.

The finance minister informed the committee last night that the total amount of anthracite coal imported into this Dominion last year from the United States was 2,748,000 tons approximately. In order to arrive at some conclusion as to the amount that would go into the province of Ontario, and that is what I am more vitally interested in, I figured that 70 per cent of the total importations of anthracite coal from the United States last year found a market in the province of Ontario, and from the figures just given by the Minister of Finance I do not think I am very far out. Seventy per cent of 2,748,000 tons gives us the amount approximately of 1,950,000 tons of American anthracite which found a market in Ontario last year. If I am very far out one way or the other I hope the Minister of Finance will correct me, but I believe those figures are approximately correct. Now the duty of 40 cents a ton on the importation of 2,748,000 tons last year would bring in a revenue of $1,100,000 approximately, and taking 70 per cent of that we find that the people of the province of Ontario will have to pay in duty on coal, based on last year's importation, approximately $790,000. Again, if I am wrong in these figures, I hope the Minister of Finance will correct me.

Mr. BENNETT: I think the hon. gentleman would be wrong, would he not? Forty cents on 1,973,000 tons would hardly give the figure he mentioned, and 70 per cent of that would give a much lesser sum than he mentioned.

Mr. SANDERSON: For the sake of argument I think I would be safe in calling it three-quarters of a million dollars, $750,000. I do not think that would be very far out. In the province of Ontario and especially in the western part of the province, the fuel question is a very vital one. We are absolutely dependent upon fuel that has to be transported a long way to reach our market, and the supply from the United States, whether we like it or not, is the nearest to the market, and consequently transportation charges on American anthracite coming into Ontario are less than the transportation charges would be on coal from either eastern Canada or western Canada. As to the quality of the coal, I shall have something to say in a few minutes. So far as assistance to the coal industry is concerned, both in the eastern part of Canada and in the west, I think I am voicing the almost unanimous opinion of the people of western Ontario when I say that they are perfectly willing in any way possible to assist the coal industry in both the east and the west of this country. I find no fault with subsidies or bonuses or subventions or other assistance that can be given to the coal industry of both eastern and western Canada, but when, on top of such assistance, you impose a duty of 40 cents a ton on anthracite coal, which burden is borne largely by the people of the province of Ontario, as the figures I have given show, it is piling on generosity a little too much.

I have not yet heard any explanation from the Minister of Finance why he imposed this 40 cents a ton duty. The finance minister has been very candid and frank in his explanations on all the other tariff items. Some of them I did not agree with, but I give the Minister of Finance credit for candour and frankness. To the best of my recollection he has not touched on this duty on anthracite coal. Although last night he did deliver a very instructive address to the committee on the coal industry, I do not think he referred to anthracite coal at all, and I should be very glad if, when I finish my remarks, he would give an explanation of just what reason he had for imposing this duty. He has already told the committee on several occasions of being interviewed by different people who were asking for tariff increases on different commodities. He told the committee, for instance, about the interview he had with an American citizen with regard to the silk industry. He also told the committee about an interview that he had with a gentleman from Montreal with regard to the safety pin industry, and with respect to those duties he was quite frank and gave the reasons for

coming to his conclusions. I would be glad if he would tell the committee who interviewed him with respect to this duty on coal, and what were the arguments they advanced for imposing this duty of 40 cents a ton on anthracite coal.

The Minister of Fisheries (Mr. Rhodes) in his remarks last night referred, of course, to the coal industry in his own province, as did also the hon. member for Cape Breton South (Mr. MacDonald), and I find no fault with them at all in doing everything they can within reason to stimulate and develop the coal industry in their province. But the Minister of Fisheries said: "The people of Ontario can burn coke." In that he is not correct.

Mr. QUINN: He is absolutely correct.

Mr. SANDERSON: Do you live in Ontario?

Mr. QUINN: No, in Nova Scotia.

Mr. SANDERSON: In Halifax. I am afraid my hon. friend from Halifax is somewhat prejudiced in his views.

Mr. QUINN: Not a bit. I know what I am talking about, that is all.

Mr. SHORT: We use the same kind of furnace as you do in Ontario.

Mr. QUINN: I use a Hamilton-made furnace, and burn Nova Scotia coke in it, and I get splendid satisfaction.

Mr. SHORT: And so could you in Ontario.

Mr. GOTT: What part of Ontario is the hon. member speaking for?

Mr. SANDERSON: Not your part.

Mr. GOTT: I live in western Ontario.

Mr. SANDERSON: If there is one member I would not attempt to speak for—God forbid!—it is the hon. member for South Essex.

Mr. GOTT: Because you got enough when you came to South Essex; that is why.

Mr. SANDERSON: Getting back to the coal situation in the province of Ontario I wish to say to the Minister of Fisheries that there are some furnaces in that province in which coke cannot be burned; as a matter of fact there are very few places in that province where it can be burned. I should like to point out that in thousands and thousands,—yes, tens of thousands—of the homes in the province of Ontario, and especially in western Ontario, there are no furnaces. In those homes they use the old fashioned coal stove which will not with any degree of satisfaction burn coke.

Mr. SHORT: Has the hon. member ever tried it?

Mr. SANDERSON: Yes, I have tried it.

Mr. SHORT: The hon. member has had experience?

Mr. SANDERSON: I know whereof I speak.

Mr. QUINN: Apparently the education of the hon. member has been neglected.

Mr. SANDERSON: Mr. Chairman, are you going to attempt to keep order in this committee.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Order.

Mr. SANDERSON: Thank you, Mr. Chairman. I should like to say to the Minister of Fisheries that in most but not all of the furnaces in the province of Ontario one may burn a mixture of coke and anthracite coal. In very few that I have seen however can coke be burned alone. Going back to the question of stoves I will admit that one could burn in them a mixture of anthracite coal and coke. It is not always convenient however for people to do that. The natural fuel for the people of western Ontario, I am sorry to admit, is the anthracite from the United States. Last night the Minister of Fisheries stated that in thirty-five years the coal fields in the United States would be depleted.

Mr. RHODES: Twenty-five years.

Mr. SANDERSON: I understood the minister to say thirty-five.

Mr. RHODES: I wish to correct my hon. friend. I read from a statement published in the year 1921.

Mr. SANDERSON: I understood the minister to say thirty-five; I am sorry if I am misquoting him. I do not know however that hon. members of the committee are particularly concerned whether in twenty-five or thirty-five years the coal in the United States will be depleted. I think that is a matter for the consideration of governments following the present one—because I do not expect this government will be in power twenty-five or thirty-five years from now.

Mr. QUINN: I think the hon. member has another guess coming.

Mr. SANDERSON: Owing to the advance in scientific methods and other like considerations I think the whole of the Dominion of Canada will be relieved from the necessity of using coal as a fuel. In the meantime however whether we like it or not we are dependent upon United States anthracite coal for fuel purposes. If it were pointed out to me that the imposition of this tariff of 40 cents per ton is for revenue purposes I do not know that I would raise any serious objection. So far however the Prime Minister has made no announcement whatever, and I wish to say to him that the proposed duty will not help the coal industry either in the east or in the west. As I understand it the coal in Nova Scotia is not adapted to the heating of houses as is the American anthracite coal. Then there is the further point of higher transportation charges. For years and years, even going back twelve or fifteen years, there have been commissions and committees which have investigated the matter of bringing Alberta coal to the province of Ontario. Trial shipments have been made, but the whole scheme has been abandoned for several reasons, one being the long haulage and transportation charges. A more vital reason however was that Alberta coal is not adapted to domestic uses. Had the people of the province of Ontario for purely patriotic reasons been able to burn Alberta coal they would have been glad to substitute it for the American product. That cannot be done however, and for that reason I say that in the present instance a duty or tax is being imposed on the people of the province of Ontario,—and why? I should be pleased to have the reason from the Prime Minister. He may be able to convince me that there is a reason, and if he succeeds I shall be very glad to tell him that I am convinced. At the moment however I protest vigorously not on behalf of my hon. friend from South Essex (Mr. Gott) but on behalf of the people of South Perth whom I represent and who are opposed to the imposition of the duty of 40 cents a ton on anthracite coal.

Mr. GOTT: Mr. Chairman, the hon. member for South Perth (Mr. Sanderson) has been engaged in addressing the committee in his usual insipid manner.

Some hon. MEMBERS: Order.

Mr. GOTT: He has proven conclusively that he knows nothing at all about coal.

Mr. SANDERSON: Well, we will hear something now.

[Mr. Quinn.]

Mr. GOTT: He has proven he is not a dealer in coal, and has also proven that he is not a dealer in common, decent every-day ethics or in political decency. The hon. member came into my riding, and I was pleased to see him there. I should like however to have just a few moments to discuss his manner when in that riding.

Knowing that the hon. member for South Perth would speak to-day and knowing that he always exaggerates his statements, last night I wired Mr. F. M. Falls at Amherstburg, Ontario, as follows:

Informed that the new duties on coal were conducive to you obtaining Detroit prices. Please wire me day letter early Thursday.

To-day I received from him the following wire:

Answering your wire. Detroit coke producers charged us 50 cents over Detroit price but reduced their prices to us from five ninety to five dollars when new duty added.

That wire is from a person who knows something about the coal business. Practically every furnace in western Ontario is built to use coke. The duty means a reduction of 90 cents a ton on coke used by the people of western Ontario.

Mr. EULER: Does my hon. friend state that Detroit dealers in coke or producers of coke have reduced the price 90 cents a ton to Canadians; is that right?

Mr. GOTT: Shall I read it again?

Mr. EULER: I wish to be clear; is that the statement made by the hon. member?

Mr. GOTT: That is the statement which came to me from F. W. Falls, a dealer in Amherstburg, Ontario.

Mr. EULER: That there is a reduction of 90 cents a ton on coke?

Mr. GOTT: Yes.

Mr. EULER: What about the $1 that the government is setting up against American coke; does that not wipe out the advantage?

Mr. MANION: It is being absorbed by the American dealers.

Mr. EULER: I do not wish to delay the committee, and I am not going to—

Mr. GOTT: Does the hon. member wish me to read the telegrams again?

Mr. EULER: No. Speaking last night I desired to learn from the Minister of Finance, if possible, just how the 40 cent duty on anthracite coal fitted in with his all-Canadian fuel policy. The Minister of Fisheries replied, but in all courtesy I am bound to say his

explanation was not convincing. I should like to have from the Minister of Finance (Mr. Bennett) some substantial reason why the people of Ontario and of parts of Quebec will undoubtedly have to pay more for their anthracite coal than would be the case if the duty had not been applied. I said last night also, that if by reason of placing this duty on anthracite coal you can promote the coal industry in any other part of Canada, then there is an argument in its favour. The Minister of Fisheries (Mr. Rhodes) has not said so. He did say that he thought it would promote the use of coke in Ontario, and that the people of Ontario and elsewhere by using coke would save, I think he said, $2.34 a ton. The proof of the pudding is in the eating. I know very well that a good many people in my own city and district and in western Ontario generally are already using coke; they have done so ever since anthracite coal went sky high during the war when its quality was so bad that we could hardly use it; some of them have continued to use coke, and occasionally others are using it. But I submit that the people of my riding in particular are pretty thrifty folks and they are not going to pay $2.34 more per ton for a commodity if they can get a cheaper substitute. Yet the greater proportion of them still use hard coal and I think they will continue to do so.

Then my hon. friend the Minister of Fisheries, proceeded, I think, to destroy his own argument, and some information came out from the Minister of Finance which had the same effect. The Minister of Fisheries said the people of Ontario should use coke as the people do in the maritime provinces. Am I right?

Mr. RHODES: My hon. friend is quite wrong. I did not make any comparison of the use of coke in the maritime provinces as a matter of quantity. I merely referred to its use there to illustrate that it could be used as a substitute for anthracite coal, that as a matter of science it was possible to do so.

Mr. EULER: Then my hon. friend's argument is that the people of Nova Scotia are using coke and now he is recommending that the people of Ontario do the same.

Mr. RHODES: They are using soft coal largely.

Mr. EULER: His statement is rather contradicted by the Minister of Finance, who said that last year the province of Nova Scotia imported from Great Britain, the United States and Russia about 80,000 tons of anthracite coal. They are using it themselves.

Mr. RHODES: It simply means that that coal was imported through Nova Scotian ports; it by no means follows that the coal was used in the province of Nova Scotia. It is true some of it was, but no doubt the bulk of it was transported by rail into other provinces.

Mr. EULER: We will let that go. But the argument is very largely destroyed in this way. I take it that if we are to be discouraged in the use of anthracite coal in Ontario and Quebec, it is at least with this partial purpose in view—apart from revenue, perhaps—that coal from the maritimes shall be imported either in the form of coke produced there or to be converted into coke in Ontario.

Mr. MANION: Not necessarily. Why not give employment to the people who are producing the coke, even if it is produced from American soft coal.

Mr. EULER: But that does not touch the question of a national fuel policy. That deals with unemployment—an entirely different matter.

Mr. MANION: Yes.

Mr. EULER: If it is the intention to develop a national fuel policy, and by discouraging the people of Ontario and Quebec in the use of American anthracite lead to the use of Nova Scotia soft coal in the form of coke produced there or in the form of coke produced in Ontario from Nova Scotia coal, then why does he say, as he did last night, that so far as the people of Ontario are concerned they need not use Nova Scotia coal at all, they can still bring in soft coal from the United States and get a drawback on the duty they pay on it? That merely means you are going to develop the soft coal fields of the United States, if you like, but it has not anything to do with developing a national fuel policy, and I think my hon. friend will admit this if he looks at it from that point of view. That does not help the Nova Scotia coal industry. And I am sure every member of the house, including those who come from Alberta, will admit that it has been absolutely proven to be impracticable to transport Alberta coal to the province of Ontario, to say nothing of the province of Quebec. I wish the Minister of Finance would give a reasonable explanation of how this policy of placing a duty on hard coal, which is not produced in Canada at all, fits in with the development of a national fuel policy. If there are no better arguments to be advanced than have been advanced so far,

I submit the whole effect of the policy will be that the people of my province and the people of Quebec will be obliged to pay higher prices for their hard coal at a time when they can little afford to do so. If it is a matter of revenue, I say again, as I said yesterday, that that revenue might very well be raised in some other way.

Mr. GOTT: May I inform my hon. friend that negotiations are under way at the present time for the establishment of two coke plants in western Ontario.

Mr. EULER: I should like to ask the Minister of Finance this—and in what I am about to say there is a criticism of the action of the former government of which I was a member—an action to which I was never a consenting party, if I may say so, as my hon. friend the former Minister of the Interior (Mr. Stewart) knows. I stated last night that there was discrimination in the production of coke in Ontario. My hon. friend from South Essex (Mr. Gott) said a moment ago that there is in contemplation the establishment of two more coke ovens in western Ontario. If the producers use a certain process, as I suppose they will, they will get a drawback of 99 per cent of the duty which they pay on American coal. Am I right in that assumption? But as I pointed out last night, there is discrimination in Ontario. For instance, there is a coke oven of the kind at Hamilton, and I think there is another at Montreal. And by the way, I think when the Montreal people received the privilege of the drawback it was never really intended that they should continue to use American soft coal; it was intended that they should use Nova Scotia coal. But they are still using American coal and getting the drawback of the duty they pay on that coal, and thus it is working against the interests of the Nova Scotia coal producers. But the matter I wish to come to is this. The coke producers at Hamilton receive the drawback of the duty paid on the soft coal from which their coke is produced. We have in western Ontario a considerable number of municipalities that own their gas plants as well as several other public utilities. That is true of my home city of Kitchener. They produce a very good quality of coke as a by-product of their gas. They import the soft coal from the United States in order to produce their gas and coke, but they get no drawback as do their competitors in the city of Hamilton. I submit that that injustice ought to be remedied, either by way of refusing the drawback to the Hamilton people—and I have no desire to offend my hon. friend from Hamilton (Mr. Bell) nor of saying anything that might injure a legitimate industry, or, what would be fairer, by extending the same privilege of the drawback to the municipalities of Ontario that are using American coal in the production of coke.

[Mr. Euler.]

Mr. STANLEY: I have no intention of entering into the dispute with regard to the relative fuel merits of coke and anthracite coal. The statement has been made that the domestic coal of Alberta cannot be transported economically to Ontario. I cannot allow that statement to go uncontradicted. Of course, that coal could not be brought here economically when the rates were up to $8 or $10 a ton; but now we have practically an assured rate of $6.75 a ton, and Alberta domestic coal can be sold on the markets of Ontario to provide a substantial portion of the fuel requirements of the people of this province.

Mr. EULER: That is not anthracite coal.

Mr. STANLEY: No, but it is a lot better than any anthracite coal that comes into Ontario. It has been abundantly proved that it gives far better results. It gives more for the money than any other coal that can be burned.

Mr. EULER: More than coke?

Mr. STANLEY: It is better than coke, but I am not going to enter into that dispute; hon. members can fight it out among themselves. The domestic coal of Alberta is superior to coke or to the anthracite coal that comes from the United States. This has been proved by test shipments which were brought down here by the government some years ago, when 33,000 tons were placed in the homes of Ontario. That supply gave splendid results. There has been no difficulty because of any complaint about the quality of the coal, nor was there the slightest objection on the part of the people of Ontario to the use of that coal; for in fact those who received it were highly gratified with the results and were extremely anxious to have further supplies. The difficulty was that there was no stability in the market; the $6.75 rate per ton was not fixed; it was only spasmodic. But recently this rate—I am not going into any details—has been established on a more permanent basis; and with a permanent rate of $6.75 we can secure a stable market. With such a market the dealers here would take Alberta coal and dispose of it to Ontario householders.

The difficulty in the past has been this. When the coal was shipped here and marketed the householder, having used it, was so satisfield with the results that later on he tried to

get further supplies of Alberta coal. But he found that the dealer did not have it; he could not bring it in on account of the freight rates, which had gone up in the meantime. Once a permanent rate is fixed and stability established in handling the coal shipped to the dealers, the dealers will keep supplies of it; and we have every hope that, under these circumstances, Alberta domestic coal will take its place in the markets of Ontario. Let me repeat that it gives better results, as has been proved. The experiments carried out by the Ontario government and the Dominion Fuel Board have shown this.

The rate has now been fixed at $6.75 per ton until March 31 next, and I may say to the house and to the administration that in the meantime we intend to do everything humanly possibly to bring pressure to bear upon the government with a view to having that rate made a fixture for all time to come, as a maximum at any rate. In that event the dealers in Ontario, through such means as will be taken by the Alberta operators, by the government of that province and otherwise, will keep permanent supplies so that they may be able to meet the demands of regular customers.

I should like the hon. member for North Waterloo (Mr. Euler) to pass the news on to the many citizens of his excellent constituency and particularly to the people in the manufacturing city of Kitchener. I hope he will inform them that there is no fuel on the continent equal to Alberta coal. Those of us who have lived in Ontario where we burned American anthracite, and who have since been burning Alberta coal, know the difference. There is no comparison between Alberta domestic coal and other supplies; and, as I have said, we get better results.

Perhaps I might refer to the situation in Winnipeg. I have confidence in the use of tariffs; I have confidence in the dumping clause, and so on. They serve their purpose. But at the same time I submit that in Ontario, and in other parts of Canada, there must be a spirit of loyalty and a desire to help the producers of this country, wherever they may operate, to sell their commodities to the consuming public. In Winnipeg there is a large public utility in the central heating plant, and recently that concern purchased 43,000 tons of coal from the United States. I am subject to correction, but I believe that this coal was brought in a considerable time ago; and those who are interested in these plants in Winnipeg—they are American interests—gave the Alberta operators to understand that they proposed to purchase bituminous coal for their purposes. When the time came for their purchase, without giving the Alberta operators an opportunity to tender, they placed their orders with their friends in Virginia. Now, they made no money; they saved nothing; and they did not get as good coal as the Alberta operators could have given them. All they did was to assist some American friends in Virginia. And while they helped their American friends to the extent of 43,000 tons, they withdrew that much business from the coal mines of southern Alberta, at a time when the miners of that district are very much in need of employment in face of the coming winter.

Mr. McKENZIE (Assiniboia): I wish to refer to a statement made by the Prime Minister last night with regard to the Saskatchewan coal field. I fear it is misleading, although I do not suggest that he made it intentionally. The fact is, however, that those who do not understand the situation will probably be misled by that statement. It appears at page 3817 of Hansard:

> In Saskatchewan and Manitoba there is a further deposit of lignite coal. Scientists tell us that the quality of that coal is not as high as that of the lignite coal to which I have previously referred. It is now being briquetted. During the war and after we spent a substantial sum of money in experiments, in this connection, as a result of which, supplemented by more recent scientific knowledge, that area or measure of coal has been developed by the production of briquettes and a substantial market has been created in the city of Winnipeg and elsewhere in the provinces of Manitoba and Saskatchewan for the products of those mines.

From that statement, those who do not understand the conditions might think that the only market we find for that lignite coal of southern Saskatchewan is the demand for the briquetted product. There is quite an extensive market in Winnipeg for the raw lignite, and that which is processed by briquetting is only a very small proportion of the coal mined in that area.

Mr. BENNETT: What I desired to say was that as a result of the expenditure of over a million dollars during and after the war, it was found that the coal could not be readily transported without briquetting. It is a friable coal and briquetting was resorted to in order to enable it to be carried considerable distances.

Mr. McKENZIE (Assiniboia): I understand that. But we have found a steady improvement in that coal, so that it is possible to market it now without fear of any appre-

ciable disintegration as suggested by the Prime Minister. Moreover, as I said last night, even though it does disintegrate there is a mechanical device, now used extensively in furnaces, which creates a greater draft, with the result that this coal can be burned much more satisfactorily than before.

Does the one-seventh of a cent per ton per mile mentioned in the budget speech apply to briquettes as well as to the raw coal?

Mr. BENNETT: Some question has been raised with respect to this, and the matter is now in the hands of the Minister of Mines. I think it was intended that this subvention should apply to all the products of these mines, but the matter is being investigated by the fuel board and action will be taken at an early date.

Mr. McKENZIE (Assiniboia): I believe the one-seventh of a cent per mile will give some assistance in the case of briquettes, but I would again draw the attention of the Prime Minister to the fact that when the subventions of last year were put into force, a subvention of 50 cents was given to the Saskatchewan lignite coal in the Manitoba market. One-seventh of a cent per mile on 280 miles would mean approximately 40 cents, a reduction of ten cents. My information is that the subvention allowed on Alberta coal will increase the old subvention by from 12 to 14 cents, which means that the Saskatchewan fields are being discriminated against to the extent of some 22 or 24 cents per ton. This is rather unfair and it will mean that the miners of southern Saskatchewan will not be able to hold the market which they have gained in Winnipeg. I hope the Prime Minister will take into serious consideration the suggestion I made last night when I said that I thought it would be nothing more than fair, considering the quality of coal produced, that the same subvention be given to Saskatchewan as is given to Nova Scotia. This amounts to one-fifth of a cent per mile which would mean approximately 56 cents instead of 40 cents to the Winnipeg market. This would be no more than justice to the coal miners of southern Saskatchewan.

Mr. CANTLEY: Mr. Chairman, I notice the hon. member for North Waterloo (Mr. Euler) has retired and is now carbonizing tobacco by induced draft in back behind the curtains. I presume the hon. member knows that gas coke is a by-product fuel of relatively low heating value.

Mr. EULER: I will not admit that.

[Mr. R. McKenzie.]

Mr. CANTLEY: This fuel runs about one hundred cubic feet to the ton. By-product coke runs from 45 to 50 cubic feet to the ton, anthracite from 30 to 35 and bituminous coal about 40 cubic feet. The value of these fuels can be estimated roughly from the cubical contents. Coke can be burned in any stove in which bituminous or anthracite coal can be burned.

Mr. YOUNG: No, it cannot.

Mr. CANTLEY: I say it can.

Mr. YOUNG: We say no.

An hon. MEMBER: The hon. member does not know.

Mr. QUINN: The hon. member burns only wood.

Mr. CANTLEY: All that is required to burn coke in any stove which will burn any other kind of fuel is a sufficient supply of oxygen.

Mr. SANDERSON: May I ask—

Mr. CANTLEY: I did not interrupt the hon. member and he should wait until I have finished. If he has any question to ask at that time, I will answer it, but in the meantime I intend to proceed with my lecture. The best anthracite coal from the United States does not run over 88 to 90 per cent fixed carbon. The coke manufactured in Nova Scotia, and I presume it is made equally as well in Hamilton, will run from 92 to 93 per cent in fixed carbon, and the fuel value is determined by the amount of carbon. The secret of burning coke, as in burning other forms of fuel, is to provide sufficient oxygen to burn the fixed carbon; the higher the percentage of fixed carbon, the more oxygen required to burn it. If this fuel is dealt with intelligently there will be no difficulty. I will admit that there is a little technique in addition to providing a sufficient supply of air, or oxygen; if it is continuously stirred up there will be difficulty; all that is required is to put fresh coke on top, keeping a relatively deep incandescent fuel body, withdraw what little ash or clinker there may be in the bottom, and supply sufficient oxygen. That is the whole story.

Mr. SPEAKMAN: Mr. Chairman, while this item was being discussed last night, I laid before the committee as briefly as possible the situation obtaining in certain coal areas in the province of Alberta which supply steam coal to the Canadian railways. I asked at that time that some consideration be given to these miners, not by way of tariff changes because that would raise unfairly the price

of coal to the railways who are forced to buy as cheaply as possible; not by way of freight subvention because this coal is used by the railways themselves and a subvention would be of no value, but rather by way of some form of bonus to equalize the difference in cost between Canadian and American coal.

The greatest handicap facing the miners of steam coal in this particular area, as well as in others, is the fact that coal is brought in from the United States at a slightly lower cost. When the Prime Minister was speaking, I had hoped that he would have made some reference to the matter and indicated that at least serious consideration would be given to this situation. I may offend the hon. member for Weyburn (Mr. Young) by saying that I am subject to corruption, although I would not go as far as the hon. member for Comox-Alberni (Mr. Neill) and say that I was willing to wallow in iniquity to secure some assistance for the people in my riding, but there are times when one's convictions as to what is economically sound must be put aside, especially when facing certain facts. The facts in this case are that many of these people are out of work, and those who are working are working only part time and are not in receipt of sufficient wages to keep themselves and their families in decency. The little town of Nordegg, situated in the Brazeau coal district, is isolated from all other parts of the country. This is a country town which has no source of income save from the mines. When these mines are not working to capacity, the men suffer most severely.

It is not often that I bring up events which happened during the last elections, because such a course is not often relevant to the discussion nor is it of much value, but I would suggest that because of the very definite promises made, not by the Prime Minister, but on his behalf during the last election, I lost about four-fifths of the votes in that area. The miners were convinced that if the Conservative party was returned to power they would receive such assistance as would enable them to carry on. While it is true that these men voted against me, none the less, having been elected, my duty is to see that they should receive such consideration as will enable them to carry on and survive in this struggle for existence.

Mr. BENNETT: In view of the limited market for steam coal, what assistance does the hon. member suggest? This steam coal is absorbed by the two railways—in the case of Brazeau, it is only the Canadian National Railways—so what could be done short of granting a bonus on every ton produced?

Mr. SPEAKMAN: That is the only thing that would be possible. The Canadian mines are not over producing; they are producing economically, but they are supplying only a part of the coal being used, the balance coming from across the line. Not as a matter of general or continuous policy, but in this time of emergency of which we have so often spoken, while unemployment is rife and those people are suffering, I would suggest that a definite bonus be paid which would absorb the difference in cost to the national railways between the use of Canadian coal and the use of United States coal which would supplant it.

Mr. BENNETT: May I ask a further question?—because I feel curious about this matter. United States coal comes in at Fort William and is used to a point west that meets the point to which western coal is used. There must come a point from which western coal would cease to go east and to which eastern coal would be used. That point by these subventions is extended as far east as Ignace, which is the divisional point between Winnipeg and Fort William. How could we carry steam coal from Nordegg in the Brazeau field any further east on the Canadian National ?

Mr. SPEAKMAN: Am I to understand that the subvention is to apply to the steam coal used by the railway, thus extending the area in which Alberta coal can be used? If that be the case, my point is met and the subvention will take the place of that bonus.

Mr. BENNETT: The subvention does not apply to the railway. The hon. member is right.

Mr. SPEAKMAN: I did not understand the subvention to apply to the railway and therefore I suggested that to take the place of that subvention a bonus should be paid—not sufficient to enable them to use coal throughout the whole area, because that would be economically unsound, but at least sufficient to extend the area eastward within which Alberta coal could be used, and before it came into competition with United States coal which takes its place I think a little bit west of Winnipeg; it is a varying point. It is a matter of policy, of administration, as to the extent of the bonus, as to the distance east to which this coal can be carried. But I believe a comparatively small amount would make up the difference between the cost of the two coals, particularly as I am not pleading for collieries which are working under any handicap as to cheap and economic production. Those mines are being operated

very economically; the nature of the mines has provided that the coal itself is cheap, so that this is not a matter of bonusing a system that is economically unsound. There is no submarine mining there, no natural causes which would militate against the use of that coal. I am simply suggesting that a very small difference would be sufficient almost to double the output of those mines without imposing any undue burden upon the federal treasury; it would provide employment and thus would render unnecessary a good deal of relief which otherwise must be given next winter. As long as this proposal is not carried to an extreme, it is a sound one. It would meet the situation there; it would fulfil the implied obligation of the government as stated during the election, and it would restore to those collieries work which they have hitherto carried on. It would extend their contracts and enable them to employ more men and to employ them steadily. The men who are left there are not to any extent transient workers; they have their homes and families there. It is not a question of bringing in transient labour; it is one of providing for a settled community which is in need of assistance.

I am not asking for an immediate pronouncement, because this is a matter of serious policy, but in the interest of those whose situation I know and with whose situation the Prime Minister is familiar, I am asking that this question be given very serious consideration with a view to seeing whether or not this cannot be done on a sound basis, so that those men may be provided with work and the pledge made by my opponent on behalf of the government may be fulfilled. I should like to get some assurance in this regard.

Mr. RALSTON: I think it was one year and eight months from to-day that the Prime Minister was speaking at Inverness, and he delivered himself of the policies which would be put into force by his party. At that time he called attention to the steel industry and to the fact that $1,000,000 a day was being spent in the purchase of iron and steel products in the United States Republic. He said:

"Think what the expenditure of one-half of that money in this country, would have been to Nova Scotia, to Canada!"

The coal industry was in the same category and a samilar question could be asked. More than $56,000,000 for coal and coke had been spent last year in the United States, giving employment to workmen of another country. . . "Is there any way to meet it? Well I will undertake to meet it."

Mr. BENNETT: Hear, hear.

[Mr. Speakman.]

Mr. RALSTON: The undertaking is being carried out to-day, as was announced by the Minister of Finance in the budget speech, to the exent that he hopes that possibly in three years' time 1,800,000 tons of coal, which now come from the United States, or about 10 per cent of the total importation, may be produced in Canada. That was the full extent to which he hoped by any possibility to implement that promise. As a matter of fact I said before, and I repeat, that I do not believe the policy which he has brought down will move 600,000 tons, or even 500,000 tons more of Nova Scotia coal. To prove that, all I have to do is to go down to Nova Scotia and quote the speech of the hon. member for South Essex who tells us that what will happen is this: The United States will simply reduce their price, United States coal will keep coming in and this duty will be shouldered by United States dealers while the Nova Scotia miner will be left in the position he occupied before.

Mr. BENNETT: It was coke the hon. member mentioned.

Mr. RALSTON: The same thing applies to coal. The United States dealer will no doubt reduce the price on the anthracite in the same way so as to hold the market.

Mr. BENNETT: That is the hon. member's answer to the hon. member for South Essex.

Mr. RALSTON: One of two things will happen: either the price of United States anthracite goes up in Ontario or the United States dealer absorbs the duty and the price remains the same; in either case Nova Scotia coal will not be used.

Mr. GOTT: Ontario does not lose anything.

Mr. RALSTON: I am not talking of Ontario. My right hon. friend did not make this speech in Ontario; it was in Nova Scotia.

Mr. BENNETT: Yes, in Ontario.

Mr. RALSTON: Well, in Ontario. You cannot play both ends and the middle in connection with this matter.

Mr. GOTT: That is what the hon. member is trying to do.

Mr. RALSTON: I am pointing out that I shall be able to cite as a comment on this fuel policy, the fact that as regards the $1 a ton on coke, the United States dealer will simply reduce his price on coke and coke wili keep on coming in as before. In fact it is not necessary to do that. All that is needed

is to import United States coal, manufacture it into coke and get a rebate on the duty. I was pilloried in Nova Scotia because the then government did not repeal section 1049 and see that a duty was placed on United States coal for coking purposes. That is still missing in this budget and I rather suspect this is going to continue notwithstanding the protests of some of my hon. friends from Nova Scotia. I admire the hon. member for Pictou (Mr. Cantley) for his support of the government, because there is nobody more heart-broken over this so-called national policy than that hon. member. He knows it is an empty gesture. The mountain has conceived and brought forth a mouse; there is nothing worth while in this policy for the Nova Scotia industry. At the same time he was sport enough to stand up and do the best he could, and I admire him for doing so. The hon. member for Cape Breton South (Mr. MacDonald) and the hon. member for Cumberland (Mr. Smith) feel the same way about the matter, because they know it is a policy that will be of no benefit to them. There is the promise that was made: "I will undertake to meet the situation." How has it been met? By imposing a duty of 25 cents a ton on bituminous coal, an action that will move practically no Nova Scotia coal. In addition to that, he is imposing a duty of 40 cents a ton on anthracite coal, which, however, will not permit Nova Scotia coal to take the place of American anthracite. He is also putting one dollar a ton duty on coke. I repeat, the answer of my hon. friend from South Essex. It simply means: My friends put on the duty they had previously taken off.

Mr. SHORT: Will the hon. gentleman permit a question? Is he opposed to the duty of 40 cents a ton on anthracite coal and one dollar a ton on coke?

Mr. RALSTON: My friend need not be asking questions at all. I am opposed to my right hon. friend the Prime Minister coming down to Nova Scotia and telling us that he is going to meet the situation, and then trying to make us believe he is meeting it by this policy.

Mr. BENNETT: That is typical of the hon. gentleman.

Mr. RALSTON: I certainly am opposed to it. I am going to point out the history of this matter. My right hon. friend made that statement in Inverness, and what has happened since? He was not so enthusiastic after he got into power. He met a delegation soon after from the Canadian chambers of commerce, I think, and he talked about national problems, and this is what he said to that delegation in January, 1931, about six months after he made the statement in Inverness that he was going to undertake to meet the fuel situation:

> Working out of a national fuel policy was an easier matter on paper than in actual practice, said the Prime Minister.

He is finding that out now. Why did he not tell the people of Inverness at the time he was speaking there that it was a difficult thing to work out? But then there was no trouble about it. I will undertake to meet the situation, he said. Then he met the delegation from Nova Scotia, headed by his friend the present premier of Nova Scotia, and according to a report in the Montreal Gazette of February 14, 1931, it was not a very enthusiastic reception which he gave them. The report says:

> It had been expected that the Prime Minister would be in a position to make a definite statement this morning to the deputation as to the government's intentions regarding the coal industry.

Why should it not be expected? He had been seven months in power. He had made that speech in Inverness, and had put a fuel policy in his pledges. It was one of the eight pledges. Here it is:

> We pledge ourselves to the development of interprovincial trade and of a Canadian fuel policy.

Quoting again from the Gazette:

> But the deputation had to be satisfied with the intimation that the problem of the coal and steel industries was a very difficult problem and could not be solved in piecemeal fashion.

Why did he not tell the people of Inverness and Sydney that? But he told the deputation:

> The present government, with its determination to do everything to develop the natural resources of this country first, could be depended upon to evolve a policy that would be in the best interests of coal and steel producers throughout the Dominion.

And this is the way he is going to do it:

> The fuel policy was not incapable of solution, said Premier Bennett.

One would not have thought that it was from what he said in Inverness:

> But the formulation of a fuel policy required a great deal of study and he favourably commented upon the results of the study given it already by Dr. Charles Camsell, Deputy Minister of Mines.

That study has been going on for some years, and my right hon. friend does not

seem to have done much in this policy which he has brought down as a result of that study:

He had, he said, listened in London to rather convincing arguments as to the success of rationalization of the British steel industry and it was worth considering whether or not a similar system of limiting the production of various kinds of steel output in Canada and of thereby removing needless and costly competition could not be devised for this Dominion.

He concluded by reassuring the delegation that the government would give early and sympathetic consideration to the demands contained in their memorandum, which was explained to the federal cabinet at length by Premier Harrington.

One of the demands was that this subvention should be increased to half a cent per ton mile instead of one-fifth of a cent, and that the all-rail rate on coal should be reduced to two dollars, and that section 1049 should be abolished. But none of these things are being done. Instead, this very piecemeal legislation has been brought down.

What is the condition in Sydney, in respect to which the premier of Nova Scotia was speaking, and it is the condition which exists in Sydney every year. Their problem is a problem of winter employment, and that problem the former government tried to meet by the all-rail subventions. I have in my hand a statement by the chairman of the relief committee in Sydney last February. These were the conditions:

The chief demand is for food, Dr. Black says, and our supplies are running low. All who can do so are requested to donate food and money instead of clothing. Local merchants have risen to the occasion with famine packages which contain an assortment of groceries necessary to provide a balanced diet for a family, and many citizens simply buy these and turn them over to the committee.

Dr. Black discounted utterances made recently to the effect that there was no real need among the unemployed.

"There is real need," he declared. "We have met with some cases actually on the verge of starvation and are now dealing with them."

As a result of that, the representatives of the miners met and passed a resolution of which this is the preamble:

Whereas, the unfortunate position in which employees of the Dominion Steel and Coal Corporation find themselves has been brought to the attention of the provincial and federal governments on different occasions; particularly the serious situation of the nail and wire mill, which has been practically closed down for the past six months, and the yard department, getting from one to two days' work each week; and the workers of the city suffering in general;

And whereas all the departments are working on short time, with the result that all the employees are in reduced circumstances and many families bordering on starvation;

And whereas the present Premier of Canada and his supporters in this constituency, including our federal representative, as well as Hon. E. N. Rhodes, now Minister of Fisheries, and Hon. G. S. Harrington, now prime minister of Nova Scotia, in public addresses throughout the constituency promised adequate protection to the coal and steel industries and assured the electors of this riding that if Hon. R. B. Bennett were returned to power immediate steps would be taken to end unemployment and procure steady work for the workers;

Therefore be it resolved, that these gentlemen get in touch with their respective governments and place before them the urgent need for protection for the steel and coal industries, thus fulfilling their solemn pledges given before the election in July last, and giving the workers of this city that which they are after—work, not the dole.

Mr. MacDONALD (Cape Breton): What is the date of that?

Mr. RALSTON: February 11, 1931. That was the situation in Sydney, and that is the resolution that was passed. We have had since then three changes in connection with the coal policy, culminating in the policy now before us. We had a temporary sort of fixation of prices for duty purposes on slack and run of mine, $1 and $1.25. That was reduced, and then this policy was brought down. Now I understand that the value which has been fixed on slack and run of mine for duty purposes is being taken off altogether. I want to ask the Prime Minister what he thinks the result would have been if at that time he had said at Sydney: I can only give you 25 cents on bituminous coal and restore the duty on anthracite to the extent of 40 cents, and I presume the American dealers will reduce their prices in order to meet that duty, and on coke I will put back the one dollar per ton that we took off the duty years ago, and I will do a little better in the matter of subventions—what does he think would have been the response?

What did he do? He did this: Under the former government the subventions on all-rail coal coming to Ontario and Quebec were figured in this way: the government undertook to pay all the freight on coal above three dollars. That meant that in some cases the bonus contributed by the government went as high as $3.70. What has my right hon. friend done? He has said that the maximum amount which shall be contributed in connection with all-rail coal shall be $2. He has taken off the maximum in that respect and made the contribution less. He has increased the maximum on one item. He has added 75 cents to the maximum on coal, water-hauled to Montreal and forwarded by rail to Ontario. In other words, he has taken off the bonus with one hand, and he is paying it out with the other. If he had proposed that policy at Inverness and Sydney, does he think that

there would have been any enthusiastic response? Would the people have regarded that as meeting the situation whereby $56,000,000 was going every year to the United States for coal? I do not think so. He was faced with that position. He knew when he made that promise that there were difficulties in the situation with regard to the coal industry, and I believe that the people of Sydney are looking askance at the policy which my right hon. friend has brought down at this time and are asking: After all the delegations that we have sent to Ottawa, and after all the promises made, can this, after all be the national fuel policy? It amounts to two things. First, it puts the seal of approval on the Liberal policy of granting subventions by way of freight rates. It reduces the subventions in the one case but it increases them in the other. It puts on a paltry 25 cents a ton duty on bituminous coal, to assist my hon. friend from Pictou, my hon. friend from Cumberland and my hon. friend from Cape Breton South, in order that they may be able to say: We have done something. But, Mr. Chairman, it amounts to nothing so far as the moving of any substantial quantity of coal is concerned.

So I say to my right hon. friend that that is the situation in which this house finds itself to-day, and I do not think the country ought to be in any way deceived by the policy which has been brought down and by the items in the budget resolution that we are considering.

Mr. RHODES: Mr. Chairman, I just wish to say a preliminary word with respect to the attitudes assumed by my hon. friends from South Perth (Mr. Sanderson) and North Waterloo (Mr. Euler) who called in question the position I took with respect to the use of coke as compared with the use of anthracite. Apparently they dealt with it from the point of view that it was a matter of their opinions against mine. I wish only to make it very clear that the position I took last night was merely to place before the committee the results of scientific investigations by the fuel board. In that respect I was not asserting my own opinions at all. Probably it is just as well that the discussion has developed so extensively. It will at least spare the necessity of making a formal answer to the hon. member for South Perth, who has complained that the people of Ontario would have to pay an additional duty of 40 cents on anthracite coal. My hon. friend from North Waterloo took the same position.

Mr. EULER: They are doing it now.

Mr. RHODES: Now Mr. Chairman—

Mr. McMILLAN (Huron): They are doing it.

Mr. RHODES: Order. Now we have the answer from the official financial critic, who states emphatically that the people of Ontario will not pay the duty of 40 cents per ton, but that the price will be lowered to that extent by the people of the United States. So we are in the very happy position of having 40 cents per ton or an aggregate sum of about $1,000,000 handed to our treasury by the citizens of the United States. Surely that policy ought to be satisfactory to all hon. members. So my hon. friends have their answer from the financial critic of the opposition.

I rather enjoyed listening to the hon. member for Shelburne-Yarmouth (Mr. Ralston), because in more respects than one his remarks reminded me of old times. Many a time and oft in the old days have I heard him preach the doctrine of freer trade and holding out the goal of free trade and lower tariffs. Now he refers to an increase of 50 per cent as a "paltry" 25 cents. In his budget speech my hon. friend referred to this increase of 50 per cent in duty as a mere gesture. Verily he has gone far from the political faith of his fathers since he left Nova Scotia and established himself as a citizen of the city of Montreal. I fear his becoming speedily contaminated by contact with those Tory barons of finance against whom in days gone by he inveighed so heatedly and forcibly. I do not purpose to labour the argument, so far as the general merits of the policy are concerned—

Mr. RALSTON: I did not think you would.

Mr. RHODES: How typical of my hon. friend to cite a resolution of a union in Sydney, if you please, passed before the present policy was brought down.

Mr. BENNETT: Hear, hear.

Mr. RHODES: It appeared only after my hon. friend was asked the date of the meeting at which this resolution was passed calling for action.

Mr. RALSTON: I hope my hon. friend will permit me to correct him. He will find on Hansard that when I first referred to it I stated it was passed in February.

Mr. RHODES: Even so, I do not see what purpose could be served by reciting that resolution.

Mr. RALSTON: I was stating the conditions which have to be met.

Mr. RHODES: My answer is this: After this fuel policy was brought down the very people who passed that resolution, speaking

not only as individuals but through the president of their organization—Mayor Morrison of Glace Bay, who is the head of the United Mine Workers organization in Nova Scotia —came out and announced the fuel policy as a great step forward. In Nova Scotia we take our politics more or less seriously, but to my knowledge this is the only time in the history of that province when Liberals, Conservatives and Labourites were of one voice in their approval of this policy.

I do not think the Prime Minister, who is more than capable of speaking for himself, for one moment would contend that the policy so far announced by this government has by any means gone the full distance in providing a full and complete national fuel policy for Canada. This government has made rapid strides in very many respects, but it must walk before it runs. I say to my hon. friends opposite that in the proposals so far placed before parliament we have taken very pronounced steps forward, and as time goes on and opportunities present themselves whereby we can take a further step to complete the national fuel policy I have no hesitation in saying I have no doubt that the government will bring down full and adequate additional measures.

Mr. MOTHERWELL: Replying to the minister who has just taken his seat, I should say that the fuel policy of the present government consists largely in following in the footsteps of their predecessors. Certainly so far as subventions are concerned that is the case. I understand the policy of the present government is intended to go a little farther than that of the late government. That seems to be the contention so far as the maritime provinces are concerned, and I shall not discuss that point further. So far as Saskatchewan is concerned, however, the conditions will be worse. How can I go back to Saskatchewan and extol the national fuel policy when, so far as Saskatchewan is concerned, the subventions are not as satisfactory as they were under the former government? As I understood the Minister of Mines (Mr. Gordon) last night, the matter is still under consideration, and I believe the Prime Minister expressed himself in similar terms. I hope they will take the matter into serious consideration because in that province there is good lignite coal of a much better quality than that which the farmers travelled thirty or forty miles to get. At that time they were getting only the out-cropping of comparatively low grade lignite, but now when they are down several hundred feet they are getting good quality coal. In spite of the fact that it has a high water content and in spite of the small subvention it has been forcing itself on the markets in competition with other coals. Unless he has very good cause, I hope the Prime Minister will not discriminate against Saskatchewan coal. If he has any reasons to submit to the committee as to why he even proposes a lower rate in Saskatchewan as compared with that in Alberta, I should like to hear them.

Mr. MacDONALD (Cape Breton): There are some observations I should like to make concerning the remarks of my hon. friend from Shelburne-Yarmouth (Mr. Ralston).

Mr. RALSTON: Thank you.

Mr. MacDONALD (Cape Breton): I think he typified the difference between the two political parties in this committee.

Mr. RALSTON: I hope so.

Mr. MacDONALD (Cape Breton): Last year when we were on the other side of the house asking for maritime rights we gave him credit when some concessions were made by the government of which he formed a part. We praised him and held up his hands. The time has now come when the present government has done something my hon. friend could not get his government to do. Does he come forward and give credit to the present government? No. Is he not actuated by a mean spirit of political partisanship? Is he playing the part of a true Nova Scotian or a great politician?

Mr. RALSTON: I am trying to hold this government to the promises it made to Nova Scotia.

Mr. MacDONALD (Cape Breton): I would ask my hon. friend this question: Are not the increased duties and increased subventions the two fundamental elements in a Canadian fuel policy? I say they are. As the Minister of Fisheries (Mr. Rhodes) has said, they do not constitute a complete fuel policy, but they are two important elements in it, and those steps have been taken by the present government. The last government was given credit for its action. This government has gone farther; will my hon. friends opposite give credit for what it is doing? No, they discount and minimize the action of this government. Why are they not fair, honest and above board? Why do they refer to conditions in Sydney? Let me tell the committee about the conditions that existed in Sydney at the time the resolution was passed and

the interview was given by Dr. Black. The people in Sydney, like the people in many other parts of Canada, are too fond of running to the government to do anything; they ask the government to do this and to do that. In the city of Sydney we took another course altogether. We appointed a community committee to handle the unemployment relief, and that committee headed by Dr. Black—a very patriotic spirited gentleman indeed—undertook the collection of clothing, food and cash. So well did they do their work that at the end of the season they had not called on the city of Sydney for one dollar, they had met every demand for relief from every source and they closed their accounts in the spring with a considerable cash balance. Not one dollar was obtained from the municipality, nor from this government, nor from the provincial government. That shows what can be done by a proper community spirit. All we want in this country is that that spirit shall prevail in every community. We do not want these demoralizing cries of, "What are you going to do about unemployment"? "When are you going to bring down your unemployment policy"? Our friends opposite are glorifying themselves by emphasizing the distress through which we are passing to-day, and they are trying to make political capital out of the poverty that unfortunately exists in certain districts.

Mr. COOTE: I have listened patiently to the debate and I think there are one or two points in connection with it which should be brought to the attention of the government. The case for the bituminous coal operators in Alberta has been very well placed before the committee by the hon. member for Red Deer (Mr. Speakman), and I will not go further into it. I would impress upon the Prime Minister that in order to give the bituminous coal mining industry of Alberta a fair chance to secure the Manitoba market, some reduction should be made in the freight rates between the mountain division and Winnipeg. The freight rate from Blairmore to Winnipeg, 846 miles, is $5.10, while from Sydney to Montreal, 980 miles, it is $4.50 a ton. If the rate from the mountains to Winnipeg were on a comparative mileage basis with the rate between Sydney and Montreal, the bituminous coal operators would not have very much trouble getting their coal into the Winnipeg market.

I was glad to hear what the Minister of Fisheries (Mr. Rhodes) said in regard to the national fuel policy of the government. I have no criticism to make of what they have done so far. I did not expect the Prime Minister would be able to fulfil some of the promises made by certain of his supporters in the campaign because in my constituency my opponent used this placard:

Vote for J. D. Matheson and steady work for Canadian miners. The fuel policy of the Conservative party will accomplish this.

Of course, I told the miners at the time that the Conservative party could not at this stage bring down a fuel policy which would give all of them steady work. I still feel I was right in making that statement.

I desire to bring to the attention of the Prime Minister the unfortunate conditions which are confronting the miners in my district. In 1929 the Bellevue mine worked 172 days, and some of the other mines for a slightly longer period. An outside man drawing $4.40 a day would earn that year $750. In 1930 I think the mine worked 126 days, and at the same rate of pay that man would earn $504. Some of the men have large families, and I am sure that members of the committee will agree that no man could maintain a family on such small earnings. Last winter when I was in Blairmore I secured a statement of the wages earned by about twenty of the miners for the previous month, and I find the average is $29.82. One man with eight children earned $29.10; another with nine children earned $27.50. That will give hon. members some indication of the very small wages with which these miners have been trying to carry on. Some of them have been out of work altogether and have been granted relief. I have before me a statement, signed by the mayor of the town of Blairmore, in regard to some of the men who were getting relief work. One of them with a family of five or six children had a balance due him from the Home bank of $1,513; another one with six children had a balance of $643 due him from the Home bank; another one with six children had a balance of $937 due him from the Home bank. I mention these bank balances to show that some of these men are of a very thrifty type. But no matter how thrifty they may have been, the lean years have wiped out any savings they had, even though they were fortunate enough to deposit them in some other bank. I bring this to the attention of the government in the hope that they will be prepared to give some direct relief unless more work is provided for the miners; and I do not think it will be possible to provide sufficient work in the mines to enable those men to make a livelihood. Just a week ago

I received a letter from the secretary of the Bellevue miners' union, in which he states:

> The mine here is still working very poor—we only worked fourteen days in May and eleven days in June with 100 of the crew not working.

Then he goes on to stress the need of some other relief work being started to deal with the unemployment situation.

The Canadian Pacific Railway take 90 per cent of the coal from that area, and there is only one way of giving these people material relief—more days' work in the mine. This can be done only by encouraging production on the farms of western Canada, because there is the source of the traffic which the Canadian Pacific Railway handle; and the volume of the coal which can be mined in that area depends very largely on the traffic which the railway can secure. The best method of encouraging production of more farm products in western Canada would be to adopt the amendment to the budget moved from this corner of the house. A suspension of the redemption of our notes in gold at this time would, I am sure, bring about a depreciation of our currency, which would put us on a basis where we could fairly compete with Australia and the Argentine; this in turn would encourage further production on our farms. That is the only way of dealing with the deplorable situation which faces us in western Canada, particularly in the mining area. The wheat crop this year is estimated to be about half that of last year, so we can look for comparatively little employment in the mining areas this winter. I desire to give the government credit for the efforts they have made to improve conditions in the coal industry, but at the same time I want to point out that it will be absolutely necessary that some unemployment relief be provided for that area this winter.

Mr. RALSTON: Just a word, Mr. Chairman, in reply to my hon. friend from South Cape Breton (Mr. MacDonald). I listened with interest to his lecture on non-partisanship. It is really a new doctrine to come from him, but we accept lectures of that kind whatever their source may be. It is not so long since the hon. gentleman went about his constituency with a lump of Russian coal in his pocket, exhibiting it to the meetings there and telling everybody that these horrid Grits were destroying the coal industry of Cape Breton by permitting something like 100,000 tons of Russian coal to come in annually. And that representation I will not designate as mean partisanship—that, I believe, was the expression he used—but I will be charitable and call it enthusiastic party loyalty. I find no fault with him if he thinks it good politics to do that. But at the same time he must not lecture others on partisanship. We find, in fact, that the 100,000 tons of Russian anthracite coal, which did not compete with Canadian coal, has been embargoed by the government, but that $56,000,000 worth of American will still come in. Yet my hon. friend, in that spirit of non-partisanship of which we have had evidence, accepts that situation. In other words, he strains at a gnat and swallows a camel.

Mr. MOTHERWELL: Hoof and all.

Mr. RALSTON: Another instance of his non-partisanship appeared in the fact that the other night he refrained from taking part in a debate when my hon. friend from Winnipeg North Centre suggested that tariffs on certain articles might be accompanied by a condition as to hours of labour and rates of wages. It was only last year that my hon. friend, when he was on this side of the house, in that spirit of non-partisanship which always actuates him, stood up and proposed to the then government a resolution that this should be done. It was due to the steel workers, he said.

Mr. MacDONALD (Cape Breton): I was not in favour of that; I do not think it is possible. I should be only too strongly in favour of it if it were possible, but I do not see how you can couple such a condition with the tariff.

Mr. RALSTON: My hon. friend has seen the light; since he has moved across to the other side he realizes the impossibility of it. That is the spirit of non-partisanship that moves him.

Now, Mr. Chairman, I suggest that it might be just as well for the hon. gentleman not to lecture other people about running down the country, implying that they glory in misery, and so on. I put on Hansard the other night a few statements made by the Prime Minister during his election campaign last year, and if anyone wishes to take the trouble to read those statements he can judge for himself whether or not what the Prime Minister described as the country's extremity was being exploited by him for political purposes. Let us give the right hon. gentleman credit for the highest motives; but do not let us have any lectures to other people when they happen to bring to the attention of the house conditions as they exist. Does not my hon. friend from South Cape Breton think that when the Prime Minister made a declaration about the cry of women and children being heard across the country—women and children

calling upon us to ease their pain—he was rather encroaching upon the preserves which the hon. gentleman now regards as inviolable in debate? I have simply brought to the attention of the committee conditions as they exist, and I may tell my hon. friend, if he does not know it, that the same conditions that prevailed in Sydney last winter will occur again next winter. I give all credit to the community effort down there to meet the situation. But I repeat that there is a great difference between the promise given the people of Nova Scotia with regard to a national fuel policy and this first step, to use the words of the Minister of Fisheries (Mr. Rhodes), towards the fulfilment of that undertaking. When the Prime Minister made his speeches there he did not suggest anything like a progressive implementing of promises; it was the reverse: he was going to meet the situation at once. What he said was, "Put me in office and I will end unemployment". It is a year since these promises were given and we are no nearer their fulfilment than when they were made.

Mr. BENNETT: I must answer two or three questions asked by the hon. member for North Waterloo (Mr. Euler). Last evening I did not deal with matters discussed by preceding speakers but confined myself to a general statement of the coal situation and the measures which this administration had taken in the circumstances. I pointed out, so far as subventions were concerned, that during the war very large sums had been expended to develop our natural resources in coal. This afternoon the hon. member for North Waterloo asks for an explanation with respect to certain questions, and the hon. member for South Perth (Mr. Sanderson) has raised the same issues. These issues were raised differently by other speakers as well. My hon. friend from North Waterloo has been answered by the hon. member for Shelburne-Yarmouth (Mr. Ralston). One of these hon. gentlemen says that the result of this anthracite tariff will be to increase the price in Ontario, and the hon. member for South Perth says the same thing. The answer given by the hon. member for Shelburne-Yarmouth is that the American producer will absorb the 40 cents.

Mr. EULER: What is your answer?

Mr. BENNETT: The hon. gentleman from North Waterloo pointed out that in cabinet he had had occasion to differ from his colleagues, and he called upon one of his former colleagues to witness to that statement. Whether or not it is intended this afternoon that we shall have an entire repudiation of doctrines which the hon. gentleman formerly held, I know not. But we have had a striking example of what one might call the remnants of a left-over administration. I have never in my lifetime listened to such severe condemnation of the policies of a government of which an hon. gentleman was a member. I have never heard so severe a condemnation as that which he made this afternoon, and my only wonder is that he did not resign from the administration which he so much opposed within and so violently supported without. At any rate, the answer given by the hon. member for Shelburne-Yarmouth is that the American producer will absorb the 40 cents for the purpose of retaining the market.

Now, there are three reasons for this tax.

Mr. EULER: The hard coal tax.

Mr. BENNETT: The hard coal tax. First, it is part of a national endeavour to establish and maintain a fuel policy in Canada from the Atlantic to the Pacific. The admitted coal resources of the country have been referred to this afternoon by many hon. gentlemen, particularly the hon. member for East Calgary (Mr. Stanley); and when I said last night that the prodution of coal had reached over 6,000,000 tons in Alberta, I but stated a fact which everyone knows. And the quality of that coal is such that I have no doubt it will one day be the fuel used in Ontario. The first reason for the tax is, therefore, the fact that we are endeavouring to establish and maintain that policy. And when I say we are endeavouring, I mean just what I said in Inverness. At that time I stated that if elected we would meet the situation. And we have met it. Whether we have met it successfully or not will be evident hereafter; but we did say that we would meet it, and at the first session of parliament we have done so.

Mr. RALSTON: The Minister of Fisheries says you have not.

Mr. BENNETT: I did not intimate to the delegation what the policy of the government would be, for the simple and obvious reason that had I done so I should not have done my duty by parliament. For this was a matter with respect to which parliament had a right to be informed. It involved the revenues of the country; and, as I have been reminded so frequently by constitutionalists who are not lawyers, the duty of the government is to make these matters known to the house before they are disclosed to anyone else. I said, however, that I would take the

matter under consideration, and we did so at the first regular session of parliament. We have not been in office a year and we have met the situation which I said at Inverness that we would meet. Whether or not it has been met successfully, time will tell; but at least we have met it, and we have not apologized for inaction, as for nine long years our predecessors had reason to do.

The hon. member for Shelburne-Yarmouth always runs true to form; and, with eyes shut, if one did not recognize his voice one would still be able to identify him by his observations; for there is no one so querulous, and no one whose cynicism touching poverty and unemployment and this fuel question is so well known. This afternoon he is again running true to form. He quotes something from February to prove that what was done in June was not adequate. He said that the measure taken in June was not a fulfilment of the promise made in January to the delegation that came here. He quotes some resolutions, passing over others, content to leave by half truths the impression he always tries to leave with audiences whom he addressses. And the result of his campaign in Nova Scotia during the last election is fully understood by those who have listened to his speeches in this house.

The second reason is that we are endeavouring to do something to promote inter-empire trade. When I heard hon. gentleman opposite mentioning $28,000,000 and $50,000,000 and other sums as being the value of the coal imported from the United States, I can only say that they could not have been in the committee this afternoon when I gave the importations of anthracite from the United States for the twelve months ended March 31, 1931, as being $20,145,000. But I might have gone further. I want to give to the committee a comparison in tons, because there has been a decrease in values. The following are the importations of anthracite coal from the United States:

	Tons
1929	4,000,000
1930	3,710,000
1931	2,731,000

The reason for the decrease shown is very plain. The following are the importations of anthracite coal from the United Kingdom:

	Tons
1929	553,000
1930	786,000
1931	918,000

When it is stated that the province of Quebec will have to pay 40 cents more per ton, I would tell the committee that the duty upon Welsh anthracite is nil, and Quebec as well as Ontario will be able to purchase its requirements of United Kingdom coal free of duty. Last year the province of Quebec purchased from Great Britain 836,693 tons of anthracite coal. This year the encouragement to buy this coal will be still greater, and we are certain that over one million tons of coal will be purchased from Great Britain to supply the anthracite requirements of this Dominion.

Last evening the hon. member for Stanstead (Mr. Hackett) indicated a further benefit which would be derived. He mentioned the direct benefit which would accrue to every member of the rural constituencies in western Canada, namely, the reduction of the rate in the handling of grain brought about by the bringing of coal to this country. Instead of vessels being forced to come to Montreal empty in order to obtain a return cargo of grain, they will now have cargoes of anthracite coal which will ensure a lower freight rate on grain than has prevailed heretofore. Is not that worth while?

There is a third reason, the encouraging of the production of coke in this country. Right here, let me ask the hon. member for West Edmonton (Mr. Stewart): when the coke plant on the canal at Montreal was given assistance by his government, why was it permitted to be placed where a ship laden with Nova Scotia coal could not unload its cargo? Why was it, instead of giving some assistance and support to Canadian coal, this LaSalle plant was located so that only American coal could be used? Why, under these circumstances, was a bonus paid to this coke plant? These questions are being asked by everyone, but no answer has been given.

Mr. YOUNG: Cannot one ship go into the same place as another?

Mr. BENNETT: Not if they draw different depths of water. You cannot take a ship drawing fifteen feet of water into a 12-foot dock. I thought the hon. gentleman knew that, but apparently he is only a landlubber. He has not his life buoy with him—silk socks. As I say, the third reason is to encourage the production of coke, but I do not propose to enter into this matter at great length.

Mr. EULER: From what kind of coal, Nova Scotia?

Mr. BENNETT: Both or either.

Mr. EULER: Not as long as there are plants in Ontario which obtain a drawback of duty on the American soft coal which they use.

Mr. BENNETT: That is a matter for consideration. It may well be that as the people of Ontario become more fully accustomed to these fuels—the hon. gentleman has said that they are willing and ready to bear their part of the burden in every national purpose, and I believe that is true—then the situation alluded to may well take place. What I said last night, I repeat. If the scientific efforts now being made in laboratories result as I believe they will, in a complete revolution in the utilization of coal, I feel confident that an increasing quantity of Canadian coal will be used in the province of Ontario.

The hon. gentleman mentioned another reason, the necessity for revenue. In view of the subventions given to other parts of the country, this does provide some revenue. Just prior to June 1, a strong agitation was being carried on by representative citizens of the province of Nova Scotia. The contention was that all the benefits accruing from the tariff policy of this country were going to the people in upper Canada. It was contended that the people of Ontario and Quebec had no understanding or appreciation of their problems and had shown no willingness to help the province of Nova Scotia which consumed in such large quantities the manufactured products of the other provinces. The answer made was: has there ever been an appeal made to us when we have received protection for our industrial and manufacturing life and which involved our making a contribution for a national purpose or a national need, that we have not responded? The hon. member for North Waterloo has said that that is still the attitude of the people of Ontario, and I believe it is. Here is accorded one more opportunity with respect to revenue. Compensating adjustments are being made for the people of the lower provinces and far west who are large consumers of the products of central Canada, and the people of that section of the country are glad to avail themselves of the opportunity to advance the common interests of Canada as a whole.

These are the factors which have actuated this government in its effort to establish a national policy. I have never been blind to the difficulties which present themselves, and I have never indicated that I was blind to them. I said we would meet the situation. Do hon. members know of any government which has met its difficulties and the situations with which it was confronted during its life-time, as has this government during the last year?

We are making an effort to overcome the accumulated misery caused by the policies of preceding years. We have not dodged the issue.

Mr. RALSTON: There is no world depression now.

Mr. BENNETT: There is a world depression, and there being a world depression, we are endeavouring all the more to meet the difficulties of the situation. To hear hon. gentlemen talk, one would think that they and they alone knew what difficulties were. I know that there are those among them who say: How pleasant it is to think that the responsibility is not ours! That is their conception of their obligations. They were glad to be in power in the years of bounty and plenty; when there was no world depression they were willing to talk about their difficulties, but now that there is a world depression, they say: We are glad we are not over there. That is their idea of service to the commonwealth. They are glad to be in power in good times, and to be out in bad times. I said at Inverness, and I said last year, that if we came into power we would meet this difficulty. There is not an hon. member in this committee, or elsewhere, who can say that we have not met it. Whether or not we have met it successfully is a matter which time will tell.

Mr. RALSTON: When my right hon. friend said he would meet the difficulty, did he mean he would meet it successfully or unsuccessfully?

Mr. BENNETT: He said he would endeavour to overcome the difficulties, but no man can predicate success except upon effort.

Mr. RALSTON: What does "meet" mean, successfully?

Mr. BENNETT: My hon. friend knows--

Mr. RALSTON: To meet successfully, of course.

Mr. BENNETT: I did not say any such thing.

Mr. RALSTON: Or unsuccessfully.

Mr. BENNETT: What could better typify the type of mind possessed by hon. members opposite than the observation just made by the hon. member? What a spectacle for the gods!

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: It is no wonder his friends laugh. He asks: What do you mean by it? It is something, I am prepared to admit,

my hon. friends opposite are unable to understand, for they always dodge every issue and never meet any. There was not a time when they did not run around the corner and cut circles for the purpose of meeting no issue. When they were in power and the then Prime Minister went out for dinner, sometimes we did not know when he came back whether he would be able to proceed or not. I know why they do not meet issues. The hon. member for North Waterloo told us this afternoon. He said: "My colleagues knew I did not agree with that; that I did not sympathize with that; I kept my stand firmly and valiantly." We know the former Minister of Labour has been going around the country and saying what he fought for. He was the bold Horatio who kept the bridge for the unemployed. But that was all in the days when they were all together. They did not want to separate one from another, fearing they might hang separately, and so they hung together. There is the glorious spectacle we have this afternoon.

Without trespassing too much upon the time of the committee I have given to hon. gentlemen some of the reasons why this duty has been placed on anthracite coal. Shall I say more? We have taken action in regard to bituminous coal for the same reason, and lignite we have made free for the reasons I mentioned last evening. I say again to the hon. member for Comox-Alberni that the coal to which he referred in regard to the countervailing duty which he said might apply against British Columbia, is not lignite coal, and I understand on proper investigation it does not seem to qualify as lignite.

Mr. NEILL: I was talking then about bituminous coal, not lignite.

Mr. BENNETT: It is classified as lignite.

Mr. NEILL: But there are two issues; lignite and bituminous.

Mr. BENNETT: I was talking about the issue with respect to lignite.

Mr. NEILL: That is a minor matter.

Mr. BENNETT: A mining matter. Last evening I pointed out to the hon. member for Red Deer what he apparently did not understand, namely, that you cannot move Alberta steam coal by carload lots east beyond a point where you encounter coal that is moving west from Fort William and other points. There must come a point beyond which it cannot be moved further east. If he suggests that a bonus be given to encourage this movement further east, I can only say to him that matter did, at our instance, carefully engage the attention of the fuel board. He will recall that a meeting was held in Ottawa at which the presidents of both the railway companies appeared, and a statement was made by each of them as to how far east that steam coal might be moved. The action taken was predicated upon the view of the fuel board as to how far we could move that coal east. I shall bear in mind what the hon. gentleman has said; that is all one can do. There is much in his contention that if direct relief has to be afforded, it would be of great assistance to that province to see that men are engaged in activities useful to the province and to Canada generally rather than that they should receive a dole which will undermine the morale of the people more than any other single thing to which reference can be made.

Mr. COOTE: It is clear, then, no bonus is to be paid on railway coal east of Winnipeg?

Mr. BENNETT: I am speaking only from memory, but my understanding is—and I read the statement—the railways are not getting a bonus on the coal they consume; that is their coal.

Mr. VENIOT: They have no right to it.

Mr. BENNETT: The hon. gentleman says: They have no right to it. That is conclusive, so I shall not deal further with that.

The hon. member for Macleod (Mr. Coote) spoke of conditions in the Crowsnest pass and of observations made by his opponent. Yesterday evening the Minister of Mines read a letter from the general manager of the leading mine in that locality. The hon. member heard the letter read, and I think it might constitute a very fair answer to his observations. Time alone will tell whether or not this great depression through which we are passing will lift. If it does, the general manager thought the assistance given would stimulate the industry so as to ensure its steady and increasing prosperity.

In addition to what I said last night, I have endeavoured to deal with the various points raised this afternoon. I did not purpose traversing the ground that had been covered by other members of the government and others on this side, because I did not conceive it to be part of my duty to deal with other than the general question and the outcome of the policy of the administration as I had outlined it weeks ago, which I again say is to ensure, so far as it may be humanly possible, that the people of this country will be self-sustaining with regard to fuel. That is the effort, and we shall meet our difficulties as they come. We believe that with courage and fortitude we shall overcome them. If

we fail, we shall at least have the satisfaction of having honestly tried, but in any event we have not dodged them; we have kept our promise to meet them.

Mr. VENIOT: I hesitate to rise after listening to the lecture that has been delivered from the other side to members on this side of the house. I feel, however, I have a duty to perform, and notwithstanding the fear of receiving another of the lectures that have been so frequently given from the other side, I am going to venture into what is perhaps dangerous ground.

I notice an effort was made this afternoon to credit the hon. member for Shelburne-Yarmouth with laying down the principle that the United States people would absorb the duty of 40 cents a ton on anthracite coal. Let me draw the attention of the committee to the record, so that we may have it clear. The Minister of Fisheries is the hon. gentleman who first propounded this principle. Speaking on the budget, he made this statement:

> I submit that that tax, which was held up as a burden placed upon the people of Ontario and Quebec, need not be paid at all by the people of those provinces. In the first place, even if they buy anthracite coal, the treasury gets the benefit of the tax. It remains to be seen, however, how much of that tax will be paid by the producer. I venture to say, owing to the highly competitive nature of the business, that the larger portion, if not the whole of that tax, will be paid by the producer in the United States.

Now hon. members are attributing that to the hon. member for Shelburne-Yarmouth.

Mr. RHODES: He said so.

Mr. VENIOT: He said so only in referring to what was said by the hon. member for South Essex, who stated this afternoon that the United States producer, in order to retain the market, would absorb the duty. The Minister of Fisheries agrees. I wish to ask him: If this duty is to be absorbed by the United States producers, so that they can keep the market they have in Canada to-day, how is this going to help the coal producers in Nova Scotia or even encourage the use of their coal?

Let me point out something else. The Prime Minister has just made the statement: "No man will dare say we have not met the situation." That is a point-blank, determined, absolute statement that they have met the situation. Then we have the statement of the Minister of Fisheries: "We have not met the situation as fully as it should be met, but I am convinced that as time goes on this government will meet it."

Mr. RHODES: I have no exception to take to the latter part of the quotation, but the first portion is not in my words. I never said we had not met the situation.

Mr. VENIOT: I did not say that. I said the minister stated: We have not met the situation fully.

Mr. RHODES: If we have not.

Mr. VENIOT: I am using the words of the hon. gentleman. Hansard to-morrow will show who is right. Let me go further. We have the statement of the hon. member for Pictou (Mr. Cantley), who, speaking on the budget, said that the situation was not met. When he was in opposition he asked for $1.50 a ton, and he still believes there should be a higher tariff on importations of bituminous coal; but he was pleased to accept as a beginning what had been given. Place those two statements against those made this afternoon by the Prime Minister. No man will dare say that we have failed to meet the situation. Whom are we to believe? The Minister of Fisheries, the member for Pictou, or the Prime Minister of Canada?

Mr. CANTLEY: Quote the member for Pictou correctly.

Mr. VENIOT: I did.

Mr. CANTLEY: You did not.

Mr. VENIOT: My hon. friend went further and said he wanted to advise the house that Nova Scotia would come back in the future for a higher tariff than 75 cents on bituminous coal. Is not that absolute proof that the hon. gentleman believes that the situation has not been met? If it had been met, why would he make the threat that the people of Nova Scotia would come back at a future date and ask for a higher duty on coal? No doubt he expects they will ask for the duty that he asked the Liberal government to put on, when he was sitting in opposition. He then asked for a duty of $1.50 a ton, and he said that the people of Nova Scotia would never be satisfied until they got it. But now he is satisfied with a measly 25 cents of an increase in the tariff.

In closing his remarks the right hon. the Prime Minister, in reply to an interjection that I made, said that was right, that it must be conclusive since I had made the statement. I am glad, Mr. Chairman, that I have been enabled to give something conclusive to the Prime Minister, because since the opening of the session we have not obtained anything from him of a conclusive nature in connection with the tariff. The tariff as introduced on

the first of June will not be recognized after the Prime Minister gets through making all the changes that he has been forced to make in it; so I think he stands in need of someone to give him something conclusive.

Mr. EULER: I think perhaps I might congratulate myself in at last drawing out the Prime Minister and inducing him to give some reason for the placing of the 40 cent duty on hard coal, even if I did draw upon myself the usual lecture that he administers to those who do not agree with him. That is his invariable custom. I also gave him the opportunity of reflecting rather extravagantly upon myself, because I had not been always in agreement with my colleagues. I suppose it is quite natural for him to be surprised at that, because while he usually boasts of his own frankness he cannot understand that anybody on this side of the house might possess the quality of frankness to the same degree as himself. But I am not going to dwell on these personal matters or speak at length.

I asked the Prime Minister to give the reason why he placed the duty of 40 cents a ton on hard coal, and to tell the committee how it fits into any scheme for the development of a national fuel policy. I said the other day that the Prime Minister always makes a very good speech when he has a good case, and sometimes a pretty good speech when his case is not so good. His case to-day I think comes within the latter category. He has not to my mind made a case for the placing of 40 cents a ton duty on hard coal. The only attempt he made to show that this duty fits in with the development of a national fuel policy was when he tried to make out that it will mean ultimately —it certainly will not this year or next year—that Alberta coal will be sold in the province of Ontario and thus take the place of hard coal from the United States. He gave another reason, one that I myself suggested last night as possibly having moved him, and that is that it helps in the development of inter-empire trade, that it may bring more Welsh coal to Canada. That, however, I contend is not a factor in the development of a national fuel policy. Lastly, he said that he wanted to encourage the production and consumption of coke in this country. In order for that to fit in with a national fuel policy, it must mean the further development of the coal areas of Nova Scotia and in the west. I say to the Prime Miinster, in just a few words that there is nothing in that argument because just so long as he allows United States soft coal to come in here for the purpose of making coke, he is doing nothing to develop the soft coal business of the maritime provinces or of the west.

Mr. RALSTON: My right hon. friend as usual has indulged in a good deal of recrimination, squirming and wriggling, and blustering and scolding, but it does not phase anybody on this side of the house a bit. We are quite used to it, and if the Prime Minister wants to indulge in that sort of thing I suppose that we can just wait here till he gets over it. What we are dealing with is a particular item of the tariff. I commend his leader's speech to the hon. member for Cape Breton South (Mr. MacDonald) who is so keen on non-partisanship. I commend to him the statements made by the Prime Minister, having nothing whatever to do with this item—in fact, he went out of his way to lecture and criticize members of the former government in connection with the way they administered public affairs generally. But I want to point out to the Prime Minister that after he has gotten all through, we come back to the position from which I began when I made my few remarks. It was this: The Prime Minister said at Inverness that he would undertake to meet this situation. His Minister of Fisheries admits quite frankly that he has not met the situation. The Minister of Fisheries says: "This is one step," and then turning to the Prime Minister he said, "I do not think the Prime Minister himself would say that this is the complete national fuel policy, but it is one step in that direction." The hon. member for Cape Breton South said exactly the same thing, but the Prime Minister stands up and says: "No man in this house will undertake to say that we have not met the situation." Then later he interrupts and says, "I did not mean when I said, we will meet the situation, that we would meet it successfully."

Mr. BENNETT: I did not say that. The hon. gentleman has no right to misquote; as usual—true to form again.

Mr. RALSTON: Hansard will show what he said. I repeat, and will be subject to the correction of Hansard, that he said, "I did not say that we would meet it successfully, but we would meet it." I do not know then, what you mean by meeting a promissory note, whether you mean not paying it or paying it, but I have always been given to understand by those who hold my notes that meeting a promissory note means paying it, and that is what the people of Nova Scotia

and of Canada expect the Prime Minister to do. They expect him to meet the situation successfully, and not to make half a dozen bites, as he is doing now, or to dodge and abuse members when they direct his attention to the fact that he has not met the situation. Either let him meet the situation manfashion, or admit, as his Minister of Fisheries does, that "we are not meeting it now, but we will later." The Prime Minister is faced with the situation that I presented to him in the first place, and all the bluster and bluff and lecturing is not going to assist him or get him any further.

My right hon. friend speaks of cast of mind. For a gentleman of his standing at the bar and knowledge of the English language to start cheese-paring over the word "meet" and say it does not mean to meet successfully—well, that indicates the cast of mind that he has displayed in connection with this debate.

Mr. BENNETT: I forgot to say to the committee, when my hon. friend attacked the hon. member for Cape Breton South in connection with Russian coal, that during the year ending March 31, 1931, 14,340 tons of Russian coal were imported into Nova Scotia, valued at $95,000, so that the hon. member for Cape Breton South was correct.

Mr. RALSTON: He never mentioned Russian coal that I know of. I mentioned Russian coal.

Mr. BENNETT: The hon. gentleman said that the hon. member for Cape Breton South had been running around with pieces of Russian coal saying that it was displacing Nova Scotia coal, and I am now giving the amount of Russian importations into Nova Scotia.

Mr. RALSTON: That does not say it displaces Nova Scotia coal.

Mr. MACDOUGALL: I have listened with a great deal of amusement, and I know the miners of Nova Scotia will read with amusement, the remarks indicating the sudden change of attitude on the part of the hon. member for Shelburne-Yarmouth (Mr. Ralston). Never was the conversion of Saul of Tarsus better exemplified. The hon. member stands in his place to-day asking parliament and the 13,000 miners of Nova Scotia to believe that he and he alone is the champion of their rights, that to-day when he speaks with a sob in his voice and a tear in his eye his heart is bleeding for them. May I point out, Mr. Chairman, that when my hon. friend was minister in the late government he did nothing for those miners, and again last winter when the miners were anxious to find a solution for their difficulties he did nothing. He in common with all other federal members from the province of Nova Scotia was invited by the head of the United Mine Workers' Association to attend a non-partisan gathering held at the city of Halifax to discuss this question and to devise means of solving it. There was the place and the time to make his suggestions; but where was he then?

Mr. RALSTON: This government will tell us.

Mr. MACDOUGALL: He was asked to attend that meeting, but he did not go. You were asked then—

Some hon. MEMBERS: Order.

Mr. MACDOUGALL: —in common with other federal members, because the meeting was non-partisan. Of course my hon. friend is non-partisan in his remarks.

Mr. RALSTON: Yes.

Mr. MACDOUGALL: He was asked subsequently to go with that delegation to Ottawa, and it would not have been difficult for him to do so because at that time he was in the city of Montreal. He would not go that far even in the interests of the miners for whom to-day his heart is bleeding. I ask this question of my hon. friend: Are not the provisions in this budget dealing with coal the best provisions yet brought down in any parliament since confederation?

Mr. RALSTON: No.

Mr. MACDOUGALL: He refuses to answer.

Mr. RALSTON: I said that they were not.

Mr. MACDOUGALL: The only answer he can give is "Yes".

Mr. RALSTON: I said "No".

Mr. MACDOUGALL: Show me a budget where they were better.

Mr. RALSTON: I shall wait until my hon. friend is through.

Mr. MACDOUGALL: You will wait a long time. My hon. friend spoke about the millions of tons of American coal coming into Canada. Surely we are opposed to that; but he stands up in his place and votes against a measure which will make more

difficult the entrance of that coal into this country. He would have a tariff of 50 cents instead of 75 cents on American coal. If 50 cents helps to keep out American coal, surely 75 cents will help to keep it out to an even greater degree. All this eye wash and repentance after the fact is not going to deceive the miners of Nova Scota. They know where he stood when he was a member of the late government; they know where he stood when they asked him to attend a non-partisan gathering, which he would not do. They know where he stood when they asked him to come to Ottawa to help place their case before the government, which he would not do. Now he has decided to stand up and attempt to plead the case of those 13,000 miners.

Mr. STEWART (Edmonton): I did not happen to be in the chamber when the Prime Minister made some criticism concerning the location of the coking plant in the city of Montreal. May I say to him that the late government took no responsibility for the locations of either the plant at Hamilton or the one at Montreal. We are very glad to think that they located at all because of the effect their output would have on the price of anthracite coal.

Mr. BELL (Hamilton): May I ask a question?

Mr. STEWART (Edmonton): Yes.

Mr. BELL (Hamilton): Does my hon. friend suggest that there is any objection to the location of the Hamilton plant?

Mr. STEWART (Edmonton): I did not say so. I wish merely to point out to the house that so far as the late government is concerned we take no responsibility for the location of those plants. We had nothing to do with bringing the companies into Canada; they came and located the same as other industrial concerns.

Mr. BELL (Hamilton): My hon. friend is not offering any criticism.

Mr. STEWART (Edmonton): No; not at all. I am answering a statement purported to have been made by the Prime Minister respecting the location of the Montreal plant, and suggesting that because it was located on the canal its location was detrimental to the unloading of Nova Scotia coal.

As I said before when speaking to this matter, I wish to congratulate the government upon their extension of the subsidies for the movement of coal. When criticized by hon. members opposite in this connection I said on many occasions that this was the only solution for the movement of coal both east and west. I repeat now that I think 50 cents a ton tax was ample to take from the people of Ontario. We received over $6,000,000 a year from the people of Ontario and Quebec through the duties collected on the importation of coal. To the extent to which you increase the subsidies on railways and steamships for the movement of coal both east and west, to that extent you will occupy the market. The additional 25 cents a ton placed upon bituminous coal will have the effect of jeopardizing the coal industry at Fernie; it will help the coal industry in the constituency of Red Deer, and to a very limited extent it will help the coal industry in Nova Scotia. The solution my hon. friends have adopted is merely an increase or an enlargement of the policy the government of which I formed a part instituted six or seven years ago.

My right hon. friend has said that they are anxious to encourage empire trade in coal. May I say to him that the increase of importations from Great Britain of anthracite coal during the last six years was from 10,000 tons to almost a million tons. So that the late government of which my hon. friends opposite are so critical began to do exactly what my right hon. friend is now continuing to do for which he is taking a great deal of credit.

I am critical only of the imposition of the duties. I do not think they will help the industry. I said last night, and I repeat it, that so far as bituminous coal is concerned, I have not a great deal of sympathy for the people of Ontario because they are receiving privileges by way of tariff increases and protection, and probably it is fair that they should pay the duty. I do say however that as a means of increasing the consumption of coal from Nova Scotia and western Canada the measure is not worth talking about and will not help a particle. The amount of 25 cents a ton added to assist the movement would have done far more for the coal industries in the east and west than the mere imposition of a duty.

Mr. RHODES: My hon. friend from West Edmonton rose for the purpose of correcting a statement of the Prime Minister to the effect that the government of which my hon. friend formed a part was responsible for the plant at Montreal.

Mr. BENNETT: That is not what I said.

Mr. STEWART (Edmonton): I was so informed; I stand corrected.

Mr. RHODES: Let me point out to my hon. friend that although it may be news to him, his government was responsible for the location of that plant.

Mr. STEWART (Edmonton): In what way?

Mr. RHODES: Because they placed in the tariff item No. 1049 which enabled that plant to secure a drawback of 49½ cents a ton on all coal used.

Mr. STEWART (Edmonton): Yes, but I am speaking of the location of the plant itself.

Mr. RHODES: I am speaking about that.

Mr. STEWART (Edmonton): The reference was to placing the plant on the canal instead of on waters from which vessels from Nova Scotia could unload.

Mr. RHODES: I am speaking about that. It was placed on the canal for the express purpose of using American coal.

Mr. RALSTON: My hon. friends had put coke on the free list, so that it was better to manufacture coke in Canada, if it was free anyway.

Mr. STEWART (Edmonton): I take full responsibility for the drawback.

Mr. RHODES: My hon. friend should not have the assistance of the hon. member for Shelburne-Yarmouth. The plant was placed on the canal because of a provision made by the government of my hon. friend. Had it not been for this action they would have been compelled to use Nova Scotia coal, in which event the plant would have been located at tidewater where vessels of the Atlantic ocean could have had access to it. That is the story in a nutshell. My hon. friends opposite must accept their share of the responsibility for the location of that plant, which was designed and equipped for the express purpose of using American coal. This could not have done but for the item placed in the tariff by my hon. friend opposite.

Mr. STEWART (Edmonton): The minister's argument is rather far-fetched. The drawback on coke has been in existence for years, and I think it is legitimate, quite irrespective of what he says.

Mr. RHODES: My hon. friend says the drawback on coke has been in existence for years. It has been in effect for metallurgical coke under item 1019; but the drawback to which I am referring was not put into effect until 1925. Here it is:

Bituminous coal when imported after the 24th day of March, 1925.

That was entirely new, placed there by my hon. friends opposite. It has no reference whatever to the drawback on coal for metallurgical purposes. That has been in the tariff for years.

Mr. STEWART (Edmonton): I take full responsibility for recommending that by-product coke be put in the same category as metallurgical coke. It was done for the purpose of reducing the cost of anthracite coal to the people of the central provinces. Nova Scotia does not produce a pound of anthracite coal, neither does New Brunswick. The establishment of these two plants in Hamilton and in Montreal reduced by $4 per ton the cost of anthracite coal in the central region of Canada.

Mr. RHODES: My hon. friend is going into the merits; I am not discussing the merits.

Mr. STEWART (Edmonton): I am pointing out why I did it. I take full responsibility. It did no injury to the coal industry in Nova Scotia.

Item agreed to on division.

Item 588 carried on division.

Mr. BENNETT: The next items are 587, 587a and 587b. There is no change in the duties. The former item 587 has been divided into three items, coke, petroleum coke, and coke used for metallurgical purposes.

Mr. STEWART (Edmonton): Is the order in council for the fixation of the price of coke still in existence?

Mr. BENNETT: No. I will ask the Minister of Fisheries to move the necessary amendment.

Mr. RHODES: I beg to move that the following items be substituted for tariff item 587, as contained in resolution No. 2 of June 1, 1931:

Customs tariff—587. Coke, n.o.p., per ton: British preferential tariff, free; intermediate tariff, $1; general tariff, $1.

Customs tariff—587a. Petroleum coke: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—587b. Coke of a kind not produced in Canada or coke which, owing to transportation costs, is not available commercially throughout Canada, when imported by manufacturers for use exclusively in furnaces in manufacturing calcium carbide or in metallurgical operations, in their own plants: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item as amended agreed to.

Mr. BENNETT: After recess we will take up item 622.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Customs tariff—622. Trunks, valises, hat boxes, carpet bags, tool bags and baskets of all kinds, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

Item agreed to.

Customs tariff—623. Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocketbooks, fly books and parts thereof: British preferential tariff, 20 per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

Item agreed to.

Customs tariff—651a. Buttons of vegetable ivory: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent; and, per gross: British preferential tariff, 5 cents; intermediate tariff, 10 cents; general tariff, 10 cents.

Item agreed to.

Mr. RHODES: I move that the following be substituted for tariff item 1215, as contained in resolution No. 4 of June 1, 1931:

Used or second hand automobiles and motor vehicles of all kinds, manufactured prior to the calendar year in which importation into Canada is sought to be made.

Provided, that this item does not affect in any manner automobiles and motor vehicles:

(a) Imported under tariff items 702 or 705a, or under tourists' or travellers' vehicle permits;

(b) Bona fide purchased on or before the first day of June, one thousand nine hundred and thirty-one, by consumers for their own use and not for resale;

(c) Forfeited or confiscated for any offence under the customs laws or the laws of any province of Canada;

(d) Left by bequest.

Mr. BENNETT: Paragraph (a) refers to settlers' effects, as I explained the other day. In paragraph (b), "consumers" is the word usually used in the tariff. Paragraph (c) refers to cars that are taken and have to be sold, and (d) is to meet such bequests as one that has actually been made, in which an automobile was left by will to a Canadian. These four provisions meet such cases as may arise.

Amendment agreed to.

Item as amended agreed to.

Mr. RHODES: I beg to move that the following be added to resolution No. 5 of the first day of June, 1931, as amended by resolution No. 4 of the 13th day of July, of the same year:

Provided, that in the case of goods which were imported or taken out of warehouse for consumption, and on which duty was paid, on and after the second day of June, one thousand nine hundred and thirty-one, in accordance with the rates of duty set forth as payable on such goods in the resolutions respecting the customs tariff introduced in the House of Commons on the first day of the said month, the duty so paid shall not be affected, nor shall the person paying it be entitled to any refund or be liable to any further payment of duty, by reason of such rate of duty being altered by any resolution introduced subsequently to that in accordance with which such duty was paid and before the passing of this act.

Mr. BENNETT: This provides against any requests for further duties as a result of the amendment of the tariff, or for the recovery of any refund by reason of its being lower, which is a contingency that does not often arise under this budget.

Amendment agreed to.

Resolution as amended agreed to.

Mr. BENNETT: There is provision in resolution No. 3 that tariff item 1034, which provides for a drawback, shall be no longer in force, because of the duty placed on sal soda. The amount involved last year was $289.87.

This exhausts the items except for 184 and 184a, magazines, which will be taken up tomorrow afternoon. The leader of the opposition wishes to make some observations with respect to the matter.

INCOME WAR TAX ACT AMENDMENT

Mr. BENNETT: Mr. Chairman, the committee will recall that the items which remained were those dealing with the income tax. I do not propose to proceed further with them. I have not been accustomed to trouble this chamber with my personal affairs, but since I have been elected to the positions which I have occupied, either as leader of the opposition or as leader of the government, I have endeavoured to discharge my duties to the best of my ability. I have not thought of my personal fortunes or my personal advancement.

On June 1, I brought before the house proposals with respect to the income tax. I pointed out that in the main they would have no application, so far as revenue was concerned, until next year; they would be applicable then and not now. The usual course adopted by my predecessors has been to bring such measures before the house shortly before the end of the fiscal year so that the taxes would be applicable to that fiscal year and be paid on the rates fixed by the statute passed just prior to its expiration. I thought it well that the house and country should have the fullest opportunity to consider the measure which was submitted, and I

shall now relate to the committee the circumstances under which it was submitted.

As Minister of Finance I realized that I had not the opportunity to study the operations of the Income Tax Act in all its ramifications. The officials of the Income Tax branch are trained men. The commissioner of that branch was appointed to that service by my predecessor. He is a competent official; from the study he has given to the matter he has a wide knowledge, of the operations of income tax legislation in every part of the world. While it has been said that one should not refer to an official in dealing with a matter of this kind, it has always been the custom of those who come and go to ask permanent officials to give, through the legislation framed by them, the benefit of their advice to the country. Accordingly I asked the head of the Income Tax branch to prepare a measure that he believed was the best in the interests of the Dominion of Canada, having regard to his experience, to his knowledge of the operations of similar taxes in other countries, and to what he has learned, on the one hand, as to the ability of our people to pay, and, on the other, of the encouragement of capital. He prepared a bill, and I should like the committee to realize that that bill was submitted to me on the night before the budget was presented. I handed to the clerk at the table the very sheets of paper which that official gave to me. It was my intention to have had the resolution passed in the house and to have had the bill referred to the committee on banking and commerce in order that hon. gentlemen might have an opportunity before that committee to question the officials of the department and to determine to what extent the bill as prepared represented what was best in the interests of Canada.

To my surprise I was personally attacked for this measure. If hon. members are interested enough to look at the speech delivered by a former minister of the crown, the ex-Secretary of State, the hon. member for St. James (Mr. Rinfret), he is reported as saying at page 2778 of Hansard:

> If . . . . he had told the people he was going to raise the sales tax from one per cent to four per cent; that he was going to impose a one per cent tax on all the imports of this country; that he was going to do that most infamous thing, relieve himself and his wealthy friends of 25 per cent of their income tax, not only would he not have won the election but in certain parts of the country he would have been stoned away from his meetings.

That in the French version is now being circulated throughout the province of Quebec, the interpretation being that by this "infamous" act I reduced by 25 per cent the tax on my own income, and so on.

Another former minister of the crown, Mr. Gordon of Peterborough, made the statement at a public gathering that the proposed income tax would save me $25,000 personally. On the one hand there is the statement made in this chamber that I was legislating to save myself 25 per cent of my income tax; on the other, there is the statement made out of the chamber that I was legislating by lessening my tax to prevent myself paying $25,000. I do not know at the moment what the effect of the proposed income tax legislation would have been upon my personal income tax. I have never been concerned about that. I have always paid with pleasure my income tax, and on three occasions I have been refunded overpayments. I have maintained no corporation; I have set up no personal or family corporation with respect to my affairs. I have paid as an individual I have maintained no trust funds abroad where my income should accumulate and where no income tax would have to be paid on it. But I do not think the committee is concerned about my personal affairs. I defy any man to make about any business of mine with respect to the Dominion of Canada a single criticism that would be warranted or to point to any departure from the letter of the law in favour of myself. Not only are the statements, the one made in the house and the other made outside, untrue, but I confess when I saw the rancour with which the attacks were made upon me with respect to the matter, I felt that in the public interest I must ask the committee to permit me to withdraw this resolution. The taxes will remain as they are. It does not follow that when the time for payment comes, whoever occupies the position of Minister of Finance may not think some action desirable, for I recall that the leader of the opposition, in addressing the people of Canada at Richmond Hill on September 5, 1925, had this to say.

> But is reduction already effected sufficient? Our income tax is still in some respects higher than that of the United States. . . . While aiming at a further reduction in the public debt, we must aim also at a further reduction in the income tax and the sales tax.

That is from the Globe of Monday, September 7, 1925. I am not now concerned about that matter. This measure did not touch the budget. That is what is the unexplainable point about it. It was introduced with the budget resolutions as a convenient

place to enable the matter to be discussed, and if I ask the tolerance of the committee to make the statement I have made, it is because I have been hurt more than I have been in my life before to think that in a chamber such as this an ex-minister of the crown would charge me with having endeavoured to save myself from paying 25 per cent of my tax; and that out of this chamber a charge should be made that I would endeavour to save myself from paying $25,000. Neither is correct; if it were I should be unworthy of standing in the place I occupy.

I hope that I may be forgiven for touching upon my personal affairs as I have done. How can the state expect men with any means to serve it if their motives must be misconstrued and attacks such as this made upon them? I think in one great country the services of one of its richest men have been given in a way that will be remembered by posterity for a very long time. I have no such hopes in my own case, but I will continue as unselfishly as I know how, to serve Canada that has done so much for me, and I shall endeavour, out of the resources that a kindly Providence has permitted me to have, to make those contributions which the state justly takes. But I shall never become a party to having it thought in the house or by the country that any legislation fathered by me or resolutions moved by me in committee of ways and means have been actuated by any object other than the well-being of my fellow Canadians. I know not to-night what effect the resolutions would have upon my own fortunes, except that I do know it is absolutely untrue that they would affect my payment of income tax in the manner indicated either in this chamber or outside it.

Once more I ask the tolerance of the committee for having brought to its attention my personal affairs. Hon. gentlemen are not concerned with them except in so far as they touch the state, and if I ask the committee to permit me now to withdraw these resolutions that affect the income tax amendment, I do so in the firm belief that it is my duty under the circumstances to take this course.

Mr. MOTHERWELL: I do not know whether it is in order to make any observations on my right hon. friend's remarks or not. I do not know whether I heard my hon. friend aright, but whether I heard him aright or not, I am going to make some observations if I am in order.

Mr. BENNETT: Certainly.

Mr. MOTHERWELL: On the 15th of June, two weeks after my right hon. friend made his budget speech, I made my contribution to the budget debate. In the meantime I was very anxious to know what the income tax provisions meant, and I put a question on the order paper asking the Minister of National Revenue what amount of income tax would be collected under the provisions of the new act on a million dollar income, and what amount would be collected on the same income under the old income tax. About ten minutes before I started to speak in the budget debate a copy of the reply of my hon. friend the Minister of National Revenue was handed to me, the substance of which was that inasmuch as there had been no million dollar income taxable property for a number of years, he presumed that I meant the corporation tax, and he gave his answer accordingly. I considered that that was a smart Aleck answer. He was admitting more than he meant to admit, because he admitted right there that there had been some taxable incomes of a million dollars.

Mr. RYCKMAN: Not in recent years. My hon. friend was asking for something that he did not understand. He thought he had something with which to make a case, but he had not.

Mr. MOTHERWELL: The very fact that there had been such incomes indicated the necessity of having the schedule. The income tax schedule was available to anybody at the office. There was no secret about it. Anybody could get it. The schedules indicated that on incomes from $3,500 to $8,000 there was a reduction of tax, on incomes from $8,000 to $137,000 an increase, and on incomes from $137,000 to $1,000,000 a decrease in the income tax. Those who were fortunate enough to hold taxable income property above $137,000 paid under the new act less income taxation than under the old. I did not know who had incomes above $137,000. I understood that there were about sixty individuals in Canada with incomes above that, and I took the ground and I take it now, that this is not the time for the man who had an income above $137,000 to unload any part of his former income tax on the poor people of Canada. As I say, there were a few incomes from $3,500 to $8,000 on which the income tax was reduced, the reduction amounting in the aggregate to about $50 a year. That is my recollection; I have not the figures before me. There were some sixty people who had taxable income property between $137,000 and $1,000,000. Who they are I do not know, but whoever they are my remarks applied to them, and they still apply to them.

Mr. STEWART (Edmonton): Needless to say, it is always best to be discreet and await an explanation of any legislation that is introduced. I confess that I heard a good deal about the reductions in income taxation. I presumed that we would discuss it when the legislation came before the house, but now we shall have no opportunity as the Prime Minister desires to withdraw the resolution. I think it is regrettable in public life that one is always subjected to suspicion. That is something that my right hon. friend is just beginning to realize now after many years of public service. As head of the government he will be subjected to all sorts of suspicions, but I would say to him as an old friend and former colleague that I would not feel too badly about it. One has to put up with that sort of thing. It is part of the penalty we pay for being in public life. One is bound to be attacked from every quarter. I am bound to say that in some twenty odd years, holding positions of some responsibility, I have sometimes been pained at the suggestions I have heard against my honesty and integrity, and in the higher position my right hon. friend occupies one can readily understand that he will be always subjected to criticism. I am going to say now, notwithstanding that he has withdrawn the resolutions; that I think it would have been much better had he gone through with them. I do not know what effect they would have or what changes they would bring about, but as my right hon. friend feels as he does about the matter and has withdrawn the resolutions, I do not suppose there is anything more to be said about it.

The CHAIRMAN (Mr. Stirling): Shall the right hon. gentleman have leave to withdraw his resolution?

Mr. EULER: Does the Prime Minister withdraw entitrely all the changes he proposed to make in the income tax?

Mr. BENNETT: Except the one that has already been adopted with respect to increasing the tax on corporations from 8 to 10 per cent. That was adopted some time ago.

Mr. EULER: Does he mean that the only resolution that is withdrawn is that which relates to the change of schedules?

Mr. BENNETT: There were three resolutions dealing with income tax. One was to increase the corporation tax from 8 to 10 per cent; the other was the two per cent tax, and the other dealt with the schedules. I am withdrawing the two that I have last named. With respect to the two per cent tax the reason for withdrawing it is fairly clear under present conditions. Repercussions of the present conditions in Canada began to be realized fully after the middle of June, and it is the most inopportune time in the world to present such a resolution in view of these repercussions in Europe, as may be found from a perusal of the Times and continental papers of repute in Paris and elsewhere. That has nothing to do with the matter I mentioned with respect to the schedules. The resolution with respect to the corporation tax was adopted some time ago, if I remember aright.

Mr. STEWART (Edmonton): Quite right.

Mr. BENNETT: That will leave the only change the one I have mentioned.

Mr. EULER: Is the one dealing with family corporations nullified as well?

Mr. BENNETT: I am leaving that just as it is.

Mr. EULER: I am not sure that I should make any comment after my two colleagues have spoken, following the Prime Minister. I can very well understand that the Prime Minister from the very nature of his duties is a very, very busy man, and I have no fault to find with his action in calling in the commissioner of taxation to assist him in making such changes in the income tax law as the experience of the commissioner had shown to be advisable. I believe this, however, that it is highly desirable—I am making no criticism—where legislation of such far-reaching importance, financial and otherwise, is to be introduced, that the finance minister should acquaint himself with the provisions of the proposed bill prior to its introduction.

Mr. BENNETT: I agree with that, but I said that I had proposed to send it to the banking and commerce committee in order that an opportunity might be afforded there to all members to discuss the matter.

Mr. EULER: I will admit further that it is a fairly good excuse, or reason, that the Prime Minister has been so busy that he finds it difficult to attend to all the work himself. I would make this further comment. If the changes that were proposed, and which the Prime Minister feels may be presumed to affect him personally, were changes which were right, I think it is still his duty to press through that legislation. While I am perfectly free to admit that the Prime Minister has a very fine sense of honour, perhaps he is exaggerating the effect

so far as he is personally affected by the proposed change. I repeat, if the Prime Minister is now convinced, if he was not before, and the committee is convinced, that the changes proposed in the income tax are such as are right in every way and can be properly defended, then I believe in justice to the Canadian people and to other income taxpayers than himself, the Prime Minister ought to press the legislation through. At the same time I quite understand the feeling that influenced him because of certain criticisms which were made. As Prime Minister and Minister of Finance my right hon. friend has a great responsibility. I would make the statement, not by way of criticism, that his responsibility goes far beyond any personal feeling he may have.

Mr. BENNETT: Hear, hear.

Mr. EULER: If in his opinion the legislation is right and in the interests of the country generally, I see no reason why he should withdraw the resolutions.

Mr. BENNETT: Perhaps my hon. friend from North Waterloo has not quite appreciated the first part of my statement. I would have much more seriously considered my obligation were it not for the fact that the course I proposed to pursue was one my predecessors had not pursued. If it is desirable the bill can be brought before the house for its consideration before the day arrives for the payment of the next income tax. The government of which my hon. friend was a member brought in such legislation and made it applicable to the return of that year. That opportunity still exists. Were it not for that fact I think the observations made by my hon. friend would have had much more effect. I owe a duty however not only to the country but also to my own friends, my party and my friends who are not in my party. I cannot view with equanimity the thought that in every back concession, every corner lot, every grocery store and every libellous and scurrilous sheet statements are being made that I have done so and so for my own personal advantage. Hon. members may consider the matter on its merits when I no longer occupy the position of Minister of Finance.

Mr. MOTHERWELL: May I make one or two further observations? Those of us who have commented on this matter also have friends before whom we wish to vindicate ourselves.

Mr. HANSON (York-Sunbury): What are you talking about?

[Mr. Euler.]

Mr. MOTHERWELL: I find that there are sixty men with taxable incomes between $137,000 and $500,000.

Mr. HANSON (York-Sunbury): I rise to a point of order.

Mr. MOTHERWELL: Running all the way from $163—

Mr. HANSON (York-Sunbury): Order.

Mr. MOTHERWELL: Up to $41,827—reductions below the schedule under the Robb budget.

Some hon. MEMBERS: Order.

Mr. BENNETT: I think the hon. gentleman should have an opportunity to say anything he desires to say.

Mr. MOTHERWELL: I beg your pardon.

Mr. BENNETT: I think the hon. gentleman should have the fullest opportunity to make any observations he wishes to make.

Mr. MOTHERWELL: Thank you, but I had pretty nearly finished my statement. However, because of all the howling I do not know whether Hansard was able to get it or not.

Mr. RYCKMAN: Owing to a matter mentioned by the ex-Minister of Agriculture (Mr. Motherwell) I feel it necessary to say a few words. I do not intend to take objection to any of his statements with the exception of the one wherein he said that I had given him a smart Aleck answer. The answer was true and I can quite understand that anything which was the truth to the ex-Minister of Agriculture may appear to be smart Aleck. A question was put and I gave the answer fully and honestly. He asked how many were receiving incomes of $1,000,000 and what would be the taxes thereon under the old and new systems of taxation.

Mr. MOTHERWELL: That is right,—up to $1,000,000.

Mr. RYCKMAN: Now, I will admit that the ex-Minister of Agriculture may not be very alert mentally, but I think he should be able to make a simple calculation.

Some hon. MEMBERS: Oh, oh.

Mr. RYCKMAN: Yes, a simple calculation.

Mr. MOTHERWELL: I do not know what he is saying as I cannot hear him for the commotion.

Mr. RYCKMAN: The fact is that there was no one in the Dominion of Canada who received an income of $1,000,000, and if an

answer had been given showing the amount of tax on an income of $1,000,000 it would be obvious that it was supposed there was a situation where $1,000,000 was assessed and the taxes paid thereon. There was no such case. I submit to the committee that it would have been improper for me to do the arithmetic for the ex-Minister of Agriculture when in fact there was no person in the Dominion in receipt of an income of $1,000,000 or paying taxes thereon. There was no one last year paying taxes on that amount, nor on $750,000. While on my feet I remember that there were two who paid a tax on $500,000. What was the purpose of the ex-Minister of Agriculture asking the amount of taxation on $1,000,000 under the old rates and under the proposed rates when as a matter of fact in the whole Dominion of Canada there was no such case. I think it may be said that an honest answer was given to a smart Aleck question.

Mr. MOTHERWELL: There was no reason under the sun why my hon. friend should not have answered the question as to what was the difference between the tax on $1,000,000 under the new and old systems. There is no reason why the minister could not have answered my question. When I asked the question he had no right to assume that I meant anything about the corporation tax, and for him to make such a reply was a downright insult. It was nothing but a smart Aleck answer I received from my hon. friend.

Mr. POWER: I did not quite gather from the remarks of the Minister of Finance whether that section dealing with the exemptions of $3,000 being raised to $3,500 is to be proceeded with or not.

Mr. BENNETT: The measure increasing the corporation rate from 8 to 10 per cent has been considered and the bill introduced and passed. Beyond that no amendment will be made.

Mr. BOURASSA: In other words, taking these resolutions which have been printed and distributed, the whole of them with the exception of No. 1 on the first page are dropped.

Mr. BENNETT: I have not the resolutions before me.

Mr. BOURASSA: Down to "Special War Revenue" at the bottom of page 2.

Mr. BENNETT: Yes.

Mr. BOURASSA: I think the government is to be congratulated on this withdrawal. For my part, leaving aside entirely any personal question which I think should not have been brought up one way or another, I think the government in withdrawing these resolutions is giving way to an overwhelming public sentiment which has been expressed right and left throughout all parts of Canada. For my part I congratulate the Prime Minister upon his decision. On the other hand I think the observations made by the hon. member for North Waterloo are quite correct. It would be rather awkward for the government and parliament if legislation were to be affected because of warranted or unwarranted attacks lodged against the Prime Minister or any other public man.

Mr. MOTHERWELL: Hear, hear.

Mr. BOURASSA: Personally I should have been the last to feel that the Prime Minister would have thought of himself when proposing any legislation of this kind. On the other hand, under the circumstances and because of public discussions which take place throughout the country, he must not be surprised if some comments are passed. I well remember the time when his predecessor in office—and that lasted a good many years—went through various elections facing charges of cowardice and lack of patriotism because he did not choose to enlist during the war. I respectfully suggest to the right hon. gentleman that in this respect as in all other respects he frame his mind, propose his policy and propound it before parliament and before the country, irrespective of any personal comments that may be made by this or that gentleman inside or outside the house. Besides, there were in these resolutions some measures which have no relation whatever to the personal situation of the right hon. gentleman, and therefore the personal attack that has been made upon him cannot have any relation to his present determination to withdraw the other resolutions. For example, the resolution which proposed to levy a special tax of two per cent on the income from foreign investments had nothing whatever to do with the personal attack. I think that was one of the resolutions which was commendable, and so far as that is concerned I am sorry it is withdrawn. That surely is not withdrawn on account of the observations that have been made?

Mr. BENNETT: I gave the reasons a moment ago, if the hon. gentleman had listened.

Mr. BOURASSA: Quite so. I do not blame the Prime Minister for having withdrawn that resolution with the rest; I simply say it had no reference to the personal attack.

Mr. STEVENS: The Prime Minister gave another reason.

Mr. BOURASSA: Quite so, and on the whole I approve of the government withdrawing these resolutions. But I say, if in the future any prime minister should come to a decision to withdraw certain measures because of personal attacks made upon him by some of his opponents, I think it would be detrimental to the course of legislation and to the proper administration of the country's affairs. If the accusation is false, then it falls of itself; if it is brought in such a manner outside of parliament that the Prime Minister or any other member of his government or of the house is capable of bringing before the tribunals of the country those who accuse him falsely, then, like any other citizen, he has recourse in law against his traducers. But to say that legislation should be changed because of personal attacks on a minister of the crown is, I think, pretty far-fetched and it seems to me it would be a very dangerous precedent. The right hon. gentleman could well have stated his personal position without taking the course that he has taken because of the attack, in which so far as I am concerned I do not believe at all.

Mr. SPEAKMAN: As is usually the case, I think most of us view this action with mingled feelings. Speaking for myself—and I think a great many other people—I would say this. To the extent that the proposed measures increased the income tax, we regret their withdrawal; to the extent that they lessened the income tax, whether at the top or the bottom, some of us, including myself, approve of their withdrawal. So far as the personal element is concerned, may I also say that although some of us may not agree with the Prime Minister's general policy, I think there are few of us but recognize that the Prime Minister, whether right or wrong in his policy, is too big a man to allow personal considerations to interfere with the performance of his duty; and that while we disapprove of the suggestion to reduce the income tax upon the larger incomes, we do not believe for one moment that these measures were introduced from any personal motive or from the point of view of the manner in which they might affect the Prime Minister's own personal fortune. I repeat, whether we agree or disagree with him, we regard him as too big a man to allow such considerations to affect his conduct.

Mr. SPENCER: In support of what has been said by the hon. member for Red Deer (Mr. Speakman), I want to draw the committee's attention to the fact that the Prime Minister in his budget speech mentioned that by his income tax proposals he expected to raise some $23,500,000. If those proposals are now to be dropped, it means we shall be short that amount of revenue.

Mr. BENNETT: No. You have it all wrong.

Mr. SPENCER: It will be lost, less the corporation tax. Therefore I trust that before another session the government will have prepared legislation to present to this house for increasing the income tax along the lines suggested by the hon. member for Red Deer.

Mr. POWER: May I join with my hon. friend from Labelle (Mr. Bourassa) in expressing some regret that on account of the unfortunate circumstances that the Prime Minister felt himself personally attacked he decided—

Mr. BENNETT: Not "felt himself"—he was. Have you read what your colleague said?

Mr. POWER: I was not going to enter upon that ground, but if the Prime Minister asks me to, I am quite prepared to accede to his request.

Mr. BENNETT: Go on.

Mr. POWER: The statement was made that the Prime Minister was de-taxing himself.

Mr. BENNETT: Twenty-five per cent; which is false.

Mr. POWER: I did not know it was twenty-five per cent.

Mr. BENNETT: It is there on Hansard.

Mr. POWER: It does not matter; it is neither here nor there whether it was twenty-five per cent, five per cent or one per cent.

Mr. BENNETT: It does matter.

Mr. POWER: The point is that, owing largely to his friends, the right hon. gentleman has the reputation in this country of being a man of great wealth. It was perhaps fair on the part of the hon. member for St. James (Mr. Rinfret) to assume that the right hon. gentleman would be one of those whose incomes would have been to a certain extent exempted from taxation by these proposals. I do not know whether or not it would have been. I have no means of finding out, nor do I care. But if that were the fact—and we have been assured that the right hon. gentleman is a man of great wealth—I think it was possible, without making any personal

reflection on the right hon. gentleman—and so far as I am concerned personally he knows I have not the slightest inclination to do so—that if as a matter of fact he had an income in excess of $130,000 a year, by the act of this government he would pay less in the way of income tax than he otherwise would have done. I think that is a fair statement to make.

Now, I am extremely sorry that the right hon. Prime Minister took this attack to himself. It is inevitable in the political life of this or any other country that one's motives should be misjudged. I do not think any one on this side of the house would deliberately say that the Prime Minister in the exercise of the functions of Minister of Finance which he has assumed would have introduced this legislation for the purely selfish motive of diminishing his own income tax. I think all hon. members on this side of the house will back me up when I make that statement on their behalf, and so far as I am concerned I make it gladly and willingly. I do believe that the very last thing which would have entered into the mind of the right hon. Prime Minister would be to secure any personal advantage to himself. But that having been said—

An hon. MEMBER: Bluff.

Mr. POWER: There is no question of bluff. I have been in the habit of speaking frankly and honestly in this house, and I will do so now. But that having been said, with all due regard to the sensibilities and susceptibilities of my right hon. friend, I do not believe it is either fair or reasonable on his part to withdraw the really beneficial clauses in this legislation because he felt that he had been personally attacked.

Mr. BENNETT: It can still be passed in time for the taxing year, as was always done by the Liberal government.

Mr. POWER: I am not concerned with what was done by the Liberal government in the past; I am concerned with this, that the right hon. gentleman, on the first day of June, brought down a budget which he said was a real budget. That speech is divided into sections, under the general title "The Budget." I assume that it was so divided at his request or at least at the request of those who saw the notes of his speech. At page 2142 of Hansard we find the following:

The Budget
Annual Financial Statement Of Right Hon. R. B. Bennett, Minister of Finance

Mr. BENNETT: That was done by the Hansard reporters without the knowledge of anyone connected with the budget.

Mr. POWER: That was done by the Hansard reporters?

Mr. BENNETT: Yes; they always do it with respect to the budget statement. You will see it in previous years. And there is another case in which the hon. member is running true to form. He has charged me with having done something, or having had it done on my behalf, and a little inquiry will indicate that it is not so. It indicates the purpose behind the statement.

Mr. POWER: I am not charging the right hon. gentleman with anything I cannot prove. I will stand my ground and I will not charge him with anything I will not prove to the hilt—every word of it. The speech is divided into sections. Whether it was done by the Hansard men—and I take his word—acting according to custom, as he implies, whereby they usually divide the budget speech—

Mr. BENNETT: I did not even re-read the copy of Hansard.

Mr. POWER: I do not doubt that if the right hon. gentleman had gone through it he would have found it most interesting reading. I wish he would read it now. There is a heading:

Financial operations during fiscal year 1930-31.

That is one chapter, a part of the budget speech; and I will guarantee, without knowing anything about it, that if this speech has been distributed to the right hon. gentleman's friends it is in this very shape. Then there is another heading, "Excise Duty," and a third section under the heading "Income Tax." The text reads:

The income tax ranks first in productivity,

And so forth. It goes on:

The fiscal year 1922 was also a dark one in respect to total revenues, but income tax assessments were on the earnings and profits of 1920, the peak year of the post-war boom. In the past year total revenues were again reduced, but income tax assessments were levied on the earnings and profits of a peak year, that of the stock market boom.

He goes on to describe the financial operations, and later on he says:

I may add that it is proposed also during the present session entirely to amend the Income Tax Act. Family corporations will be abolished; it is about time.

There is still time; why have we not done it? He continues:

In addition to that we propose to present a new schedule of rates based upon the experience of the commissioner of taxation. Mr. Walters was asked to prepare, with the aid of his officials, what he conceived to be a proper tax rate for this country, having regard to known conditions. He has done so, and the government proposes to adopt his recommendations.

The foregoing appears at page 2174 of Hansard of June 1. Could any language be plainer than that? The government knew what Mr. Walters' recommendations were, and they proposed to adopt them. The right hon. gentleman goes on to say:

The exemptions will be somewhat increased, but it is thought desirable that the rate should start at 1 per cent, with another 1 per cent added with each additional $1,000 of income until the maximum is reached, which will be 25 per cent.

Then he goes on:

It may amaze the house to learn . . . . that the amount of income tax collected in this country since the tax first was put on the statute books—

—was so and so. Then he proceeds:

In addition it is proposed that dividends from Canadian corporations, up to $10,000, shall be exempt from taxation. . . .

And he goes on further to describe and to elaborate upon his income tax proposals.

Now, the fault I have to find with the right hon. gentleman is this, to put it very plainly and in very few words: that because he felt aggrieved at being attacked in the house and in the country—and perhaps I am not blaming him for that—he has disregarded entirely those sections of the income tax amendments which would have brought considerable benefit to certain classes in the country who are badly in need of it.

An hon. MEMBER: Badly in need.

Mr. POWER: Will the hon. gentleman who interrupts say that the classes of people who under this proposed legislation would have benefited by an increase of $500 in exemption are not badly in need of it? If any hon. gentleman says so, he does not know the feelings of the people. It is to that class of people particularly that I refer, and I deeply regret the action taken by the Prime Minister. I would ask him, if possible, to reconsider the matter.

The CHAIRMAN (Mr. Stirling): Is it the pleasure of the committee that the right hon. gentleman shall have leave to withdraw the resolutions?

Some hon. MEMBERS: Carried.

Resolutions withdrawn.

Progress reported.

[Mr. Power.]

SUPPLY

POST OFFICE DEPARTMENT

The house in committee of supply, Mr. MacDonald (Cape Breton) in the chair.

Outside Service—

Salaries and allowances, $18,394,800.

Mail service, including mail service by air, $16,560,000.

Miscellaneous, including $5,000 to provide for the payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service or in protecting His Majesty's mails, or to the dependants of such employees or other persons who may be killed while so engaged, payments to be made only on the specific authority of the governor in council, $1,235,175.

Yukon Territory, $150,000.—Total, $36,339,975.

Mr. VENIOT: Mr. Chairman, this item is subdivided into other items which include salaries and allowances; mail service, including mail service by air; miscellaneous expenditures, and so on, about fourteen different items in all. I thought we were to take the items up separately, but before going into the discussion of any item in detail, I wish to direct the attention of the committee to the time these estimates were last before it on Tuesday last. On that occasion the item taken up was salaries, and the minister made a statement to the house reviewing the administration of the department for the year ended March 31, 1931. As soon as the minister finished I called the attention of the chairman to the fact that I thought the minister had gone out of his way to make a statement under a civil government item which should properly have been made under an outside or general administration item. At that time I claimed the right of replying to the hon. gentleman at such time as we might reach the first item, and the chairman stated that this permission would be granted in view of the fact that the minister had made an extended statement without having gone into the details of any item. With the indulgence of the committee, I now propose to reply to the statement made by the minister.

In doing this it will be necessary to refer to many figures, and I intend to confine myself to a large extent to the notes and figures which I have before me. In reviewing the administration of his department, and in dealing with the deficit of approximately $5,000,000 for the year ended March 31, 1931, the minister said:

The deficit which has occurred in the department is due to the decrease of revenue brought about by the crisis affecting this and other

countries of the world, while the increase in expenditure is caused by the obligations for the development of service imposed upon the department by the former administration and authorized by previous parliaments.

The admission that the world-wide depression is the cause of a great part of this deficit is a source of gratification to myself. A provincial election is being carried on in Prince Edward Island, and the papers which support the federal government are stating that the increase in postage has been necessitated by the maladministration of the former Postmaster General. We now have the admission by the present Postmaster General that the falling off in revenue, amounting to approximately $2,000,000, has been caused, not by the maladministration of the former Postmaster General, but by the world-wide depression which has affected every branch of the public service. I want to thank the Postmaster General for affording me an opportunity of showing that this deficit was not brought about—he has never made this accusation—by the maladministration of the department when I had the honour to preside over it.

The minister informed the committee that the decrease in revenue due to the world-wide depression amounted to $2,000,000, and I desire to draw the attention of the committee to what would have been the finances of the Post Office Department if there had not been a world-wide depression. If the revenue had increased in the year ended March 31, 1931, in proportion to the increases shown in the years 1928-29 and 1929-30, the net revenue for 1931 would have been $34,767,680 instead of $31,000,000. The Postmaster General gave the increases in revenue for the years 1928 and 1929, which show that the normal annual increase of revenue ranged from $1,500,000 to as high as $1,750,000. We were told by the minister that the increased expenditure in 1930-31 as compared with 1929-30 amounted to $1,255,974, which would make the expenditure for 1930-31, $36,292,603. All things being equal and with no world-wide depression, the net deficit for 1930-31, based on the proportionate increases for the previous years, would have been only $1,524,923 instead of approximately $5,000,000. This net deficit of $1,524,923 would represent just about the amount expended upon air mail service. It will be remembered by hon. members who sat in the house in 1929 that when as Postmaster General I submitted my estimates at that time, we fully discussed the question whether the administration of the Post Office should be one that would bring about surpluses or would be such as to give the greatest amount of service to the people and at the same time make both ends meet. Members of all groups in the house agreed at the time that no attempt should be made to run the Post Office Department on the basis of surpluses, and that should any surpluses occur, they should be used for the betterment of the service throughout the Dominion.

On that occasion I made the statement that if the revenues should continue to be buoyant as they were in 1927 and 1928 and prior to the end of March, 1929, I had every reason to expect that by the end of the fiscal year 1930 we would be able to make both ends meet, leaving out of the picture the air mail service, which had been inaugurated the year before. The statement submitted by the Postmaster General the other evening bears out the prediction I made at that time; if no world wide depression had struck Canada, the revenues of the Post Office Department would have continued to increase year after year as they had done prior to the end of the fiscal year 1929, and all things being equal, at the end of 1930 the Post Office Department would have been in a position to make both ends meet. That being the case, I fail to see where it can be charged that the present deficit is attributable to any maladministration on the part of the former Postmaster General or his officials. Notwithstanding the fact that in 1926, before I assumed the position of Postmaster General, the rate of postage on letters had been reduced from three to two cents, thereby naturally, one would think, causing a reduction in the revenues of the department, by 1928. The expansion in the volume of business effected by that reduction and the progressive state of affairs in Canada brought about such an increase in the revenue of the department that it still kept above what it had been at the time the reduction was made.

The minister in his statement the other night told the committee of the necessity of making certain curtailments in the postal service of the Dominion. May I say how deeply I regret the curtailment of the general mail service as indicated on that occasion by the minister. In view of the largely increased revenue which must come from the higher rate of postage in connection with first-and second-class matter, and the increased revenue that will be derived from the extra sale of postage stamps to be placed on postal notes, money orders, and cheques, all of which will reach the sum of at least $4,000,000 after the provisions have been in operation for a year, and in view of the contemplated rearrangement of the air mail service as indicated by the minister, there is no need of such curtail-

ments as are being made; and especially is there no need for cutting from the railway mail service the sum of $35,000 as indicated by the estimates submitted to the house and referred to by the minister the other day.

The minister told the committee that the curtailment of railway mail service was brought about by certain changes in the hours, in the operations of trains and so forth. That is quite true. When I was Postmaster General the same changes were made in the summer time, but it must not be forgotten that when summer changes in the railway time tables bring about a curtailment of railway mail service, the department has to supplement the loss occasioned by that curtailment by the use of highway communication and other means of giving to the public the daily service they received when the trains were running regularly. When the railway service, as occurs in many cases, is reduced from daily to three times a week, the department cannot leave the mail service at only three times a week between the points affected. If they cannot give the service by rail, they must supplement it by highway or steamboat communication—the service must be maintained. I am not saying that the service has not been maintained, but it is no excuse to say that the estimates should be cut down because of changes in railway communication.

The policy adopted by the minister not to increase the mail train service will, I hope, not be put into effect. What is understood by not increasing the railway mail service is that in future there shall be no extension of services by rail or what is known as railway post offices to cities or districts which, with largely increasing populations, must have that service if they wish to keep up with progress. To close up the very necessary service which is known as the railway post office system is detrimental to the progress of the districts interested. Therefore I claim that the minister should not, and I hope he will not, refuse to give those extensions where the business of the country warrants them, even if this should bring about a deficit in his department. I appeal to the minister not to put that policy into effect except in cases where he finds it absolutely essential so to do. Let me add this to what I have already said in this respect: this service plays a large part in establishing better industrial conditions. I hope the government has not lost faith in the country to such an extent that because of the depression which has struck Canada we are going to curtail a service which will help in the future that industrial development so necessary under present conditions.

[Mr. Veniot.]

Another statement made by the minister was that the rural sections cannot expect any extension. Here again I would express the hope that he will see his way clear not to put that into effect. This service is one of the most important of the whole mail service, and no matter what the economic conditions may be, our rural population should not be sidetracked for the sake of practising small economies.

The minister tells us further that the increase in expenditure is caused by the obligations for development of service imposed upon the department by the former administration and authorized by previous parliaments. I am free, Mr. Chairman, to admit that to a great extent this is quite true. Certain obligations were undertaken which must now be carried out, but will the minister and his colleagues in the government claim that the department should have remained still and not have tried to meet the various demands made upon it for improved services, especially in the far-flung areas of Canada, for the opening up of new territory, for better rural mail service—which was to a great extent inaugurated under the administration of your humble servant—and for better train mail service? I appeal to the Minister of Trade and Commerce (Mr. Stevens). Would he find any fault—I am sure he would not—with the attitude of the department in bringing about improvements and efficiency in the train mail service and other mail services that we provided at large expense throughout British Columbia and sections of the territories, such as the Mackenzie valley, the district of Vermilion, and other districts that I could name, where at large expense the department undertook to give the people the service to which they were entitled, and for the lack of which not only had they been suffering individually, but the districts concerned had been handicapped in their industrial development?

Can fault be found because we gave better accommodation for the urban mail service? Will the members representing Toronto, Winnipeg, Montreal and other cities undertake to criticize the late administration and the Post Office Department for the magnificent extra service that was provided during my regime? Toronto, under the regime of your humble servant, was given a postal service and postal facilities unequalled on the continent of America, and that service was inaugurated in the main during the time your humble servant was head of that department. It cost money to do it, but parliament agreed to it. Everything was laid before parliament, and parlia-

ment was satisfied and willing that these improvements should be made.

Vast improvements were also made in the sub-postal service in the city of Montreal, and improvements were contemplated for the future in order to place Montreal on the same basis as Toronto. That system was started under your humble servant, and I hope the minister will see his way clear to carry out what was started in 1929. I hope he will not neglect the city of Montreal, that he will accommodate the people of that city with a better service than they have to-day, and that there will be no neglect because the government wishes to practise small economies. I trust that the improvements at Montreal will be gone on with, so that Montreal may be placed on the same footing as Toronto. True, it will cost money both to the Post Office Department and the Department of Public Works, but when that work is done you will have two of the largest cities in Canada occupying a position in mail service distribution that it will be difficult to equal in any part of the wide world. That is saying a great deal, but that Canada in its system of mail distribution stands to-day ahead of any other country in the world cannot be gainsaid. Not only do we stand ahead of any other country in our system of mail distribution by land and by sea, by rail and by boat, but we stand also at the head of the great American republic in the system that we have inaugurated for the distribution of mail by air. I shall not at the moment go into the details of the distribution of mail by air. I shall reserve my right to deal with that when the item touching the air mail service is before us for consideration. I shall then undertake to prove to the committee, and to convince them if it is possible, and the government of the day, that they would be making the greatest mistake if they curtailed the mail service by air to such an extent as to cripple what is becoming one of the most important mail services in the Dominion of Canada.

I was referring to obligations that had been imposed upon the government in my time, and will now have to be carried out by the department under its present administration. Yes, there were obligations undertaken, others than those I have mentioned. Take for instance the obligation of increasing the salaries and allowances of the rural postmasters in my time, amounting to practically $700,000 or $800,000 a year. Take the obligation of the increased remuneration of the railway mail clerks, amounting to somewhere in the vicinity of $150,000 or $160,000. Take the obligation imposed by the Civil Service Act of statutory increases, amounting to practically $200,000 per year. Take the obligation imposed under the Civil Service Act again of increases given to the inside service at the rate of $120 a year in some cases, and in other cases at the rate of $60 a year, amounting in all during the last three years of my administration of that department to at least $1,500,000. Had the government adopted a niggardly policy in connection with these matters, no increases would have been given to the postmasters in the rural districts, no increases would have been given to the railway mail clerks, and the department would have opposed the bulk sum of increases under the Civil Service Act. But no, we felt that these men deserved the increases they got. If these increases had not been granted, and we had gone on following in the ordinary course, there would have been no deficit in the department at the end of 1930, instead of a deficit amounting to around $1,500,000. The department in 1929, and before that date, would have been able to make both ends meet, even including the air mail service expenditure. But we accepted those obligations, and I know that no member on either side of the house will undertake to blame the late administration for having given these increases in salaries and allowances. I feel I can stand before this committee and the country and rejoice in the fact that I was able at that time, owing to the condition of affairs, to give those increases.

Right here may I correct a statement the minister made the other night. I know his error was not voluntary because I have faith in his integrity, although I may not have a great deal of faith in Conservative administration of the department. I knew he would not willingly make a misstatement to the house. Dealing with the question of reductions in postage the minister stated that the reduction for Canada took place in 1926 and that in the same year a reduction took place on mail rates to the British empire. The reduction in the British empire postage did not take place until December 25, 1928. In order that the record may be clear I wish to make that correction.

The minister made the following statement:

> Notwithstanding the decrease in revenue, all services have been maintained, existing services have been extended and new services inaugurated. The increase in expenditure cannot be said to be due to the present administration but rather to the extensive nature of the service accorded to the public.

I refer the committee to the words:

> All services have been maintained, existing services have been extended and new services inaugurated.

If I am correctly informed the demands for the inauguration of new services have been consistently turned down by the minister and his department. I fail to see where under his administration new services have been inaugurated. But if they were; and he attempted to take credit for them, how can he blame the old government for the total over-expenditure which has taken place since he assumed charge of the department? He who would eat the pudding should have it laid on his table at noon time each day; once it is eaten, however, it is gone. Therefore the minister cannot blame the old government for the entire over-expenditure and at the same time claim credit for inauguration of new services. May I say I have no apology to offer either for the obligation placed upon the country when I was Postmaster General, or for the obligations which the new Postmaster General had to assume when he took office. My only hope now is that the Postmaster General will continue the policies inaugurated by myself and the officials who so faithfully worked under me. I suggest that he continue to extend those services in Canada, notwithstanding the fact that he may fear a deficit; as the country grows, extension of mail services will help to bring about the change in economic conditions so much desired at the present time. My experience of four years in the administration of the Post Office Department has convinced me that there is not another branch of the public service which contributes so much to the expansion of industry and commerce as does the mail service, if properly administered.

The minister told the committee also that the reduction in postal rates made at various times during the regime of the former government has caused a reduction in revenue. It is true that when the postage was reduced the revenue became less. If it had not been reduced I believe the revenue would have been greater at the end of 1927 than it was at the end of 1926. As I pointed out a few minutes ago, however, notwithstanding the reduction the revenue increased by volume of business to such an extent that in the years 1928, 1929 and 1930 they exceeded those of the year in which the reduction was made from three to two cents. The estimates now before the house contain more reductions than those submitted to the house by the department when I was at its head.

I do not intend to take up more time of the committee in this general statement, but shall confine myself to an analysis of the various items as they are called, and especially those which show a reduction this year as compared with last year.

[Mr. Veniot.]

Mr. CASGRAIN: Mr. Chairman, I do not wish to delay the committee, but I believe it to be my duty to make certain observations with reference to occurrences in the present administration of the Post Office Department.

For instance, in regard to the dismissal of postmasters, everybody knows that after the government of the day took office and my hon. friend the present Postmaster General was appointed, a certain letter was published by him in which the statement was made that during his administration he would be as fair as possible to all the postmasters and officials in the inside or outside service. Apparently he wished to leave the impression that the new Postmaster General would act in a way different from his predecessors. We were supposed to be in a new era, experiencing a new venture in politics as compared with previous administrations. However, when we learn what has occurred since the new government took office we wonder if it was necessary to change the government and to put a new minister at the head of the Post Office Department. In the early part of the session there were references to certain famous letters sent to postmasters in different communities asking that an oath be taken by them to the effect that during the time they had been in charge of any postal office in Canada they had not taken any part in the political affairs of the community. In answer to a question put by the hon. member for Shelburne-Yarmouth (Mr. Ralston) the leader of the government said that never in any case did the government act upon the refusal of a postmaster to sign an affidavit to the effect that he had not participated in politics. On March 31, 1931, the right hon. leader of the government expressed himself as follows—and I am quoting from page 553 of the French version of Hansard:

Mr. Bennett: Mr. Chairman, my attention was directed to the observations made the other day by the hon. member for Shelburne-Yarmouth (Mr. Ralston) and to the reply made by the hon. Minister of Justice (Mr. Guthrie). I know that certain letters similar to that mentioned by the hon. gentleman were sent but they were sent only to those against whom charges of partisanship had been made. So far as I know in no case where they have declined to act upon them, unless they have written a communication in which they have admitted their guilt, has dismissal followed. I am bound to say to my hon. friend that there was a suggestion that if they declined to answer their action should be taken as an acquiescence and that they should be dismissed. Needless to say that suggestion was not acted upon?

Mr. Veniot: And will not be acted upon?

Mr. Bennett: Was not and will not be acted upon.

Those are very emphatic words and would give our postmasters a feeling of security as to the way in which dismissals would be made. On page 1067 of Hansard of April 27, 1931,

will be found answers to questions that I put on the order paper. Those answers disclose that in the district which I have the honour to represent certain postmasters were dismissed. For instance, at St. Anne de Beaupré, Raoul Fortier was dismissed upon complaints that were made by my opponent at the last election. The reasons given for the dismissal are as follows:

(Translation)

No inquiry. The postmaster refused to sign a statement denying that he took an active part in politics. Political interference.

It is apparent that there is a discrepancy between this answer and the attitude taken by the right hon. leader of the government as stated in his remarks which I have quoted, that in no case would the government take action for the dismissal of any employees simply because they refused to sign the famous affidavit to the effect that they had not been engaged in any political activities. In this very case I submit there was no reason for the dismissal of the postmaster, the only complaint against him being that he had simply refused to sign that affidavit. This man was dismissed because he had refused to sign the declaration as requested by the officials of the Post Office Department. In this particular case there is something very difficult to understand. As soon as the present government took office apparently everybody from near and far who could make any claim to reward for political activity eagerly came forward to obtain a position in the public service, and at the post office in question there is a person in charge temporarily pending appointment by the Civil Service Commission. But we find that there is a difference of opinion among the various members of the Conservative party as to who should land this job, as is evidenced from a perusal of the return filed in response to my motion for papers and documents relating to dismissals of postmasters. For instance, here is a letter on September 22, 1930, signed by one J. G. A. Couture, addressed to the hon. Postmaster General:

(Translation)

Ste-Anne-de-Beaupré,
Sept. 22, 1930.

Hon. Art. Sauvé,
Postmaster General,
Ottawa.

Sir,—

We hear that it is practically decided to remove the post office of Ste-Anne-de-Beaupré and that Mr. Ratte, on the recommendation of Mr. Maher, of Quebec, will be appointed postmaster. If Mr. Maher wishes to favour a personal friend, all very well, we have no criticism to make, however, what we do find unreasonable is that this post office should be located at a considerable distance from the centre of the village, more than half a mile away from our famous basilica; we must protest against such a change and we trust that you may see fit to vindicate the interests of a whole village preferably to that of a private citizen, and that, if the post office must be removed, you will find a suitable locality in the centre of the village, convenient to the numerous tourists who visit us every year.

Trusting that you will give this matter your earnest attention, we beg to remain, sir,

A number of sincere Conservatives of Ste-Anne.

(Sgd. J. G. A. Couture.

There are, sir, other letters in reference to the same request. The following is another written by Mr. Raoul Fortier, the postmaster:

May I add that if you have in any way at heart the interests of the public, this post office should not be located in his residence and that you should insist that he chooses a suitable locality in the centre of the village.

I have other very interesting letters. For instance, we find that on November 20, 1930, Albert Godbout who was postmaster previous to the appointment of Fortier, in 1922 or 1923, writes to the Postmaster General as follows:

Who is entitled to have the post office? I am the only one who has a suitable place, in the centre of the village; I have the necessary qualifications and have always given entire satisfaction to the public during the years I was postmaster; I need the position because my work only lasts a few months during the summer. There is but one objection, which comes not from the citizens of Ste-Anne-de-Beaupré—you are aware of this through the requests and letters which were addressed to you—but from Mr. Maher, a novice in the ranks of the Conservative party, notwithstanding his ability, he is not in a position to know what the Hon. T. C. Casgrain, Belley, Forget and others, the old Conservative leaders, knew of the Simard and Godbout families in regard to the good work they carried on in their parish and how deserving they are. Certainly, they should not be dealt with unjustly. I wished to place these facts before you as you are the Postmaster General and we knew you long before the arrival of Mr. Maher in our county. We place our trust in you.

These comments, sir, show that all who seek the appointment of postmaster are somewhat divided as to the question of the best site for the post office and as to the choice, among the Conservative party followers, of the person who is most deserving under present circumstances.

The following is another letter, dated January 9, 1931, from Mr. Aimé Couture which was addressed to the Postmaster General:

We protest against placing the post office too far away and request that it be located in the centre of the village.

This is, sir, how the matter stands as regards the post office of the parish of St. Anne de Beaupré. You will first note the statement made by the leader of the government in the middle of March, to the effect that post-

masters who refused to sign the requested declaration would not be dismissed unless an inquiry was held. If I be not mistaken, I think the postmaster referred to was dismissed before holding an inquiry. I am not certain whether an inquiry was held since then, however he was dismissed. The principal reason alleged for his dismissal was because he refused to sign the famous affidavit, asserting that he took no part in the election. Now, sir, a second question arises. Let us suppose that this affair is not entirely clear and that an inquiry was held—if it took place.

I think, sir, it will interest the house to know that at present there is a fight taking place in that county—according to the letters which I have just read—with the result that many persons, followers of the party in power, are seeking this position and endeavouring by all possible means to get the appointment, quoting, to establish their claim, their past services to the party. Others contend that the locality, Mr. Siméon Ratté's residence, is not as suitable and central as the present site is for a post office.

There are other questions, sir, which will be discussed shortly with the Postmaster General. The Postmaster General's estimates afford us the only opportunity we have to submit not all the so-called grievances which are addressed to us but the real grievances against the administration of the Post Office Department in the respective counties we represent. On April 27 last, I had the privilege of submitting to the Postmaster General a complaint as to the way things were run at the post office of St. Fidèle, in the county of Charlevoix. According to the letter that I had then received and which I sent to the hon. Postmaster General, this office was so badly run that it was necessary to make two or three trips in order to obtain one's letters, newspapers or parcels. The complainant, Mrs. Louis Desbiens, a widow, contended that there was a young girl employed in the post office as help to the postmistress, who assumed rights to which she was not entitled and bossed everybody. I requested the Postmaster General to remedy this state of affairs, if necessary to hold an inquiry and have this person cease bossing everybody, be fair and give satisfaction to the people of that district. My letter of April 27 has not yet been answered; perhaps the inquiry is being held at present; at all events, the people of that county would very much like to know how things stand and if the postmistress will really be replaced in that locality.

It is held, sir, that when we were in office we greatly made use of the guillotine and we endeavoured to dismiss every postmaster.

I can state that the person to whom I have just alluded was in charge of the post office long before I ever sought the mandate of the county I represent. She was not dismissed by the Liberal government. I am complaining of an existing grievance which should be remedied in the interest of the people of that section of the country I have just mentioned.

Another important matter. It is asserted that the postmasters who took an active part in politics may be dismissed after an inquiry is held—when the sitting member puts in such a complaint—it is well understood that it is generally the member of the county who puts in the complaint and requests the dismissal of certain postmasters after an inquiry is held, if deemed necessary. I protest, sir, because many of my constituents have asked me to do so. Quite a number of my constituents bitterly complain that notwithstanding the trust they placed in my humble person, the defeated candidate seems to have enough influence with certain members of the government to do what he likes and demand certain dismissals. This practice is indulged in by both sides of the house. Such a practice should not exist. My constituents have said to me: We have elected one candidate, we have elected him to represent us. That is the person whom we wish to represent us in the house, and we cannot see why another person who has not been entrusted by us with such a mandate has the power of dismissing or appointing postmasters or other public officials. At a place known as Sault-au Mouton, near Mille-Vaches, a postmaster had been appointed under the preceding administration, perhaps on the recommendation of the local people, vouched for by your humble servant. This person, evidently, during the last election, for one reason or another, actively took part in the election, and, on certain occasions, according to the information I have before me, made certain remarks in his store, in the post office and also at the church door, even in a political sense speaking against your humble servant and the party to which I belong.

This gentleman who evidently is a friend of the party in office is to-day in the service. I wonder if there are two weights and two measures. If those who took an active part in politics on the Liberal side must be punished because they have violated the Civil Service Act, I wonder why those who actively supported the party in power should go unmolested. Is it not unjust to dismiss only those who favoured the Liberal party? There must then be two weights and two measures. My request would probably be brushed aside by the hon. Postmaster General (Mr. Sauvé),

were I to ask him to hold an inquiry on this gentleman who took an active part in the election, even more so than others did in the interest of the Liberal party. I am not aware of anything having been done by the Post Office Department to call this gentleman to time. If it be wrong for a Liberal servant to meddle in politics, the same rule should apply to Conservatives who meddle in politics, in violation of the Civil Service Act.

I shall now point out another post office in the county that I have the honour to represent, at St-Irénée-les-Bains, where political activities have always taken place. Before I represented the county, postmasters were immediately dismissed after each election, this without an inquiry, simply because the elected candidate made a list of all those who he wished dismissed and another of those to whom he wanted to give these positions. I heard that such lists were on file in the Post Office Department under previous administrations, before the advent of the Liberal party in 1921. In the locality just mentioned, an inquiry was held as regards the political activities of the postmaster, the most important witnesses who gave evidence against the postmaster were: Miss Jacqueline Gauthier, a young girl of 12 years old and a Miss Alliette Gauthier, 16 years old. There was another witness of 70 years old, a Mr. Pit Gauthier, the latter was appointed caretaker, or rather postmaster.

Mr. SAUVE (Translation): Was he appointed postmaster or caretaker?

Mr. CASGRAIN (Translation): Postmaster.

Mr. SAUVE (Translation): I understood caretaker.

Mr. CASGRAIN (Translation): Postmaster. A good Conservative.

Some hon. MEMBERS: Oh! oh!

Mr. CASGRAIN (Translation): Well! I respect those who have such convictions. He was appointed postmaster when 70 years old, at an age when civil servants must retire from the service and be pensioned off.

Mr. VENIOT (Translation): At 65 years old.

Mr. CASGRAIN (Translation): At 65 years old. He was appointed at the age of 70 and today he is still in the service. He was the person who gave evidence at that inquiry and I am led to believe that the two young girls bearing the same name and of the ages of 12 and 16 respectively, are his daughters. I do not wish to assert it, but I believe it.

There is another person, a man by the name of Elphège Tremblay, 36 years old, who also gave evidence. However, in his report the commissioner who held the inquiry especially relies on the evidence of the two young girls, whom I have just mentioned, in arriving at the conclusion that the ex-postmaster, Mr. Joseph Girard, truly meddled in politics and is supposed to have taken a much more active part, at election time, than one could in all fairness expect.

I bring out these facts in order to show that in numerous cases an inquiry is held with a well defined intention of dismissing the postmaster. The only thing then needed is one or two persons, whatever may be their age, to give evidence of an insignificant character in order that those making the inquiry may find an excuse for dismissing the postmaster. It was well understood, even before the inquiry, that the postmaster in question was to be dismissed.

In the case mentioned, the ex-postmaster had been called to give his evidence, as well as about ten of the most responsible persons of the parish and district. The ex-mayor, the Messrs. Napoléon Tremblay, Edmond Gauthier, Lucien Girard, Médéric Gauthier, Joseph Trudel, the present mayor, Michel Tremblay, François-Xavier Gauthier, had all given evidence that the postmaster, to their knowledge, had not meddled in politics and had not acted in a way that might be prejudicial to the interests of the Conservative party.

I am placing these facts before the house to show that often these inquiries are not seriously carried out and the conclusion is based on the evidence of individuals like those I have just pointed out: two young girls who, I have reason to believe,—I do not wish to assert it, in all fairness to the new postmaster —were the daughters of the new postmaster. The latter, who was seeking the position, was appointed later on, he also gave evidence himself against his predecessor. He had without the shadow of a doubt an interest in doing so.

An hon. MEMBER (Translation): Carried.

Mr. CASGRAIN (Translation): Not yet; I have other cases to bring forth. Another dismissal took place in the county which I am privileged to represent, at a place called "Les Eboulements". In the latter place, the inquiry was held, and I wish to state in all fairness that there may have been some ground for the conclusions arrived at by the commissioner. However, I find in the correspondence placed on the table of the house that the parish priest wrote

personally to the hon. Postmaster General, on October 21, 1930, and made certain representations as regards the special qualifications of the postmaster who was then in office and over whom an inquiry was to be held. He stated that the latter was the best qualified person to fill the post to the satisfaction of the entire population of the village. In this letter which follows, he specially points out:

Last year, we succeeded in obtaining a suitable post office kept by a competent and serious person. Mr. J. H. Tremblay, appointed postmaster five or six months ago, almost against his own wishes but on the insistence of all well thinking persons, he fills the post to perfection.

Moreover, I believe he is the only one in our village who measures up to the qualifications required by the Civil Service Commission. I take the liberty of writing to you these facts so as to earnestly request you to see that this gentleman is not dismissed, notwithstanding the intrigues of a small group of people who believe that after an election, the world must come to an end.

Mr. DUGUAY (Translation): This is no compliment to that group of persons.

Mr. CASGRAIN (Translation): No, not quite. The hon. member for Lake St. John (Mr. Duguay), in the course of his long career—if he has had a long career in this house as representative of the people of his county—will learn that often people are specially fitted and qualified to fill certain posts, either because they are more temperate, more moderate or more conscientious and are held in high esteem by all in the locality, and this, in preference to others who may perhaps be possessed of a higher education, but who, owing to their character, their ways and in certain cases their life in the past, have not the sympathy and consideration of the public which they must serve. And it is, I think, with these considerations in mind that the parish priest wrote that letter to the hon. Postmaster General. I make this statement subject to correction of course.

Mr. MERCIER (St. Henri) (Translation): Who signed that letter?

Mr. CASGRAIN (Translation): The Rev. J.-C. Tremblay, parish priest of "Les Eboulements".

I take the liberty of writing to you to earnestly beseech you to see that this gentleman is not dismissed, notwithstanding the intrigues of a small group of people who believe that after an election, the world must come to an end. I do not care to know whether Mr. Tremblay is "red" or "blue," I place myself above party affiliations, from the viewpoint of the public welfare of our village. For a number of years, the post office here was, at certain hours, a disorderly place. We have remedied this, especially by having appointed as postmaster a man who has the authority of seeing that order is kept and that people behave. Nothing would be so regrettable as to see this good brought to nought through the whims of petty local political grudges.

Not wishing, sir, to take up any more of your precious time. I earnestly beg of you to allow Mr. J. H. Tremblay, the present postmaster of "les Eboulements," to carry on his work. I personally ask this favour, without being urged by anybody, nor influenced by political motives, but conscious of doing my duty and with the public welfare in view.

I know, judging by the public spirit which you have always shown in the past and which has always drawn my open admiration, that you are a man who understands the sentiments which have prompted me in the above request and have also induced me to place the common weal above petty party intrigues. . . . And I shall unceasingly pray.

Mr. GOBEIL (Translation): Who signed that letter?

Mr. CASGRAIN (Translation): The parish priest, the Rev. Mr. Tremblay. It is on file, I do not hide it; he did it in good faith and that is why I have read it.

I now wish, sir, to broach another subject. It cannot be further held that it is owing to the unsettled public finances that certain expenditure is not carried out in the Post Office Department. I am aware that the hon. member for Gloucester (Mr. Veniot) took up with the hon. Postmaster General the financial question of this department. I do not wish to venture on these grounds simply because I do not think I have the knowledge required, nor am I well acquainted enough with the work of the Post Office Department. May I, however, simply draw the attention of the Postmaster General to the fact that last year, it was thought proper, following the policy inaugurated by the ex-Postmaster General, to establish certain rural mail routes in order to link certain centres, ranges (rangs), concessions and districts to certain villages. Many of these routes were provided under the Liberal regime. Last year, in 1930, a rural mail route had been decided upon and was to be established in a locality near Murray Bay, between Pointe-au-Pic and St-Irénée; another in the parish of St-Tite-des-Caps, county of Montmorency, and also at a place called Courcelette, in the parish of St-Fidèle, Charlevoix county. Many of these rural mail services are not in operation. I must add, in all fairness to the hon. Postmaster General, that after I had discussed this matter with him—he is very obliging, and when he can do something he does so—one of these routes was put into service, either by his orders or those of his deputy. At St-Tite-des-Caps the routes had been decided upon and were to be put into service, however, they are not in operation yet.

An hon. MEMBER (Translation): Why did you not make this request when you were in office?

Mr. CASGRAIN (Translation): These rural mail routes were ordered by the late administration, tenders were asked for last summer (1930), and contracts were ready to be given out. Since tenders were asked for and that it is a question which affects the whole district's welfare, it is in the public's interest, to my mind, that this mail service be established as soon as possible.

In this respect, I wish to point out to the Postmaster General what is happening in his department. In the present case both the present and the late administration must be blamed. When it is a question of rural mail service an endeavour is often made to induce contractors to tender at too low a figure so that they are left in a position to pay only miserable wages. In the interest of the Post Office Department and in order to obtain a suitable service throughout the country, the government should not be so sparing, it should show itself more generous in the grants of mail contracts and accept tenders which are sometimes not the lowest in order to provide a better service. Paltriness and parsimony in the administration of a department like that of the post office should not exist. When reductions are made in the budget of the mail service, as it was done this year, sooner or later the efficiency of the service suffers and considerable trouble follows throughout the country districts.

For instance, a Mr. David Morency, of St-Tite-des-Caps wrote on—

Mr. MERCIER (St-Henri) (Translation): Will you allow me a question? Would it not be possible with the new three cent stamp in force to obtain all you request?

Mr. CASGRAIN (Translation): I have my doubts, even with the excellent measures which the government intends to enact.

An hon. MEMBER (Translation): You have not forgotten the policy of your own government.

Mr. CASGRAIN (Translation): This gentleman wrote on April 8, 1931, to the postal service, at Ottawa, a letter from which I read the following excerpt:

By the same mail that I am writing to you I am forwarding my final tender to the Post Office Department, at Quebec, in connection with the rural mail contract. I am asking $795 in order that this contract will not be given to Liberals. Ever since December, the tenders have been getting lower every month. They must surely now be low enough, otherwise we shall have to appeal to the generosity of the hon. Mr. Bennett in order to provide for his mail carriers, if they are to have their three meals a day.

What I wish to bring out, sir, is that in connection with these mail contracts—whether they emanate from Conservative or Liberal governments—there should exist some standard upon which tenders should be based in order that those who are given these contracts should be afforded enough to provide for themselves and their families, and also be in a position, when the year finishes, to make both ends meet, thereby not be forced to declare a deficit.

An hon. MEMBER (Translation): They must also provide for their horses.

Mr. CASGRAIN (Translation): And also their horses. I would request the Postmaster General—I know he is well disposed, to be fair to everybody by providing such rural mail service and not discontinuing any, and this, in the interest of all the districts mentioned, because this rural mail service is indispensable to the good administration of the Post Office Department. I feel confident that the government will acknowledge its necessity and establish as soon as possible these various rural mail services.

Mr. FAFARD (Translation): Mr. Chairman, the speech of the hon. member for Charlevoix (Mr. Casgrain), somewhat puzzles me. I understand, according to his remarks, that the hon. Postmaster General dismissed some postmasters. Could he tell us how many were dismissed in the province of Quebec?

Mr. SAUVE (Translation): I shall first give an answer to the hon. member for "l'Islet" (Mr. Fafard); his question is a serious one and I want my answer to be so. He must have read Hansard since the outset of the session and he must have noticed the number of postmasters who were dismissed since August, 1930, as well as their names. If he wishes I can give him the page of Hansard where he can read for himself the names of these postmasters, as well as where the post offices are located. If the hon. member for l'Islet desires I can give him an immediate answer.

Mr. FAFARD (Translation): That is precisely what I asked for.

Mr. SAUVE (Translation): 205.

Mr. VENIOT (Translation): Would the hon. Postmaster General speak a little louder and give us the number of dismissals?

Mr. SAUVE (Translation): 205.

Mr. BRASSET (Translation): Have there been any dismissals since that time?

Mr. FAFARD (Translation): How many in the province of Quebec?

An hon. MEMBER (Translation): Is that in one day?

Mr. SAUVE (Translation): 101 in the province of Quebec.

Mr. FAFARD (Translation): I can hardly understand that out of 205 dismissals of postmasters, almost half belong to Quebec. I can only see one possible explanation: namely that the hon. Postmaster General held inquiries not only in respect to federal political activities but also as to provincial activities, and I think that some dismissals must have been made because certain postmasters would not vote for the hon. Postmaster General when he was a member of the Quebec Legislature. And what I have just stated is a more serious state of affairs than one imagines. I have before me a letter which will prove to the hon. Postmaster General that he has dismissed postmasters because they meddled in politics and that he is replacing them by persons who are taking a more active part in politics than the former. I shall read only an excerpt:

Will you be kind enough to take up this matter . . .

. . .The dismissal of the postmaster of St. Roch-des-Aulnaies, in my county, was requested:

Will you be kind enough to take up this matter without delay because our provincial elections will soon take place. If this matter was being acted upon, we would be in a position to obtain wonderful results in the parish of Saint-Roch.

And the person who asked for the dismissal of this postmaster, writes a long letter to the Postmaster General to assure him that he has been a Conservative all his life and gives proof of his honesty.

He ends by saying. . . .

An hon. MEMBER (Translation): He is a great partisan.

Mr. FAFARD (Translation): He ends by saying.

I therefore rely on your best endeavours, and rest assured that you shall have your reward.

An hon. MEMBER (Translation): What is the name of this gentleman?

[Mr. Veniot.]

Mr. FAFARD (Translation): It is a letter written by Mr. Arthur Ouellette, of St.-Roch-des-Aulnaies to Mr. Boniface Bélanger, an ex-candidate of Mr. Sauvé.

Mr. SAUVE (Translation): Mr. Chairman, among these 205 dismissals one must not forget that there are cases of bad administration and that they are not only cases of political partisanship. I am somewhat astonished to note that the hon. member for l'Islet (Mr. Fafard) and the hon. member for Charlevoix (Mr. Casgrain) seem to be offended over these dismissals. I just took my cue from the leader of their party, the right hon. leader of the opposition (Mr. Mackenzie King), when he was Prime Minister of Canada; in 1923, he stated in this House that the policy to follow—a policy moreover followed by previous governments —was to hold an inquiry when serious complaints were made, appoint a commissioner and accept his decision. The hon. member for l'Islet and the hon. member for Charlevoix-Saguenay may read in the Hansard of 1923, the statement of the right hon. Mr. King. It is also the rule to follow when the Postmaster General does not wish to take upon himself the responsibility of dismissing a postmaster without a serious complaint or without first having held an inquiry.

Mr. BOUCHARD (Translation): Did not the hon. Postmaster General state, following the election, that he would not indulge in political dismissals? He was given great credit throughout the country for having made this statement. However, does he not now mix up politics with these dismissals?

Mr. SAUVE (Translation): The hon. member for Kamouraska (Mr. Bouchard) is a man of letters, an author; he will allow me to express to him my astonishment in noting that he has not carefully read the statement I made at that time. I stated, following my appointment to the cabinet, that no dismissals would be made by my department without having the proof of the guilt of a postmaster, either as regards bad administration or political interference. That was my statement and it seems to me that it is quite clear.

Mr. BOUCHARD (Translation): I wish to thank the hon. Postmaster General for the fine compliment he has paid me, however, I think he deserves these more than I do in the present circumstances, because of the admirable letters he wrote to the postmasters of Quebec.

Mr. SAUVE (Translation): With reference to these letters.

Mr. MERCIER (St. Henri) (Translation): You clearly understand; you are also a man of letters.

Mr. SAUVE (Translation): For a long time we have understood one another well.

Mr. MERCIER (St. Henri) (Translation): The inconvenient part of it, is that one is in the Post Office Department.

An hon. MEMBER (Translation): And the other in the ditch!

Mr. SAUVE (Translation): As to the letters addressed to postmasters they were sent with the purpose of affording them a fair deal and also to avoid the costs of an inquiry. I loyally stated to a representative of the Toronto Globe, that the first letter had been altered, because the hon. member for Shelburne-Yarmouth (Mr. Ralston) had drawn my attention to the fact that the French version did not convey the same meaning as did the English version. I altered this letter and I think that there is no ground to reproach me for having done so. I had in mind protecting the postmasters and notifying them that charges had been made against them. If they confessed being guilty of political interference, the costs of an inquiry were avoided. If they wished for an inquiry, it was granted. I think that such a course was but reasonable.

An hon. MEMBER (Translation): If they said: Yes, no inquiry. If they said: No, you held an inquiry.

Mr. SAUVE (Translation): We ordered an inquiry, if a sworn statement was made. The ex-Postmaster General knows all about this. A sworn statement is made to the effect that the postmaster has been guilty of political interference; we then appoint a commissioner to hold the necessary inquiry and we base our decision on the commissioner's report. I must add that all inquiries were not followed by dismissals, there were a number of cases where the evidence was not sufficiently convincing.

An hon. MEMBER (Translation): Did this commissioner also make inquiries in connection with cases of administration?

Mr. SAUVE (Translation): The commissioner, no; but officials of the department did. When it is a matter of administration, an official of the department is sent to make an inquiry regarding the administration of the post office. When it is a matter of political interference, a commissioner is appointed by an order in council; he questions witnesses under oath and we base our decision on the results of his inquiry.

Mr. MERCIER (St. Henri) (Translation): Where did you take these commissioners?

Mr. SAUVE (Translation): That depended on the provinces. When the matter concerned Ontario, we sought him in Ontario, and when it concerned Quebec, we went to Quebec.

Mr. MERCIER (St. Henri) (Translation): Am I given to understand that such was the case in the Lake St. John district?

An hon. MEMBER (Translation): They were always Conservatives.

Mr. SAUVE (Translation): I did not first inquire whether the person suggested belonged to the Conservative or Liberal party.

Mr. STITT (Nelson): Mr. Chairman, I listened to the remarks of the former Postmaster General (Mr. Veniot) with a great deal of interest and no small amount of amusement, especially to the statement, or rather the plea, he made to the present Postmaster General (Mr. Sauvé) that he follow in his footsteps and carry out the policies inaugurated by the former administration. I do not intend to criticize the previous administration of the Post Office Department, as I am only a new member and do not know very much about it, but as far as the dismissal of postmasters is concerned, I sincerely hope that the present Postmaster General does not follow in the footsteps of his predecessor.

I should like to direct the attention of the committee to one specific case in my own constituency. In the town of Slater a gentleman named Mr. Hrushowy, who had been postmaster for fifteen years, was dismissed in 1927 without any just cause or reason being given. He wrote several letters and had his lawyer send several communications to the department asking the reason for his dismissal. Finally a reply was received from the Postmaster General. This letter is dated Ottawa, October 24, 1927, and reads as follows:

Mr. C. A. L. Murchison,
722 McIntyre Block,
Winnipeg, Man.

My Dear Sir,—

On my return to Ottawa, my secretary placed before me yours of the 13th instant, with reference to the dismissal of Mr. Hrushowy as postmaster at Slater. I note you are under the impression that he was dismissed on recommendation of Mr. Bird, M.P. This is not the case, as Mr. Bird had nothing to do with it. The dismissal was made on the recommendation of the executive of the Liberal association. I do not see how I could now reinstate him.

Yours very truly,
P. J. Veniot.

Since I came to Ottawa I have written several letters myself in an effort to find out the reason for this man's dismissal. I appreciate the fact that since a new postmaster has been appointed it would be rather a hardship to let him go in order to put Mr. Hrushowy back on the job, but in justice to a man who has served for fifteen years, I think the reason for his dismissal should be given.

Mr. Bird, my predecessor, did not make any objection to this man, and the letter of the Postmaster General states quite frankly that the dismissal was made at the request of the Liberal association. Does the committee consider that this man has received a fair deal? Again I suggest to the present Postmaster General that he should not follow in the footsteps of the former incumbent of that office.

Mr. SPEAKMAN: Mr. Chairman, if I may revert for a moment to the item before the committee, I wish to direct attention to a situation which has arisen in the province of Alberta. In this connection I have had some correspondence with the Postmaster General (Mr. Sauvé), and I believe he is familiar with the facts. This situation arises through the application of the minimum wage law, to the assistants employed by the postmasters in the small towns throughout the province. While most of us are distinctly in favour of a minimum wage, we must realize the effect which this act must have upon postmasters whose salaries are based upon a totally different principle. In many cases the application of the act has doubled the remuneration received by these girls, as well as shortened the hours of work. I have no complaint to make with respect to minimum wage laws, nor do I think these girls are receiving too much, but the committee will readily see that it places the postmasters in a very difficult position. I believe that the Postmaster General is familiar with this matter, and that it is being taken into consideration with a view to seeing whether something cannot be done to meet the situation. I urge that action be taken.

There is another matter to which I would direct attention, one of general application which has some connection with what I have just mentioned. I have received numerous requests from postmasters located in the smaller points who receive very low salaries and are dependent upon commissions on sales of stamps for the larger part of their remuneration. They are very anxious to know what policy will be followed now that a three cent rate has been put into force—what percentage of commission will be paid, whether it will remain the same as it was under the two cent rate, and how soon, if changes are to be made, they may expect them. In other words they would like to know how soon they may have some reasonable understanding as to their probable income during the coming year. I should be glad if the minister could make some statement on that point. As I say, I am speaking at the request of a number of the postmasters, particularly at smaller points, who have written to me in respect of both these questions.

Mr. SAUVE: The application of the act has not yet been made to the postmasters.

Mr. SPEAKMAN: I think, however, notice has been given that it will be. Is the minister prepared to make any statement as to the commission that will be paid under the three cent postal rate?

Mr. SAUVE: We are considering the matter.

Mr. SPEAKMAN: A decision has not yet been reached in that regard?

Mr. SAUVE: No.

Some hon. MEMBERS: Carried.

Mr. VENIOT: Let me say to hon. members opposite that to call "carried" does not mean that the item is passed. They will be treating the minister more fairly if they do not make these interjections, because the more they call "carried" the more I will oppose it. I have privileges as a member and I do not think it helps the minister at all for hon. members opposite to keep on interrupting by calling "carried."

In reply to the hon. member for Nelson (Mr. Stitt) and his expressed wish that the present Postmaster General shall not follow along the lines adopted by the former one in the matter of dismissals, I have just a word to say. I occupied the position of Postmaster General from the 26th day of September, 1926, to the 7th or 8th day of August, 1930.

Mr. SPOTTON: Too long.

Mr. VENIOT: It may have been too long, but I may tell the hon. member who interrupts me that he never applied to my department without getting a fair deal. The only thing I hope for is that he will get as fair a deal from the present Postmaster General as he did from me, although he does not deserve it.

I have been accused of wielding the political axe. I shall not say that I did not

wield the political axe, in a sense. I was not going to refer to this matter, but since the friends of the present Postmaster General have taken the matter up and attacked me, he may have to raise the cry, "Save me from my friends." Had they not raised the question I would not have dealt with it, but I am forced to deal with it in self-defence.

An hon. MEMBER: Don't worry.

Mr. VENIOT: I am not worrying. That is the reason I am standing here, and I hold in my hand the means of protection. During the four years that I was in office the changes made in the Post Office Department amounted to 602. The classification of dismissals effected by me during those four years and the reasons given are the same as in the case of the present Postmaster General. Therefore, so far as dismissals are concerned, we are both politically and otherwise on the same basis. During my tenure of office 602 postmasters were dismissed for various reasons as follows:

Short in finances and irregularities..	94
Political causes..	144
Abandonment of post office..	4
Unsatisfactory service and in the interests of the public..	274
Change in location..	80
Farming out of office..	2
Reinstallations..	4

That makes a total of 602 in four years. We have the same classification in the case of the present Postmaster General over a period of ten months. Let us see who has applied the political axe with the greater vigour. In the returns laid before parliament I find the following reasons given for dismissals:

Irregularities and short in finances..	27
Services unsatisfactory..	28
Change of location..	28
Political causes..	112
Reinstallation..	1
Abandonment of office..	4
Total..	200

The Postmaster General stated to-night there were 205, but I have been able to account only, according to the statement submitted to the house, for 200.

Mr. SAUVE (Translation): How many dismissals were there in 1927?

Mr. GOBEIL (Translation): 378.

Mr. VENIOT: During the four years of my tenure of office I dismissed 144 for political reasons while the present Postmaster General in ten months has dismissed 112 for the same causes. Who is the greater political axe-wielder?

Mr. STITT (Nelson): Did the present Postmaster General dismiss the number that the hon. member gave just now at the request of the Liberal executive of the province of Quebec?

Mr. VENIOT: No.

Mr. STITT (Nelson): The hon. member did in his case.

Mr. VENIOT: My hon. friend has made a mistake. He has Conservative in his head.

Mr. STITT (Nelson): Thank heaven I have.

Mr. VENIOT: No, the present Postmaster General did not dismiss them at the request of the Liberal executive, but there are dismissals he made on the recommendation of the Conservative committee. He knows it; I know it and can prove it.

Mr. STITT (Nelson): Well, he is wrong if he did.

Mr. SMITH (Victoria-Carleton): Name them.

Mr. VENIOT: I will name the hon. gentleman before I get through. I will bring the hon. gentleman's case before the committee for its consideration before I finish to-night, or as we shall likely have another field day on this matter to-morrow, if the Postmaster General comes before us again with his estimates, I can then give the record of the hon. member for Victoria-Carleton with regard to dismissals in his county. I have under my hand the record showing where he recommended the dismissal of a returned soldier with seven children, and this was done illegally. I regret to say that the Postmaster General allowed himself to be led astray in regard to an illegal dismissal. I can prove that it was illegal, under the Civil Service Act. This is the hon. gentleman who stands in his place now after recommending the dismissal of a returned soldier with seven children, a man who had four brothers at the front fighting along with him.

Mr. SMITH (Victoria-Carleton): The hon. member's statement is absolutely untrue.

Mr. VENIOT: I have the hon. gentleman's statement under my hand and I will submit it to the committee. I have his record. I have the record of the Postmaster General.

Mr. GOTT: Withdraw.

Mr. VENIOT: I will not withdraw.

Mr. SMITH (Victoria-Carleton): I challenge the hon. gentleman to produce a letter to bear out his statement.

Mr. VENIOT: I have the statement and the hon. gentleman's letters under my hand.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Order. Will the hon. member confine himself to the item before the committee?

Mr. VENIOT: I was challenged by the hon. member.

The CHAIRMAN (Mr. MacDonald, Cape Breton): That does not make any difference. The matter is out of order. Will the hon. member confine himself to the item before the chair?

Mr. VENIOT: Then let the hon. gentleman remain quiet in his seat, and not issue any more challenges to me on this question to-night. Let him keep his challenges until to-morrow and I will produce the evidence.

The Postmaster General wants to know how many postmasters I dismissed in the province of Quebec in the first ten months I was in office. I have not the figures in detail here, but I can tell him this, that during the first seventeen months I was in office there were 115 dismissals in the province of Quebec, and during the first ten months that my hon. friend has occupied the position of Postmaster General the number of dismissals in the province of Quebec was 99. So we are not running too far apart after all.

The item we are discussing is No. 358. I want to call the attention of the Postmaster General to what I think is an error in the estimates, so that he may look into the matter to-morrow and have the error corrected or an explanation made—a correction will facilitate the passing of the estimates. The estimate submitted by the Postmaster General this year for stationery and printing is $490 000, and in the comparative column for 1930-31, the last year I was in office, the estimate for that year is given as $865,623. The only estimate submitted to the house by me at that time was $490,000. The explanation may be that included in that $865,623 is an amount of $375,623 for the payment of back debts due the printing establishment. If that explanation is correct I would point out that that $375,623 was voted in the supplementary estimates at the opening of parliament in March of this year, and has no right to appear as an estimate submitted by me to the house for 1930-31. But by including it in the estimates that I submitted to the house for 1930-31, it is made to appear that there is a reduction as between the present estimate and the estimate I submitted last year of $375,623, which is misleading. I think the explanation is that this $865,623 includes the amount I have mentioned for printing and stationery which was accumulating over several years. I have no objection to that amount being paid, but I do object to the record being falsified as it is—perhaps not intentionally, but the record is wrong as it stands; for I never submitted to the committee of supply for the year 1930-31 the amount of $865,623. The only amount I submitted for printing and stationary was $490,000. I would like the minister to look into the matter and let us have his version of it to-morrow.

As I said at the opening of my remarks to-night, the vote now before the committee, Mr. Chairman, is a bulk vote comprising twelve or fourteen different items, and there are various matters to be discussed under it. We must have an opportunity of going into the details, and while the minister could not reasonably have expected the vote to pass in bulk to-night, he must not be disappointed that none of his estimates have been adopted at this sitting. I have had the experience, which I hope the present minister never will have, of sitting for nineteen days before I could get a single item through. We do not intend to hold the minister that long; whatever criticism may be offered this session will be, so far as I am concerned, friendly criticism. If I have any blame to place on the department for not carrying out certain things which hon. gentlemen opposite advocated when in opposition I am not going to blame the present minister, but I am going to criticize the present Minister of Justice, the Minister of Railways and Canals, the Minister of Public Works and the Prime Minister, who when in opposition demanded such enormous changes from your humble servant and pledged themselves to carry them out if they ever came into office; but to-day they are as dumb as oysters. I see nothing in the estimates with regard to these things. I am not going to criticize the Postmaster General for that, but I am going to condemn others.

Item stands.

Progress reported.

BANKING AND COMMERCE

Ninth report of the select standing committee on banking and commerce.—Mr. Hanson (York-Sunbury).

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

Friday, July 17, 1931.

The house met at three o'clock.

BANKING AND COMMERCE

Tenth report of the select standing committee on banking and commerce.—Mr. Matthews.

PRIVILEGES AND ELECTIONS

Mr. R. B. HANSON (York-Sunbury) moved that the second and final report of the select standing committee on privileges and elections be concurred in.

Motion agreed to.

GASOLINE DUTIES

On the orders of the day:

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, I asked a question yesterday of the Minister of National Revenue (Mr. Ryckman). Could the minister give me an answer to-day?

Hon. E. B. RYCKMAN (Minister of National Revenue): Mr. Speaker, the question asked by the hon. gentleman concerned a headline appearing in the newspapers, as follows:

Announcement of new duties on refined gasoline was made yesterday.

This statement is hardly correct. The value for duty of gasoline is appraised by the department from time to time, and on July 11, 1931, a bulletin was issued by the department appraising the importations of refined gasoline from various refining points in the United States. I have no doubt the hon. gentleman will find some satisfaction in the fact that the values for duty have been reduced.

Mr. BOTHWELL: Could the minister give the house the changes which have been made?

Mr. RYCKMAN: I cannot give what they were before because they were carried out to the third decimal point, but it may be of assistance to my hon. friend to read the bulletin issued on July 11. It reads as follows:

	Wine gallon cents
Pennsylvania, New York and district, which includes Atlantic seaboard.. ..	6·315
Toledo, Detroit, Cleveland and district.	6·928
Chicago and district..	5·828
Minneapolis and district..	6·178
Wood River, St. Louis and district.. ..	5·428
Mid-Continent district, which includes the states of Oklahoma, Kansas, part of Missouri, part of Arkansas, and north Texas..	3·678
South Texas, Louisiana and district..	5·228
Wyoming and district..	3·678
Montana and district..	6·678

Provided, that goods are not to be entered at less than their invoice values, nor less than the fair market value as sold for home consumption. The above prices are based on to-day's prices of crude oil in the different fields, and you will be advised of any adjustment to the above prices, due to changes in the price of crude oil.

As the price of crude oil changes, these bulletins are made up and sent to the collectors of customs. I shall be glad to hand this bulletin to my hon. friend as it may help him to understand the matter.

SAINT JOHN HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, I move that the resolution standing in my name covering a loan of $3,500,000 to the Saint John harbour commissioners be discharged. As hon. members probably know, since this resolution was placed on the order paper, a tremendous fire has taken place, and it is proposed that this amount be included in a larger amount to be covered by another resolution which will be placed before the house next week.

Motion agreed to.

WAYS AND MEANS

CUSTOMS TARIFF RESOLUTIONS

The house in committee of ways and means, Mr. LaVergne in the chair.

Customs tariff—184. Newspapers and weekly literary papers, unbound, tailors', milliners', and mantlemakers' fashion plates, when imported in single copies in sheet form with periodical trade journals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Customs tariff—184a. Periodical publications, in the English or the French language, consisting of magazines or fiction, unbound or paperbound, per pound: general tariff, 15 cents.

Provided, that the governor in council may from time to time by order in council exempt from the duties specified in this item such of the periodical publications herein referred to as are deemed by the governor in council to be of a religious, educational or scientific character.

Provided, further, that the rates of duty specified in this item shall not have force or effect untll July 1, 1931.

Provided, further, that nothing in this item shall affect in any way the provisions of item 1201 of schedule C to the customs tariff.

Right Hon. R. B. BENNETT (Minister of Finance): Mr. Chairman, the various items have been adopted with the exception of items 184 and 184a. With respect to that we have made a very careful effort to meet certain criticisms that were urged against it, one of the principal being that the governor in council was perhaps not the best tribunal in the world to make the determinations that were called for under the item as read. It is therefore proposed to make it somewhat clearer than it read. Item 184 would read as follows:

184. Newspapers, unbound, n.o.p.; tailors', milliners' and mantlemakers' fashion plates, when imported in single copies in sheet form with periodical trade journals; magazines published in other than the French or the English language: British preferential tariff, free; intermediate tariff, free; general tariff, free.

That, hon. members will observe, is substantially item 184 as printed with some slight changes in the wording of the resolution. Then item 184a would read:

184a. Magazines, unbound: British preferential tariff, free; intermediate tariff, free.

They will thus be free under the British preferential tariff and the intermediate tariff, but not otherwise. Under item 184b these magazines are divided by the application of a new standard of division, as follows:

184b. Magazines, including agricultural, business, technical and trade journals, unbound or paper bound, which, by reason of their advertising content, are subject in the country of origin to zone rates of postage based upon such advertising content:

(i) when the space devoted to advertisements exceeds 20 per centum, but does not exceed 30 per centum of the total space, per copy: general tariff, 2 cents.

(ii) when the space devoted to advertisements exceeds 30 per centum of the total space, per copy: general tariff, 5 cents.

That is the application of two principles: first, that in the country of origin the magazines are subject to a surtax or higher rate of postage by reason of their advertising content; second, the determination of what per centum of advertising shall subject them to a given standard or rate of duty. The next division is 184c:

184c. Magazines in which the advertising matter does not exceed 20 per centum of the total space: general tariff, free.

Lastly, to meet a difficulty to which I shall presently refer, we would have 184d:

184d. Periodicals or portions of newspapers consisting largely of fiction and/or feature stories or articles and/or, comic supplements, per pound: general tariff, 15 cents.

[The Chairman.]

Provided, that the duty under this tariff item shall be not less than, per copy: general tariff, 15 cents.

Provided, that nothing in tariff items 184, 184a, 184b, 184c or 184d shall affect in any way the provisions of item 1201 of schedule C to the customs tariff.

This is the item in the customs tariff providing for censorship and for the prohibition of magazines and newspapers that fall within the category mentioned.

Provided, further, that the governor in council may make such regulations as are deemed necessary to carry out the provisions of tariff items 184, 184a, 184b, 184c and 184d.

Provided, further, that the rates of duty specified in tariff items 184b and 184d shall be effective on and after the first day of September, 1931.

Some question has been raised as to when this should become effective; but inasmuch as magazines with a circulation of 1,000,000 copies or more have to commence printing a month or six weeks before the actual issue, in fairness to such magazines the date of the coming into effect of these items has been made the first day of September next.

May I say to the committee that the matter has not been free from difficulties. For the last twenty-five or thirty years Canada has imposed a tax by way of a tariff upon advertising matter. That tariff amounts to fifteen cents per pound or not less in any event than 35 per cent ad valorem. But amazing as it may sound, that class of advertising that was most potent, namely, the advertising in the magazines, periodicals and newspapers to which I have referred, has been free from the collection of any tariff with respect to advertising. Our great neighbour to the south early learned that it was undesirable to let this condition continue, and so they provided first of all that there should be a tax imposed upon advertising in such periodicals or publications; second, that wherever the amount of advertising exceeded 5 per cent, a graduated rate should apply. That rate was determined by the zone distances that established the rate in parcel post transportation or transmission. These rates are as follows:

	Per pound
First and second, up to 150 miles.	1½ cents

That is in addition to the ordinary postal rate of one and one-half cents, this being second class matter.

	Per pound
Third, from 150 to 300 miles.. ..	2 cents
Fourth, 300 to 600 miles..	3 cents
Fifth, 600 to 1,000 miles..	4 cents
Sixth, 1,000 to 1,400 miles..	5 cents
Seventh, 1,400 to 1,800 miles.. ..	6 cents
Eighth, over 1,800 miles..	7 cents

As I observed a moment ago, these are the rates charged for parcel post transmission within the United States. It has been found in the United States that the publications which we are seeking to reach by these items average approximately 45 per cent of advertising matter, and the average charge of postage paid as a surtax amounts to not quite two and one-half cents but 2·45 cents. It will be observed that the rate is slightly higher than the rate we have fixed because we realize the tremendous hold that such publications have upon this country. The circulation is tremendous; as a matter of fact, the sum total of the various publications amounts to 1,400,000 copies per issue, as against less than 950,000 of our own. I was recently reading a rather extensive article upon the subject and I was somewhat amazed at the extent to which these publications have found a home in Canada.

Then there is another class altogether. There is a class which we reach by censorship and a very large number of those publications have been placed under the ban by reason of article 1201 of our tariff, which is the prohibition article to which I referred a moment ago. But there is a class that one would hardly describe as coming within the exact language of the words used in that article, but which is most offensive to a very considerable number of the Canadian people. It was found that the imposition of a high rate of duty would accomplish the end aimed at and in the budget resolution the rate was stated at fifteen cents per pound, which is the rate that will continue.

In the resolution we have endeavoured to be fair, because it is rather late in the day that this action is being taken. It is amazing that we should have continued all these years to tax ordinary advertising and yet permit this form of advertising to remain free from any tariff charge. I have never quite been able to understand just why this is so; I suspect there are many reasons with which I am not familiar, but at any rate, that is the fact. If other countries are right in making this charge on advertising content, I think it cannot be said that we are treating the matter unfairly by endeavouring to secure some revenue from it ourselves, but we must, as I have said, endeavour to be fair for we have so long continued not to collect any revenue. Therefore, instead of adopting the principle that has been adopted in the United States, of charging for advertising content beyond 5 per cent, we have left the advertising content up to 20 per cent free from this tariff charge. On advertising content from 20 to 30 per cent we have made the charge, as I have indicated, two cents per copy, but when the space devoted to it exceeds 30 per cent, then the rate is five cents per copy. I read to the committee the rates prevailing by way of surtax in the United States, showing that for transmission of a magazine of the class indicated, where the advertising was in excess of 30 per cent, the rate from the east to San Francisco would be seven cents per copy in addition to the ordinary postage. I think, therefore, it cannot be said that this is in any sense an unfair impost.

Mr. EULER: Is the tax going to be imposed on a monthly basis, because the quantity of advertising will vary from month to month?

Mr. BENNETT: My hon. friend from North Waterloo has asked me the same question upon which I sought information when I was giving consideration to this matter, and I found that in the United States the publishers are compelled to file with the post office in the community in which the magazine is published a statement of the reading content and the advertising content of each issue as it leaves the press, and that determines the matter so far as they are concerned. In some instances you will find a copy from the press containing 45 or 50 per cent advertising content and 55 or 50 per cent reading content. In this item you will find the words, "which by reason of their advertising content are subject in the country of origin to zone rates of postage based upon such advertising content." That is, magazines which are not published in this country but come in here and have a wide circulation must, in order to fall within the provisions of that item of the tariff, be such as are subject to zone rates by reason of their advertising content. We apply the same principle, with the modification that we have been slightly more generous than in the country of origin for a reason which I think is not difficult to see, and which I think will appeal to the committee. That is, we have no zone system in this country. So in a broad and general way we have sought an average which I think the committee will agree is fairly represented by the charges that are made.

Mr. MACKENZIE KING: The right hon. the Prime Minister has removed so much by way of exception that I find it rather difficult to realize what is left of the original resolution. The resolution as introduced was almost in the nature of an embargo on periodicals and magazines coming from the United States and other countries to this country, and as such it seemed to me to be a tax on thought and literary art. The protest that I wish to make at the moment is against a tax of that character. If the effect of the amendments, which my right hon. friend has just moved, has been to eliminate the greater part of the original resolution, I have little further to say; but as originally introduced, the resolution amounted, as I have said, so far as it concerned magazines and periodicals coming to this country from abroad, to all but a complete embargo, and to that extent to a prohibition upon thought and ideas conveyed through those media to the people of this country.

May I say that thought, as hon. members well know, is cosmopolitan. It should have no limitation with respect either to place or time. All advances that are made in civilization are the result of ideas, and in any way to preclude the possibility of a good idea having its opportunity of fruition to the full in any quarter is to retard to that extent the progress of civilization itself. In these days there is probably nothing more important than what we now describe as the international mind, that each nation should begin to appreciate the intellectual ideals and currents of thought that prevail and sway opinion in other countries. Viewed in this light the tax becomes a tax upon international good will. So far as our immediate neighbours are concerned, I venture to say that their thought on the great questions of the day finds its expression in the leading periodicals and publications of the United States. I believe it is all in the interests of international good will that the people of our country should become as familar as possible with the trends of thought in the United States on all classes of questions, just as it is all important that our neighbours should also become acquainted with our trends of thought and thereby in a more immediate way become familiar with the thought which governs British communities generally. I deplore any tax which will in any way restrict the widest spread of views and ideas throughout communities, particularly communities that are neighbours.

[Mr. Bennett.]

May I say further that it seems to me a tax of this kind is doing an injustice to our own authors and writers. My right hon. friend has sitting immediately behind him one who has distinguished himself as an author, and only a few days ago in this House of Commons he made the statement that but for the fact that he had been able to place some of his writings in the United States he doubted very much whether they would have found a market at all. If my right hon. friend is going to tax the magazines that come into this country from the United States, I venture to say that it will not be long before American publishers will cease taking contributions from the pens of Canadian authors and poets. Many of our writers have won distinction not only for themselves but for our country through their contributions to some of the large publications in the United States, and an inevitable reaction, it seems to me, to a tax of this kind will be the refusal hereafter by some of these publications of the work of some of the best writers in Canada. In that respect the tax would be a great mistake. How great a mistake no one will ever know, because none of us can value the thing which might have been but which is not because of certain circumstances.

May I mention another fact which comes to my mind, and that is the effect which this tax may have upon tourist travel? That may seem remote, but as we all know the tourist traffic from the United States into Canada is becoming a very important item in the revenues of this country. Tourists particularly desire when away from home to receive the publications which they are accustomed to read in their own country, and I do not believe it is stretching the point too far to assume that if our American friends travelling in different parts of Canada find that they can no longer secure at a book store, a hotel or anywhere else, copies of the publications they have been accustomed to read at home, they will prefer in the future a trip to some of their own national parks or other fields of recreation to coming to Canada. Those are indirect effects, which nevertheless are quite important.

Again, American magazines and periodicals in some part use Canadian newsprint in the preparation of their material for publication, and to the extent to which my right hon. friend's tax operates against some of these magazines coming into Canada, he is dealing

a blow to the pulp and paper industry of this country, on the product of which our neighbours to the south are in large part dependent.

Mr. HANSON (York-Sunbury): Is my right hon. friend quite sure of that statement? I understand that magazine paper bears a duty of 40 per cent in the United States, and that very little of it is exported to the United States from Canada.

Mr. MACKENZIE KING: I cannot give the particulars, but I am making a statement which I think is generally accurate. There is always the possibility of conditions changing with respect to importations of paper, and at any moment the American magazines may become more dependent on Canadian paper than ever. To the extent to which that is the case anything which will restrict the sale of these publications will I believe be injurious.

May I point out another feature, one which to my mind is the most important of any. So far as the well-to-do are concerned, the difference of a few cents on a magazine or periodical would be a matter of no concern. This change will not affect the homes of those who are already in fortunate circumstances. However if there is one right above another which the poor man is entitled to have respected, it is that he shall be able to get at the lowest possible cost his sources of knowledge and inspiration, and that there shall be available to him immediately, and through the libraries of the country anything in the nature of helpful reading material and literature. I venture to say that in many humble homes in this land the first sacrifice which because of additional cost will have to be made as a result of the general depression will be magazines and periodicals which come from across the line into our country and which have served as sources of information and inspiration in the different homes of Canada. Particularly will that be so in many of the more remote parts of the country and in the libraries of institutions not supported by the state, but which depend upon private contributions and grants to secure their different publications.

I do not wish to specialize, because as I say if between now and September 30, was it?—

Mr. BENNETT: September 1.

Mr. MACKENZIE KING: Yes, September 1. If between now and September 1, the Prime Minister strikes off the list of the original resolution all the publications of any importance, of course my objection would be wholly removed. I submit however that there again my right hon. friend has made a mistake characteristic of him in that at the very start he attempts to do everything in a wholesale manner, and after he has shaken up as much as possible the existing order of things he endeavours to remedy the situation by making changes and eliminations. I do not think that is a good policy for industry, nor in this instance is it good for the social and literary life of the country. With respect to taxes in other directions his action has been definitely harmful to the financial and industrial structure of the country.

I do submit that my right hon. friend in the first instance might well have gone through the list of magazines and periodicals and have come to the house with a list of those publications which because of their pernicious or salacious nature, he thought should be prohibited. He might have prohibited, with the consent of all, publications of a type that we do not wish to have in Canada. So far as pernicious and salacious literature is concerned I am entirely at one with the Prime Minister in a desire to prevent its spread. I believe, however, that the better way to deal with that sort of literature is the method which has been adopted in the past, namely to have some known form of censorship which under the minister will be responsible for the decisions made, and have all such publications banned entirely. I would go a step further and say that there are publications in our own country which might well be suppressed and which should not be permitted to find a place on vendors' stalls. So far as that class of literature is concerned, I am entirely in accord with my right hon. friend in his desire for its suppression.

With respect to all other classes of literature however I think the people themselves should be left to choose for themselves what they may wish to read. As I said to my right hon. friend the other day, I do not doubt the sincerity of his desire to be a protector of this nation with respect to what people shall pay, what they shall eat and what they shall wear—and now, with respect to what they shall read and think—but I do submit that the people themselves are much more capable of judging what they should read, what they have the right to read and what they wish to read than is my right hon. friend.

That voices not only my own feelings but those I believe of all hon. members who sit on this side of the house. The proposed tax is one upon art, because after all art is a

result of the expression of ideas. It is a tax upon invention, because invention is the offspring of ideas. To my way of thinking it is more or less of a tax upon everything which makes for progress.

I suppose we shall have to wait until September to see the extent of this tax upon the literature and periodicals coming into Canada from the United States and other countries. I know there is something to be said in connection with what the Prime Minister has expressed with regard to advertising. If advertising from other countries coming into Canada can be taxed in Canada, I think it should be taxed to the degree the same kind of advertising is taxed in Canada. I am afraid, however, my right hon. friend will find that not only will he fail to raise the revenue he hopes to raise from this particular source of taxation, but he will lose a considerable amount of money in revenue, and in the end will be obliged to cancel a good deal of what he is attempting to do at the moment. As I have said we will wait until September to see what he allows to come into the country. In this connection may I say to him I do hope he will act from the Liberal point of view and not the Conservative when he considers what constitutes scientific, educational and religious publications, which, I believe, are the three types of publications to be exempted. May I point out that while many imported magazines are not distinctly religious, nor scientific nor educational in character, yet in the broad sense of the words they are all three, because they are, to an appreciable degree, a composite of the thought of a nation.

Mr. YOUNG: Mr. Chairman, with respect to people living in remote districts away from news stands who subscribe for these magazines, what arrangements are made for the clearance through customs every week as they come in?

Mr. BENNETT: I do not apprehend any clearance will be made through customs. The proprietors will pay the duties before the magazines come into Canada, or as they pass the boundary.

I am sorry I was not in a position to hand this amendment to my right hon. friend before the house met. As a matter of fact I was not able to complete it until just before lunch. The officials of the department and myself were busy all morning with the amendment because it was desired that it should operate with as little inconvenience as possible to everybody. I think my right hon. friend has not quite appreciated the full importance of the change. It was because of certain objections made to the Minister of Finance and the government of the day becoming the judges of what people should read that it has been dealt with in the manner indicated by the changes themselves. It can be no longer said that the governor in council will determine what is religious, what is scientific or what is educational. The matter is placed upon another basis altogether. Particularly there are three classes which we have to consider: First, that class, with respect to the importation of which into the country there is no question raised at all. Those are the magazines that supply food for thought. I will not mention them by name because that might be taken as being in some sense an erroneous thing to do. But they are the great monthly periodicals, they are the digests of thought that contain very little or no advertising matter. Those will continue to come in free. Then there is the second class, which is mainly of a type that we would prefer not to have. It divides itself in turn into two great subdivisions: (a) those that are principally advertising material; and (b) those that contain reading of such a type that it is better out of the country than in it, and as to the advisability of its importation into this country the right hon. gentleman agrees entirely with myself and I with him.

Now I put this to my right hon. friend. If in the country of origin it is thought desirable to tax the advertising in those journals or periodicals or publications, the reading matter of which cannot be excelled, when they are also carrying advertising according to their own statements that is referable to Canada, why should not we also receive from them some revenue? Every argument that my right hon. friend has made as to taxation imposed upon thought and literature applies to the country of origin, only the tax is higher there. The tax, however, is absorbed largely by the publishers in the country of origin, and we believe that in most instances the two cents and five cents will be absorbed by the publishers here. For instance, the journal or periodical sold at five cents in the United States is sold at ten cents here—we will say it is sold in New York at five cents and at the same price in San Francisco—and the postal charge to California is seven cents. If the journal is sold at ten cents here, why should not that extra five cents be absorbed by the publisher? That would be an illustration of what I mean. Owing to the fact that we have no zone system in Canada in connection with postal rates—and personally at the moment I think with our limited population it would be very undesirable to have

that, and in this respect I agree with the former administration—we cannot secure revenue from this advertising through the postal department, and this is the only method by which, so far as we can see, it is possible to secure revenue.

I will not repeat myself. We are desirous of causing as little inconvenience as possible, and therefore our desire was to approach this problem not in the reckless, ruthless manner described by my right hon. friend, but rather to approach it from the standpoint of moderation, and a charge of two cents or five cents cannot be said to be immoderate when in the country of origin the advertising material is taxed seven cents.

Mr. NEILL: Is that five cents per pound, or per issue?

Mr. BENNETT: Per copy in this instance; in that instance it is seven cents a pound, but in many cases the journals in question weigh a pound and a quarter and sometimes a pound and a half. My right hon. friend perhaps has misunderstood me. There was no revenue derived from this source before, except the revenue from the postal department in connection with the transmission of these periodicals through the mails. This is new revenue, whatever it may be, much or little.

Might I also point out that the efforts to secure some revenue from this source is the more warranted because in the very journals themselves they state that by reason of there being American branch industries or factories in this country, the advertising carried in their journals, which have a circulation of 1,400,000 copies per issue—that is the sum total of the single issues of the most important of these journals—this advertising medium in this country—Canada—is so important and their rates are so reasonable that they can cater to the Canadian demand, although they publish abroad and make no contribution to our well-being, except the contribution I have mentioned through the postal department.

Now my right hon. friend has raised four or five points that are worthy of consideration. He said, first of all, thought is universal, and there should be no restriction on its transmission. With respect to that I think it will be found that there is no departure from the general rule in this country with regard to the publications in question more than there is in the country of their origin, and the great magazines and digests that supply the seed-thought for so many will still enter without payment of duty. I think, so far as is reasonably possible, we have endeavoured to meet that very situation to which the right hon. gentleman referred.

Dealing with the next point, namely, the question of the interference with authors and making it impossible for them to sell the product of their brain, their mind, their thought, their pen, I can only say this: I do not believe, despite what the hon. member for Weyburn (Mr. Young) has said of their already having done so, that any great, reputable magazine or publication will decline to accept the products of the mind and thought of a Canadian because the Dominion of Canada sees fit to place upon the entrance into this country of the medium through which that thought is disseminated a lesser tax than that which is imposed in the country of origin. I have yet to believe that that is so. On the other hand, I am inclined to think it will have the effect of stimulating the demand for the product of the mind and thought of Canadians.

On the newsprint item I was rather amazed at the right hon. gentleman. It is one of the interesting circumstances to which many of us have alluded that while the great republic to the south permits our pulp and paper and newsprint to enter free into their markets because they need the raw material, if we tried to sell them a pound of magazine paper we would find ourselves confronted with a forty per cent tariff. So that so far as selling them magazine paper is concerned, we practically sell them none, nor is it possible for us to do so. But with respect to pulp—I think that perhaps is what the right hon. gentleman meant—there are importations into the United States from this country to be worked up into magazine paper, and I am bound to say that some quantities of that pulp have been re-imported into this country in the form of the finished article. But I do not think they will cease to buy our pulp, because we have taken some of the profits from the publisher in the form of a contribution to the revenues of the country that transports the magazine thousands of miles at the same rate as it does ten miles, there being no zone system here as there is there. So for a great publication of one hundred pages, of which fifty is advertising matter, we in Canada, transporting it through the mails for ten miles, would receive exactly the same sum as for transmitting it from Niagara Falls to Vancouver or Victoria. This remedies that condition and provides that the principle which applies in the country of origin, namely, the imposition of a tax based upon a zone system shall be recognized

by the payment of a sum per copy which represents an average sum that might fairly be contributed to the revenues of this country.

Then my right hon. friend has made the suggestion that this discriminates against the poor man. If he will read that schedule with care he will find that every thought-provoking publication, as distinguished from publications for pure amusement, pleasure or recreation, will still have access to this country without the payment of any charge whatever. The only limitation imposed in the first instance is that the advertising contained must not exceed 20 per cent.

Mr. STEWART (Edmonton): May I ask how that 20 per cent is computed?

Mr. BENNETT: I explained that to my right hon. friend before the hon. gentleman came in. In most countries, and certainly in the great republic to the south, the publishers must lodge in the post office in the town of origin a copy marked plainly upon the back with the reading and advertising content.

Mr. IRVINE: I understand the tax will be imposed on the basis of the weight of the paper in the magazine?

Mr. BENNETT: Not by weight; by the copy.

Mr. IRVINE: Then my question is answered.

Mr. WOODSWORTH: In a general way I must endorse what was said by the leader of the opposition. With regard to the advertising, I am not sure that this end could not be reached in some other way than by interfering with the reading material. As I see it—and I, together with the other members of the committee, have not had a chance to study the modification proposed—the literature must be divided into three broad classes.

First there is the objectionable literature, which undoubtedly should be shut out entirely. The whole point there is what is objectionable, and I have very serious doubts as to whether we are wise to entrust censorship powers to a department. I know that at present an officer of the department reads books and rejects a certain number, and there are certain instances in which I find myself somewhat of a different view from that of the censor, if I might call him such. On the whole I have no particular quarrel with the work he has done, but it does seem to me that we should set up some sort of appeal board so that one man, unknown to the general public, sitting in his own closed office, should not have the right to shut out literature that might be adjudged perfectly decent by a great many people throughout the country. I think if we must have a censorship we should have some sort of board of appeal to which might be referred matters in dispute. I would respectfully make that suggestion to the Prime Minister for his consideration when he is considering future arrangements. There are certain matters verging on religion which are very objectionable to some parts of the community but which are considered quite innocuous by other sections. There are certain matters relative to sex on which certain members of the community have very strong ideas while other members look at the subject in a very different light. I do not think that in these matters we should leave the decision entirely in the hands of one man, however good he may be.

I am not very clear with respect to the second class of literature I have in mind; I refer to what we generally regard as to the better and more educational magazines. The Prime Minister has said that all thought-provoking magazines will be permitted free entry. There are certain magazines which are very popular with a good many of the women in our homes, such as Good Housekeeping and the Ladies Home Journal. I do not know whether or not these would be admitted free. I do not read them a great deal, but I think they contain a good many thought-provoking articles. I know a good many housewives have been accustomed to read these magazines for the information they obtain therefrom. It is true that these magazines carry a good deal of advertising material, and as far as I am concerned I think there is a good deal of nonsense in them, but at the same time I believe thousands upon thousands of women across this country welcome magazines of this kind, and I do not think they should be excluded by heavy taxation. I am afraid they will not come under the thought-provoking classification of the Prime Minister.

There is another class about which I am not clear; I refer to magazines such as Popular Science and Popular Mechanics. These again are magazines which are welcomed in our homes by our boys, who are very keen to read what has been done in the way of invention and what are the latest discoveries of science. I do not know whether or not these would be classed as educational. If they are not so classed I think they should be regarded as such. It is true that they contain an enormous amount of advertising; I have often wished that they did not contain so much, but along with that advertising there is a great amount of good material which appeals to our boys, so I think that they should be admitted free.

Then there are those other magazines such as The Literary Digest, The Atlantic, The New Republic, The Nation, The Forum, American Foreign Affairs and a number of others. I do not know whether they come under the Prime Minister's classification of thought-provoking magazines. I find some of those quite informative and thought-provoking, and it seems to me that decidedly they should be admitted to this country and given as wide a circulation as possible. At this stage of our development, with only ten million people in our country, of whom three million speak French as their mother tongue and two or three million more who have come recently from Europe and have not acquired a good knowledge of the English language, and hence are not capable of reading magazines of that kind, I submit that the English speaking constituency in Canada is altogether too limited for us to hope to publish magazines of that class in this country. I know we have a Canadian Forum published in Toronto and several quarterly magazines such as the Queens Quarterly, the Dalhousie Review and others connected with the universities which are doing excellent work, but we cannot hope to have published in Canada those semi-popular magazines which deal with economic and political questions. They have a hard enough time to keep them going in the United States; it is only because they have people who are philanthropically inclined and who come to the rescue from time to time with large donations that certain of these magazines and papers keep alive even in the United States, where the reading public is so much larger than in Canada. I would hope that magazines of this class would be admitted free. Here again I suppose the difficulty is that many of these magazines carry considerable advertising matter. None the less they are decidedly educational in character.

There is, in addition, that other class of magazine which I think the Prime Minister will agree we should prefer not to have our people read. They are for entertainment and recreational purposes. Some of them do not provide a very high type of entertainment, but I do not know that we should try to exclude them. If our people have not been educated to the point where they themselves reject such magazines; if they are still at the grade 3 or grade 4 stage of development, where they like to read these things, I do not know that we should shut them out. It must be remembered, after all, that most of our people like to see the movies, which, on the whole, do not demand a very great deal of intelligence, so why should we attempt to keep out literature of this kind when we let in the movies which appeal to intelligence of the same degree of development? I do not know that they appeal to any lower ideals than do the movies. I do not know why people who may be said to have somewhat highbrow notions should undertake to educate forcibly the great masses of the people, and why they should refuse to allow the people to read that which they like to read for purposes of recreation. I am told that some of our men occupying very high positions like to get hold of a detective yarn once in a while. They find great recreational value in such stories. It is true that some of us would like to see our young people reading other classes of literature but I do not think such lighter magazines should be rigidly excluded. I was talking the other day to a bookstall man in Ottawa, and he told me if this legislation went through that he would have to shut up his shop because there are not enough Canadian magazines to supply the needs of the people or make it worth while to keep a magazine counter open.

There are many people who like to read those magazines which many of us do not regard as being of the highest educational character, but I think we should be very cautious in taking away from any class of people that which is of great interest to them. I protest against this particular way of raising revenue; I think almost any other way would be more desirable than the imposition of a tax on the magazines which serve either the educational or recreational needs of the people.

Mr. IRVINE: Mr. Chairman, judging from the amendments which have been moved, I am not sure whether or not I should protest against this item. I attended a convention in Wetaskiwin riding a few weeks ago at which very strenuous objections were taken to the tax on magazines. However, as I understand the amendments, most of these objections have been removed. I agree with the hon. member who has just taken his seat (Mr. Woodsworth) that it would be a very difficult thing for either a department or the governor in council to judge what literature is religious, scientific, or educational in character. This amendment removes this necessity, and to that extent I think it will be very welcome.

As to the classification of literature which will come under this tax, I agree with both the leader of the opposition (Mr. Mackenzie King) and the Prime Minister (Mr. Bennett) that it would be better if a certain class

of literature did not come into this country. However, the deciding of what shall or shall not come in will be faced with the difficulty which always surrounds a censorship of this character. The hon. member who preceded me stated that although a certain class of literature may not be considered as being of a high character, it suited the minds of a certain class of people and therefore should be allowed to come into the country. That same principle could be applied to salacious literature. If there are certain people whose minds are just at the stage where they enjoy salacious literature, they should have that class of literature for their own satisfaction. I mention this merely to indicate the difficulities which would arise under a censorship, and yet, after all, perhaps some sort of censorship of this sort of literature would be perfectly permissible.

Another objection has been removed by the amendment. The previous tax was imposed by weight rather than upon the individual periodical. Under that system of taxation the better class of magazine, generally printed on heavier paper, would have been taxed more heavily than the salacious literature which is very often printed on the cheapest and lightest grade of paper.

Mr. YOUNG: Mr. Chairman, I do not know whether or not the Prime Minister (Mr. Bennett) realizes it, but he has spoilt many excellent speeches this session by the frequent changes he has made in his budget.

Mr. BENNETT: There is no change here.

Mr. YOUNG: Some time ago we came into the house prepared to make speeches protesting against the minister's proposed changes in the sales tax, only to find that they were not to go into effect.

An hon. MEMBER: That is a shame.

Mr. YOUNG: Then we had prepared speeches in connection with the changes in the income tax, but by the action taken last night we have been denied the pleasure of delivering those speeches. We had speeches prepared in connection with the magazine tax, only to find that the item has been amended. Perhaps the right hon. gentleman hoped to save time by this procedure, but I do not know.

Several reasons have been given in support of this magazine tax. We were told that it was designed to shut out the salacious and immoral literature which comes into this country from the other side. We have been told that it was designed to protect Canadian publications and keep American advertising out of this country. During my speech on the budget, I made that charge, but my good friend the Minister of Trade and Commerce (Mr. Stevens) laughed and said that that was nonsense. Consideration of the amendments leads me to believe that that is really what the right hon. gentleman has in mind.

Mr. BENNETT: Not to shut out American advertising, but to obtain some revenue therefrom.

Mr. YOUNG: It is designed to shut out the magazines which carry that advertising.

Mr. BENNETT: No.

Mr. YOUNG: If the idea is to shut out immoral literature, the measures adopted will defeat their own purpose. The tax first proposed was to be so much per pound, which would have permitted the salacious literature to come in at a lower rate than the better class of literature printed on the better class of paper. The other day I went into a newstand I said, "I want the most immoral magazine you have that comes from the United States."

An hon. MEMBER: Order.

Mr. STEVENS: Why did not the hon. gentleman judge for himself?

Mr. YOUNG: The news dealer gave me a magazine entitled Gun Molls, in which I found that the heroines of the stories are depicted as being the mistresses of Chicago gangsters. The picture on the cover is of a girl with a gun in each hand, holding up some men at a poker table. Each story deifies into heroines these girls who make their living by holding up people at the point of a gun. That magazine weighed about five ounces, and under the first arrangement would have had to pay a duty of five cents, while the Saturday Evening Post, to which no exception on moral grounds could be taken, would have had to pay a duty of from twenty to twenty-five cents. Under the terms of the amendment, as I understand them, the first magazine I mentioned would come in free.

Mr. BENNETT: No. It will have to pay a duty of fifteen cents.

Mr. YOUNG: There is very little advertising in it.

Mr. BENNETT: If it comes in at all it will have to pay a duty of fifteen cents.

Mr. YOUNG: It is not censored.

Mr. BENNETT: I think the hon. gentleman is giving good reasons why it should be. I hope no irretrievable harm has been done by the copy which the hon. gentleman has bought.

Mr. YOUNG: In order that no irretrievable harm may be done, I will try to make sure that my right hon. friend does not get it.

Mr. SPEAKMAN: I trust the hon. member is as incorruptible as he credited myself with being, a few days ago.

Mr. YOUNG: Thank you. I should like to know who asked for this legislation. If I understand the matter aright, it was not asked for by the Canadian publishers. I have gone to the trouble to dig out from the records of the tariff advisory board exactly what the Canadian publishers asked for, and I should like to read it into the record. On October 28, 1926, the Canadian magazine publishers did ask for a duty on magazines.

Mr. BENNETT: That is before the tariff advisory board?

Mr. YOUNG: Yes. At that time they believed a protective tariff would be of some assistance to them. On November 18, 1927, they came before the board and in the report at page 300, reference 9B, we find these words; this is what the magazine publishers say:

The original application of the M.P.A.—

That is the Magazine Publishers Association.

—was for a tax on the advertising contents of foreign periodicals. It was made about one year ago, and since the presentation of that case and the second hearing of it, we have had some opportunity to make a survey of public and parliamentary opinion in regard to our request.

Our conclusion is that, while we have the sympathy of all Canadians, public and parliamentary, and while they think it would be desirable to restrict the importation of some foreign periodicals, at the same time it would be a dangerous thing to place a tax on reading matter. It is generally felt that the consequences implied in such a principle would be dangerous.

In the same reference, at page 302, we read:

We take the ground that this is a matter of public interest; for after all, while our case is one of equity and justice, the aspect that commands particular attention is the public welfare. The people of Canada have a right to the most efficient service the publisher can provide. They have a right to expect the publisher to give them publications comparable to anything turned out anywhere.

The only obstacle in the way of greater service which will make for the prosperity of the farming community, the working people, the consumers of Canada generally, and which will promote a true Canadian spirit, is the cost of publishing.

At page 303 of the same reference, we find the following:

I am instructed to say to the board that we cannot be protected.

This is what the magazine publishers say.

If we cannot be protected, then the minimum of service which the Canadian public have a right to expect that Canadian publishers shall give them can be secured only by their being placed on a parity of production costs with their foreign competitors.

At the hearing on January 29, 1929, at page 78 of the same reference, No. 9B, there is the following:

The publishers ask for 99 per cent drawback of duty on printing plant and machinery, art work for editorial purposes, engravings for printing in two or more colours, etc., and the removal of sales tax.

Referring to an 80 per cent drawback of the duty on fine paper, granted in February, 1928, the publishers said:

The foregoing drawback has been materially helpful to Canadian publishers in meeting foreign competition and has resulted in an expansion of the Canadian publishing industry, which was predicted in our previous representations to you.

Our application requested a 99 per cent drawback on paper and we would ask the board to keep the possibility of increase in the drawback before it.

In discussing the nature of the publishers' application, their representative said:

It is our purpose to include—we are not attempting to disguise it—everything that can be practically included. We wish to have everything possible, under the customs law, on a free trade basis.

That is what I understand the magazine publishers wanted. They said: We are willing to compete with publishers in England, the United States or anywhere else in the world if you put the things we have to buy on a free trade basis. In 1928 the government of that day granted them a drawback of 80 per cent on their paper and some of their printing material. The result was they were able to effect enormous savings in their production costs, and those savings were put into improvements in their magazines, the consequence being that the qaulity of their publications was improved to such an extent that they were able, by selling a better article at a cheaper price, to compete more successfully with United States publications.

My right hon. friend referred to the fact that he was giving the western farmer five cents a bushel on his wheat and that no farmer in the west would be called upon to pay as much in the tariff as he would receive through that provision.

Mr. BENNETT: If he had a reasonable crop.

Mr. YOUNG: How many farmers in the west will have a reasonable crop?

Mr. BENNETT: About 40 per cent.

Mr. YOUNG: No change will be made in the status of the Saturday Evening Post. I believe the tax on it will still remain at fifteen cents a pound. The distributors figure that the price per copy will be forty-five cents.

Mr. BENNETT: The hon. gentleman is wrong as to that.

Mr. YOUNG: How much will the tax come to?

Mr. BENNETT: I should think five cents a copy.

Mr. YOUNG: Will that be all the duty on it?

Mr. BENNETT: Outside of the postage.

Mr. YOUNG: The distributors figure it would retail at forty-five cents from now on. Does the right hon. gentleman say that is wrong?

Mr. BENNETT: There is no reason why it should retail at anything beyond the present price of ten cents per copy if the publishers absorb the five cents additional in Canada over the present price in the United States.

Mr. YOUNG: I am glad to hear that. It illustrates the point I made in the beginning that the right hon. gentleman has spoiled part of my speech by changing the rates. I was going to show that the duty on that one magazine would cost the farmer more than he would get under the five-cent bounty on his entire crop for a year. The right hon. gentleman says that the cost will still be ten cents.

Mr. BENNETT: I said that would be my appreciation of it. I do not want the hon. gentleman to take that as a statement of fact, because I do not administer the act. It depends on the volume of advertising, the advertising content, and I have not a copy before me to enable me to say what that would be. I am answering my hon. friend's query to the best of my ability without having any definite data from the magazine itself.

Mr. YOUNG: Judging from the amount of advertising in that magazine, and the weight of it, I would say that the duty on it would be fifteen cents a pound.

Mr. BENNETT: It will not come under the pound rate.

[Mr. Bennett.]

Mr. YOUNG: I hope the officials of the department will follow the same interpretation as my hon. friend does. My leader referred to Canadian authors who would be shut out of the United States market because of this. A friend of mine told me some time ago, within a week of the announcement of these rates on magazines, that a friend of his, who is, I understand, living in the city of Ottawa and who writes for some fifteen United States magazines, was notified by fourteen of them that her articles were no longer required, just because of this budget.

Mr. BENNETT: Did they say that?

Mr. YOUNG: Yes.

Mr. BENNETT: That is thirdhand information, unfortunately.

Mr. YOUNG: But I think it is pretty nearly as first hand information as some that my right hon. friend gets.

Mr. MACKENZIE KING: I should like to know what the underlying motive is of the tax which my right hon. friend has imposed. I gather that there are three objectives: one, the moral reason that this is to exclude certain classes of publications which for the moment let us say, we are all agreed upon excluding. If that be the reason, I would say it would be much better to prohibit them absolutely than to impose any tax, because people who want to read stuff of that sort will pay any price for it, or find a way of paying a considerable price. I do not think a tax is the way to deal with the matter of meeting anything which should be prohibited. It should be met by straight prohibition and exclusion.

The second is the motive of revenue. I wish my right hon. friend would tell us frankly if his reason is that of revenue, because it will be interesting to find out later how much revenue he will obtain from this particular tax. I am not taking into account what this will mean in cost of administration features by the post office and other departments. It will probably mean a good deal of increased expenditure, more than will be raised in the way of revenue. I should be glad, however, if he will indicate as in his budget speech he said should be indicated, what revenue will be obtained from this tax, and then next year we shall see how close he comes to his guess. After excluding the publications which he says should be excluded, I confess the publications left do not seem to be very considerable and I rather doubt whether he will obtain any revenue.

The third motive would be that of protection, and high protection at that. May I in that connection point out that it will not be the Canadian magazines that will be protected. I doubt very much if the magazines coming into Canada from the United States or other countries interfere to any considerable extent with publications of a like character in this country. We have a very limited number of magazines. Perhaps the most important in the matter of circulation is one semi-monthly, and I doubt if its circulation would be particularly affected by anything in the nature of protection of this kind that may be given. So it is not the magazines in Canada or those who are contributing to magazines who are being protected. It comes back to the advertising feature to which my right hon. friend has just referred. Apparently he desires to exclude as largely as possible the advertising material that comes into Canada because, I assume, some of these advertisements may be those of concerns which compete with industries in this country. Then let my right hon. friend be quite frank about it and say that again it is to protect the manufacturer in this country, and that he is going to protect him by closing the eyes, so far as that is possible, of the Canadian people to opportunities to buy elsewhere at less cost or to have any knowledge of the kind of articles that are being produced in another country which might serve the purposes of the consumer equally well if not better. That to my mind is the really mischievous feature of the whole proposal. It is a further restriction of trade, it is again an effort to further the interests of a particular class at the expense of the great body of consumers with respect to what they may wish to wear, what they may wish to eat, wherewithal they may wish to be housed and clothed, and the means by which their various other needs and satisfactions are to be met. I think that is the real explanation of it, and if it is not, I should be glad if my right hon. friend would make the matter clear.

Mr. BENNETT: I have endeavoured to make it clear to the right hon. gentleman that he had a somewhat erroneous appreciation of the situation, but I shall endeavour to answer his questions by first of all asking a question or two bearing upon the policy of this country as administered by his government for a period of eight or nine years.

There is a tax on books of 10 to 25 per cent. Why not on periodicals? Under his government the tax on fiction was, by the privy council decision sustaining the ruling of the customs board, made 25 per cent ad valorem. Why not on periodicals that contain fiction? I merely ask that question.

Secondly, the right hon. gentleman asked, what revenue do we expect? That is a perfectly proper question. In view of the fact that the magazines that will be published in September are now in process of being printed, some having been in print for some time, it follows that whatever is done should be done so as to cause as little inconvenience as possible, and this tax therefore becomes effective on the first of September. There will be seven months left in the fiscal year, and I estimate that we should receive $700,000, or $100,000 a month, for the balance of the fiscal year. My conviction is that the tax will be paid principally by the publishers.

Thirdly, the right hon. gentleman has suggested that we are endeavouring to protect the manufacturers of this country. I pointed out that the basis of this whole provision is found in these words, "which, by reason of their advertising content, are subject in the country of origin to zone rates of postage based upon such advertising content." Not being able to reach them through the Post Office Department without changing our whole scheme of postal imposts, we are reaching them in this way, but at a somewhat lesser rate than that which they would pay if the postal charges were similar to those in the United States. I pointed out that in the United States the first zone, which is up to 150 miles, makes a tax against the publisher, which he has to pay at the post office where the magazine is posted, of 1½ cents per pound; if it goes 300 miles he pays 2 cents a pound, and that is in addition to the ordinary postal rate; it is a charge by way of surtax. If it travels 600 miles, the charge is 3 cents per pound, and if it travels 1,000 miles, the charge is 4 cents per pound, and so on up to 7 cents per pound. Some of the magazines to which reference has been made by the hon. member for Winnipeg North Centre and the hon. member for Weyburn weigh 1¼ to 1½ pounds, and in the United States, the country of origin, for transportation up to 1,000 miles they pay 5 and 6 cents each as a surtax over the postal rate, the maximum being 7 cents per pound for a distance over 1,800 miles. That amounts in some instances to 10 cents per copy. In view of the circumstances to which I have alluded, and to which I shall not again refer, we have made the advertising content 20 per cent before the magazine or publication pays any tax at all, and from 20 to 30 per cent the rate charged, as I have said, is 2 cents per copy only. From that point onward the

rate is 5 cents per copy. It is erroneous to say that we have endeavoured to reach the prohibition point with respect to that class of magazine which does not fall within the censor's powers, but which is one that we believe is not conducive to the best thought on the part of the youth of the country in particular. They will pay 15 cents per copy, which we believe in some instances will operate to prevent them coming into the country at all.

Mr. EULER: I have read a copy of the amendment, but I am not very clear as to its effect. I think it would be of interest to the committee and the country to know whether the rate of 15 cents a copy will apply to what are usually called the Sunday papers coming in from the United States, which would make them 25 cents a copy.

Mr. BENNETT: Yes, I dare say it would.

Mr. EULER: They are usually sold for 10 cents, and now there will be a 15-cent tax?

Mr. BENNETT: Those containing fiction, feature articles and comic strips. I want to put a question to this committee which has been in my mind during the last few years, and I put it to members of this committee because I think they are better able to find a solution than I. Most of us realize that the generation that is now reaching manhood and womanhood is the first generation that has been subject to the indiscriminate influences of the class of literature to which I refer and of the movie, to which my hon. friend referred. It is one of the most debatable problems to which men might direct their attention, as to what the result is going to be. What sort of men and women will be produced from this generation which has been subject to the indiscriminate influence of the movie to which my hon. friend from Winnipeg North Centre referred, and to such influences as were mentioned by my hon. friend from Weyburn, with his sample copy?

Mr. CAYLEY: And the radio.

Mr. BENNETT: Yes. We have put this in here deliberately. Do you mean to tell me that there is any member of this house who does not realize what the pernicious influence must be upon the young boys and girls, of seven and eight and nine and ten and eleven and twelve, who read some of the comic strips and find deceit and fraud and theft and cunning magnified into virtues? What is going to be the result? I am not the keeper of the morals of this country—

Mr. YOUNG: Why not prohibit them?

[Mr. Bennett.]

Mr. BENNETT: There are many difficulties about prohibition in a matter of that kind. I could tell the hon. gentleman, if I went into the international aspect, of features that would make him realize that previous governments when the matter was brought to their attention did not take the action of prohibition because of the difficulty, but every state concedes to every other state the right of censorship as to the kind of literature that should come within its borders. But there is a kind that lies on the border line, not being on the one hand, clearly such as should be excluded because of violation of ethics or morals and matters of that kind, and the convictions of the people, yet on the other hand exerting the very influences that work so insidiously upon the formation of character. Hon. members in this house are more concerned than I because they have given hostages to fortune and are concerned as to what their children's attitude towards life shall be. I say however one of the problems that every thoughtful man and woman in Canada must be thinking about is: What will be the attitude of mind and the character of the rising generation which every Sunday is permitted to read that form of comic strip? Children seven, eight, nine and ten years of age are permitted to read those strips which magnify every device to which youngsters might resort to cheat, to circumvent their elders and to make them think that to lie is a virtue. I say that is one of the problems this country must seriously consider for the welfare of the generation of manhood and womanhood which is marching forward, the first generation in Canada which has been subjected indiscriminately to that influence.

We have not sought prohibition in this connection for many reasons, and I want my hon. friend from Weyburn to know that the publishers did not seek it; I know of no man who asked that it be done. The government believes it should be done; I believe it should be done; every member of the administration believes it should be done not because we are censors, not because we arrogate to ourselves any virtues we do not possess, but because for the moment being trustees of power we must exercise its sway over what is best for the people of this country and the new generation of manhood and womanhood marching up.

I put the question again to the committee: Is it not clear that while one may not prohibit, the net result of imposing an extra charge of fifteen cents in addition to the

ordinary price upon that sort of thing will render it not so easy for the head of the house to provide such literature for Sunday reading.

Mr. WOODSWORTH: What about the high class magazines to which I referred a little while ago?

Mr. BENNETT: The high class magazines are on the free list; we have not touched them.

Mr. WOODSWORTH: I understood the Prime Minister suggested any thought-provoking magazines.

Mr. BENNETT: I did not say "any"; I said "most of them."

Mr. WOODSWORTH: As we have not had the new list in our possession I am not in a position thoroughly to understand the situation. I referred to magazines such as the Atlantic Monthly, Current History, The Nation, The New Republic and Children's magazines, such as Popular Science, Popular Mechanics and so on.

Mr. BENNETT: From my perusal of the advertising content of the last two magazines named I would say that they would be free. The second named would also be free. In connection with the first there would be a maximum charge of 2 cents, and I am not clear that it would be that much. Before anything would be payable an excess of 20 per cent advertising content would be necessary. The typical publication I took for the purpose of ascertaining what the effect would be went over 19 per cent, but not 20 per cent. I do not know whether that particular publication was absolutely typical or not, but as the hon. gentleman knows in the main in that type of magazine the advertising is limited. For instance, Foreign Affairs has only four pages of it. With regard to the first magazine named by my hon. friend and I do not care to name them—my memory is that the advertising is limited to schools and institutions of learning along with book advertising in connection with its own publications which of course, for advertising purposes, do not count. Those advertisements refer to its own publications. The second one named clearly has not 20 per cent advertising content. Without giving any names—because I believe it might properly be urged that I should not—may I say that in these days there are small digests of current literature and news. I have no doubt hon. members must know that they will continue to be free because in connection with the ones I have looked at the advertising content does not exceed four pages.

That is the position. There is no desire to protect industry or manufacturers or anybody else, except the Canadian people, in the broad and general acceptance of that term. One of the best known and most widely circulated magazines in Canada has a weekly circulation of over 100,000. The largest circulation of any magazine coming from the republic is 180,000, or practically 6 per cent of its total circulation. The weekly average of all American magazines is 1,400,000 copies, or about 4 per cent of the whole circulation because, as is well known, the total circulations are enormous. I would point out that 64 per cent of the advertising in one of those magazines was the advertising of businesses with branches in Canada. It might fairly be said that to that extent Canadian newspapers and publications were deprived of that advertising. Although this fact has not been urged upon me, nevertheless it is a fact. That magazine solicits advertising on the basis of an enhanced price per page because of a circulation in Canada of 100,000 copies or more. Is it not fair to say that when we are operating our postal department at a deficit of several million dollars that deficit has been made up by such magazines. In the United States contributions are based on the zone system through the postal department.

Mr. CHAPLIN: We are carrying some of that stuff at a loss.

Mr. BENNETT: All of it which comes any great distance. The proposed change will do something to compensate for this loss.

Mr. MACKENZIE KING: I was going to ask my right hon. friend if he is quite sure he is not confusing two things, namely, a worthy object and the method by which it should be attained. I believe all agree that regard should be had by governments, federal or provincial, for the morals of the people. However, when it comes to regulating morals by tariffs I think there is danger of very grave confusion. Neither my right hon. friend nor I are authorities on how to bring up children, and I think we ought each to speak with great humility on this subject.

Mr. BENNETT: I do.

Mr. MACKENZIE KING: For that reason I say that my right hon. friend would be much wiser to stick to the side of the matter with which he is really familiar, namely, the question of tariffs and the protection of industry, and leave the protection of the chil-

dren to someone else. As I have said the danger of the type of legislation now before us is that it confuses two entirely different aims and purposes. One is a moral purpose which I think should be dealt with by censorship and prohibitions with regard to those things which should be censored and prohibited. The other is the question of protection of industry and the raising of revenues by tariffs. Those two matters should be kept separate and distinct. I think we may well let the homes be run by those who have homes, in the full meaning of the term, and that some of us who are less fortunate and therefore less entitled to speak on all matters might well confine our energies more particularly to fields with which we are more familiar.

Mr. MacINNIS: I wish to express my appreciation of the modifications the government have seen fit to make in connection with the duties in this particular item. I am informed that the Minister of Finance received protests from public and university libraries in connection with the item as it stood originally. I was wondering how far the modifications have eliminated the reason for the protests, and if the changes have covered the points raised. If I understand the Prime Minister correctly, magazines containing for the most part fiction will be subject to an import duty. I think it is generally agreed that the library facilities are not very adequate in this country, particularly in our rural sections, and if they wish to read fiction people in the country must subscribe to magazines such as those mentioned by my hon. friend from Winnipeg North Centre (Mr. Woodsworth). Therefore those who have not library facilities will be penalized by the imposition of this tax.

Mr. BENNETT: On magazines?

Mr. MacINNIS: On magazines that are largely fiction, as differentiated from those whose contents are of an educational nature. I think some consideration should be given to this point. I should like the Prime Minister to state to the committee how far the modifications he has introduced have met the protests made by the libraries and educational institutions.

Mr. BENNETT: I am bound to say to the hon. gentleman that I do not recall any protests from such sources. Large numbers of telegrams came, however, from news vendors who did not seem to appreciate just what the proposed tariff revision meant, but after a few days they stopped. In one city a large advertisement was displayed asking all who wanted to protest to send letters to the Minister of Finance, but I do not think five letters came from that community. The truth is, I believe, public opinion very strongly supports this action. But because of the criticism that the government was constituting itself a high authority upon the question of religious, educational and scientific qualifications and characteristics of newspapers, I thought it better to remove that cause for complaint and relieve this house from listening to the speech of the hon. member for Weyburn (Mr. Young). The result is that parliamentary action is substituted for executive control and, as the hon. gentleman has said, that is all to the good.

Mr. YOUNG: Will my hon. friend consent to remove the gasoline duties on the same terms—if I promise not to speak on the item?

Mr. BENNETT: That is too great a price to be paid by Canada—to be deprived of the dulcet tones of the hon. gentleman on every occasion. But I think he must have bought that hold-up magazine some three or four days ago, because he says this is a "hold-up", and I notice that in recent days almost every time he has been speaking he points his finger at me in a menacing fashion, and I am perfectly satisfied that the influence of that magazine upon his mind has been such that he is practising its methods upon this house.

Mr. SMITH (Cumberland): I do not desire to delay the item, but I think a little light can be thrown on this discussion by quoting from what I believe to be an authentic copy of a letter circulated among American magazine publishers by the American Magazine Advertisers Association. It is a letter written by Mr. B. C. Duffy, who is chairman of the committee on magazines in connection with the association, and if I may be permitted I should like to read the letter into the record. It states:

The revised Canadian tariff schedule on June 1st contains the following paragraphs:

There is no occasion to read the paragraphs. After quoting them the letter continues:

This means that the tax of 15 cents per pound will be placed on all American periodicals entering Canada, effective July 1, 1931. Publications such as the Saturday Evening Post will pay in proportion to their weight and it is likely to cost approximately 25 cents for a copy of the Post in Canada, likewise, magazines such as the American, Cosmopolitan, True Story, which are already charging in the neighbourhood of 30 cents per copy will cost approximately 45 cents per copy.

Undoubtedly this tariff action on magazines was brought about by the activity of certain Canadian magazine publishers together with the Canadian Manufacturers Association. Its effect,

however, reaches much further than the volume circulation of American magazines which will be affected.

To the publisher it offers the problem of making up for this loss in Canadian circulation in order that the total magazine circulation will not fall below that quoted to the advertiser.

To the manufacturer, however, it offers a very decided problem of merchandising advertising and selling in this market and will possibly necessitate a revision of the sales policy and selling costs.

The influence of American magazines in Canada until this time has possibly been underestimated, but consider the fact that the total circulation of every general magazine which is a member of the ABC in Canada amounts to only 993,000. (This includes nineteen publications, even the French magazines). Compare this with the seventeen leading American magazines which have a total circulation of over 1,378,478 in Canada and the necessity of American magazines for reaching this market becomes apparent.

The cost of a page to reach 993,000 readers one time using Canadian magazines would be $5,812.80, whereas the cost of the 1,378,478 circulation which the United States magazines give in Canada would amount to $3,973.40—in other words 27·96 per cent less Canadian magazine circulation in Canada. A comparison of the cost per page per 1,000 is as follows:

19 Canadian magazines	$5,854
17 United States magazines	2,882

Therefore the simple problem of reaching people with your advertising message is not only restricted by the smaller circulation, but also more expensive by the higher rates.

American manufacturers and business houses have established over 524 branch manufacturing plants throughout Canada valued at $540,593,000. Canadian manufacturers whose sales have been influenced by the advertising of American commodities through our magazines circulating in Canada have been an important factor in trying to restrict this means of propaganda for our merchandise. If the magazines allow this tariff to interfere with their circulation, it is an injustice to American manufacturers and advertisers as it means restriction of the most important factor in setting style trends or taste in the Canadian market.

Therefore, it is not a question of how much circulation these magazines can pick up in the United States, to offset their loss in Canada, it is a much broader question and one which, in justice to the American manufacturers, should be taken more seriously. Anything that is not good for the advertiser is not good for the publisher or agency. It is for this reason in our talks with magazine publishers that we are stressing the importance of maintaining their Canadian circulation without cost to the advertisers, if possible.

Several publishers have already agreed to do this. We know some are thinking about printing in Canada which would overcome the obstacle of tariff, but few Canadian plants are equipped to handle the volume. Others are thinking about absorbing this tariff so that the price of their publication will not be materially increased.

The tariff goes into effect July 1, many of the monthly magazines will arrange to have their August issues shipped and in Canada before this time. The weekly publications, however, will possibly be able to ship only during the month of July in advance of the tariff date.

There will possibly be some exceptions; magazines such as the Atlantic Monthly, National Geographic, may be excepted under the heading of educational publications. On the other hand, such week-end newspapers as the New York Herald Tribune, the Chicago Tribune, New York Times and American Weekly, are likely to be put on the tariff list in the near future, according to the latest information we have received.

Canadian magazines are making rapid steps to improve the appearance and editorial contents of their publications. Many Canadian publishers have already called on agencies in this country disclaiming any credit for sponsoring the tariff measure as applied to magazines. American publishers who have looked over the Canadian situation with a view of printing in Canada, have declared it is not practical in view of the present printing facilities in the Dominion.

The following is a list of seventeen American magazines, together with the circulation in Canada. The percentage of this circulation to totals and the total circulation of these publications.

	Total circulation	Canadian circulation	Per cent
Saturday Evening Post	2,998,786	101,660	03·39
Collier's	2,302,682	75,690	03·29
Liberty	2,415,904	109,410	04·53
Literary Digest	1,481,438	33,532	02·26
Time	329,679	2,936	·0089
American	2,130,892	35,308	01·66
Cosmopolitan	1,650,040	65,791	03·99
Red Book	689,419	61,853	08·97
National Geographic	1,277,041	56,633	·0443
Photoplay	608,151	45,597	·0749
Ladies Home Journal	2,671,139	93,536	03·50
Good Housekeeping	1,917,903	76,647	04·00
Women's Home Companion	2,619,227	71,119	02·72
Pictorial Review	2,616,254	181,909	06·95
Delineator	2,364,032	107,173	04·53
McCalls	2,581,819	152,111	05·89
True Story	2,118,581	108,093	05·10
	32,772,987	1,378,478	·0421

At the present time no American publisher knows definitely the final answers to this problem. The McFadden publications, True Story, Liberty, etc. have told us they will not lose any circulation in Canada. We feel the Curtis publications will take the same stand but just how this will be handled is not decided.

Latest reports from Ottawa indicate that the tariff on periodicals will not become effective until August 15th (it was originally set for July 1st).

This communication is signed by B. C. Duffy, chairman of the committee on magazines. I thought it would be of interest to the committee to have this information, and that is why I have taken time to read it into the record.

Mr. STEWART (Edmonton): As a great many items have been changed since the introduction of the tariff, I am beginning to get confused as to what is the real object in this particular item. Last night we were told that the changes in the income tax were not to be proceeded with, and to-day there is a very drastic change made in this item. I do not know that I am going to complain a great deal about it, but I have this complaint to make, that after going to a great deal of trouble to get information we find that the items are altogether changed.

Mr. BENNETT: That is useful.

Mr. STEWART (Edmonton): Yes, I confess it is; it keeps one out of mischief, at all events. In common with other members of the committee, of course, I am somewhat disappointed; I had a speech prepared on this matter for which there is now no need. In connection with this, as with other matters, I want to congratulate the government on being a little more sane than they were at the start.

Mr. BENNETT: There is no change in the principle.

Mr. STEWART (Edmonton): There is a change from 15 per cent to 2 per cent and 5 per cent. All that my hon. friend has done is to take item 184b, which includes all those magazines, and if they exceed 20 per cent of advertising matter and are under 30 per cent there is the 2 per cent duty, and if they exceed 30 per cent there is the flat rate of 5 cents per copy. I am greatly at sea; the 15 cents per pound tax applies on periodicals and newspapers which are largely devoted to comic supplements. I have no great objection to the present proposal, but I do not think the imposition of the tax will accomplish the prohibition of these undesirable periodicals and newspapers, which the Prime Minister says is desirable. I realize the difficulty mentioned by him in connection with censoring and the international difficulties which result from this method of dealing with these periodicals which are deemed to be undesirable, but after all it is the only method that can be applied. Total prohibition is the only remedy that can be applied.

Mr. STANLEY: The censor will remain.

Mr. BURY: Does not my hon. friend know that the easiest way to get over the censor, and over any provisions looking to prohibition, is to change the name of the magazine and bring it into Canada under a slightly altered title? If there is the mere prohibition of a magazine of a salacious character having a certain title; if it is known and prohibited under that title, it is the easiest thing in the world for the publisher in the United States to change the title and the general make-up of the cover and send back the magazine, and there is nothing to stop it from coming in. The same thing is true of a censorship. When magazines of this type are prohibited the name is changed over night and it comes back again.

Mr. STEWART (Edmonton): It is known that that system is practised, but we have the censorship for that purpose. This undesirable literature is coming in at the present time, we see it being sold in cigar stores, and if it is to be kept out, a proper system of censorship will have to be established. I do not believe that any system of taxation will prevent it coming to this country. There is a certain element who like to read this sort of literature, and a tax of fifteen cents per copy will not curtail the circulation in Canada. These newspapers are sold for ten cents, and there are plenty of people who would be willing to pay the additional fifteen cents.

Mr. BURY: What is the price of these magazines?

Mr. STEWART (Edmonton): The price of the newspapers is ten cents.

Mr. BURY: I am glad the hon. member knows the price, because I do not.

Mr. STEWART (Edmonton): I know that all these Sunday editions are sold at ten cents per copy. I have never read them but I do not take any particular credit for not doing so. For the sake of his education, I would advise my hon. friend to purchase one once in a while, and then I think he would understand the complaint which is

being made. My contention is that a tax will not keep these newspapers out of the country. Even although a thirty cent tax were put on them, they would be purchased by the people who like that sort of thing. These papers get into the homes and they have an undesirable influence upon the minds of the young people and even upon the minds of the old people. I agree with the suggestion of the Minister of Finance that we are entitled to the same rate for the carriage of this material as is received in the United States, but if the desire is to keep these magazines and newspapers out of the country, a vigilant censorship will have to be established.

Mr. HEENAN: Will the labour union magazines be affected by this legislation?

Mr. BENNETT: Not at all.

Mr. CAYLEY: I do not quite agree with the contention that the idea of this legislation is to keep out undesirable magazines. Even although they are kept out, things come in over the air which are more injurious than the magazines themselves. We have but to turn on our radio and we are flooded with the very stuff that is contained in these undesirable magazines and newspapers. We turn on the radio Sunday morning, before the church services and we hear Uncle Ned or Uncle Bill taking page after page of these newspapers of the Chicago type and telling about the escapades of the Katzenjammer kids and other characters. He goes through the newspaper page after page, and that is what our children listen to on Sunday morning. It might just as well be admitted that this legislation is for the purpose of raising the revenue needed by the country in an emergency, and not as a means of censorship. There are ways of evading any censorship, and the public is appealed to in one way or another. This is not the correct way to instil in the minds of our children the appreciation of better things. Another danger will be that these people may come right into our own country. In fact, they are here already, publishing these undesirable magazines, and certain types of pictorials. If we object on moral grounds let us go after this thing vigorously. I approve of the taxation being placed on some of these periodicals because we need revenue and protection. I do not know that I have anything further to say only just to protest against the argument being used that the morals of the country are being protected.

Items agreed to.

Mr. BENNETT: I intended to move that the committee rise and report the resolutions, give first reading to the bill founded thereon, and let it stand until Monday for second reading. There is an understanding that hon. gentlemen opposite may have the opportunity to discuss certain items in the September tariff resolutions, and if it would suit their convenience it would be much appreciated if they would make their speeches when the bill is being considered in committee.

Mr. VENIOT: That understanding would apply to the June tariff?

Mr. BENNETT: Yes, to everything.

Mr. YOUNG: There is one item to which I would like to revert.

Mr. BENNETT: Every hon member will have full opportunity for discussion when the bill is in committee. If it is agreeable to the committee, I move that the committee rise and report the resolutions.

Mr. HEENAN: During the discussion on the items I offered an amendment, which could be presented at this stage or perhaps at a later one.

Mr. BENNETT: An obligation rests upon me purely in my official capacity and it would suit my convenience to have these resolutions reported. When the bill is in committee, or at any other stage in its progress, I shall see that the hon. gentleman is afforded every facility he desires.

Resolutions reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 111, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

Mr. BENNETT: The second reading will be on Monday, it being understood that in the meantime the various items will be checked up with the resolutions themselves, because there is a large number of tariff items that will have to be exactly compared with the resolutions that have been adopted by the house.

BUSINESS OF THE HOUSE

AUSTRALIAN TRADE AGREEMENT

Right Hon. R. B. BENNETT (Prime Minister): I was proposing to take up the Australian trade agreement, but the hon. member for Acadia (Mr. Gardiner) who leads the Progressives informed me that owing to his

duty on a committee he has not had an opportunity to meet his colleagues and discuss the matter with them, and he would like it to stand over until the next sitting on Monday. I trust the house will regard this as reasonable under the circumstances.

SAFETY OF LIFE AT SEA

BILL TO RATIFY INTERNATIONAL CONVENTION SIGNED AT LONDON

The house resumed from Thursday, June 25, consideration in committee of Bill No. 96, respecting the international convention for the safety of life at sea, signed in London on the 31st day of May, 1929, and the international convention respecting load lines signed in London on the 5th day of July, 1930—Mr. Duranleau—Mr. MacDonald (Cape Breton) in the chair.

Mr. DURANLEAU: The amendment under discussion at the last sitting on this bill was the proposed addition of a further section whereby the coming into force of this act could be postponed by order in council, the purpose being to withhold the coming into force of the act until a sufficient number of nations had ratified the conventions so as to put them into effect; otherwise, in the perhaps somewhat hypothetical case of five nations failing to ratify the convention, this would be law in Canada but not so in a majority of the other maritime nations. The discussion took place in regard to the wording of that amendment. The wording is about the same as that of the similar section in the bill now before the British House of Commons, which section reads:

Provided that His Majesty may from time to time by order in council postpone the coming into operation of this part of this act for such period not exceeding on any occasion of postponement one year, as may be specified in the order.

Since the committee rose, I have discussed the matter with my officials, especially with Mr. Johnston, my deputy minister, who was the representative of Canada at those conventions; also with officials of the Department of Justice and with Doctor Skelton of the Department of External Affairs. We came to the conclusion that we should substitute another section which is perhaps clearer and which I shall read to the committee:

This act or any portion thereof shall come into operation on a date to be fixed by proclamation of the governor in council published in the Canada Gazette.

I think this substitute section is clearer and will meet the purpose.

[Mr. Bennett.]

Mr. NEILL: What is the number of the section?

Mr. DURANLEAU: It will be No. 15, because it is at the end of the bill.

Mr. VENIOT: Is the publication to be in just one issue or in a number of issues of the Canada Gazette?

Mr. DURANLEAU: Just one issue.

Mr. VENIOT: Would it not be better to have it in more than one?

Mr. GUTHRIE: Publication in one issue is the usual formal notice.

Mr. DURANLEAU: It is only a formality. Publication in one issue is enough.

Mr. GUTHRIE: I beg to move that the bill be amended by adding the new clause 15:

15. This act or any portion thereof shall come into operation on a date to be fixed by proclamation of the governor in council published in the Canada Gazette.

I also beg to move the following changes in the various sections to comply with this amendment. Different dates were set forth in the bill as printed and they will have to be changed:

To delete the words "after the 30th June, 1932" in section 9.
In section 10, to delete the words "after the 30th June, 1933."
In section 11, to delete the words "after the 30th June, 1933."
In section 12, to delete the words "after the 30th June, 1933."
In section 13, to delete the words "after the 30th June, 1933."

There is also another amendment included in this and perhaps I had better mention it now. There is attached to the bill as printed a Final Act under which no obligation is assumed by Canada or any other country that becomes a party to the convention. The Final Act is really no part of the convention at all; it is merely a statement as to who were present and of reservations made by certain countries to be considered by themselves, but it was printed along with the bill in the two schedules attached to it, and it should be deleted. The pages to be deleted are pages 105 to 124 and pages 191 to 207. That will leave schedule I and schedule II standing. They are the convention. I have put this into the form of one motion.

Mr. MacINNIS: It seems to me that this amendment or any amendment covering the date this convention shall come into force is not necessary, because article 65 reads:

Date of Coming in Force

The present convention shall come into force on the 1st July, 1931, as between the govern-

ments which have deposited their ratifications by that date, and provided that at least five ratifications have been deposited with the Government of the United Kingdom of Great Britain and Northern Ireland. Should five ratifications not have been deposited on that date, the present convention shall come into force three months after the date on which the fifth ratification is deposited. Ratifications deposited after the date on which the present convention has come into force shall take effect three months after the date of their deposit.

It seems to me that the proper procedure to follow—I may be wrong—would be for this parliament to pass a bill approving of the convention and then deposit it with the government of the United Kingdom of Great Britain and Northern Ireland, and then when four other nations had deposited their ratifications the convention would automatically come into force if that were done before July 1, 1931. Article 65 says:

Should five ratifications not have been deposited on that date, the present convention shall come into force three months after the date on which the fifth ratification is deposited.

So all that is necessary is to deposit our ratification, and if five ratifications have been deposited before July 1, 1931, the convention will come into force on that date, and if five ratifications have not been deposited by that date the convention will come into force three months after the date on which the fifth ratification is deposited. So I see no reason whatever for this amendment. It is just as objectionable as the previous amendment because it leaves it to the governor in council to say when our ratification shall be deposited, and that may hold up not merely this country but other countries which have ratified the convention.

Mr. DURANLEAU: The reason why we want to delay the coming into force of this law in Canada even after five countries have ratified the convention is that we do not want to have this law in force in Canada if adjoining countries have not ratified the convention, because in that case our boats would be discriminated against. This convention will be in force only in those countries which have ratified it. If we ratified it without any clause such as the one suggested, we would be bound by the convention and other countries close to us which had not ratified would not be bound. So, after long consideration with our officials, we thought it better to postpone the coming into force of this law in Canada until adjoining countries had also ratified the convention.

Mr. MacINNIS: In that case it would be better to change the title of the bill, "The Safety of Life at Sea and Load Line Conventions Act, 1931." If we are going to make provision for the safety of life at sea, and if the convention in its wisdom laid down that ratification by five countries should be sufficient to bring it into force, I see no virtue in holding up the convention indefinitely until some countries adjacent to us have ratified it. We should set the example, along with four other countries, by depositing our ratification immediately with the British government. If the convention itself is necessary for the safety of life at sea, we should not allow the matter of competition with other nations which may not be as humane in this matter as we are, to prevent its coming into force. The minister himself stated that there was no reason for deferring the convention. As a matter of fact, it is violating article 65 to delay ratification any further. Article 65 lays down the requirements necessary to give effect to the convention.

Mr. NEILL: While this bill contains only fourteen comparatively short sections, it is really a very long and intricate bill covering over 200 pages, and I venture to assert that there is not a man in the house who has even a working acquaintance with the bill or would be capable of passing a schoolboy's examination on it. I should like to know why this bill was not sent to the marine committee, where there would have been at least some opportunity to investigate it. It contains another feature which I never saw in any bill presented to this house before, and that is that page after page contains deletion of words or sentences struck out. Who struck them out? Did we authorize the striking out? Is there any record of that striking out? Is there anything to prevent anybody, after this bill passes, making a few more deletions and saying: That is the bill as you passed it? I do not believe the regulations were read or even called here. We probably passed them by passing a section to the effect that the governor in council shall have power to make regulations. The house does not know the first thing about this bill. It should have gone to the marine committee. What is that committee for but for matters of this kind?

Since the Minister of Justice has in some sense opened up preceding sections by giving notice of an amendment which covers several sections that we have already passed, it might be permissible for me to ask this further question. Section 3 of the bill reads:

This act shall not apply to ships while engaged on voyages between Canada and the United States of America on any lakes or rivers.

I think probably, speaking without positive knowledge, that the percentage of loss of life on the great lakes on a given number of ships is as great as on the Atlantic, which is covered by this convention, yet we are not going to make it apply in our own waters, or waters contiguous to our territory, on which are boats manned by crews of our own nationality and where the waters, especially in the fall, are very dangerous. We do not put this provision in. Does not charity begin at home; does not safety begin at home? These are things which illustrate the fact that we know nothing about this bill, and I would suggest that even at this late date it should be sent to a committee so that some expert opinions may be heard in connection with the matter.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the amendment carry?

Mr. NEILL: No, it is not carried until I have had an explanation of the bill and some statement concerning the suggestion I have made. We should have more information about the bill.

Mr. DURANLEAU: When this bill was before the house the other day it was explained that we have nothing to do other than to ratify the conventions. We cannot alter the findings of those conventions. In one convention 19 countries were represented and in the other 30 countries, which all agreed to certain shipping regulations, and this house is asked to ratify the terms accepted by the Canadian representative. The other day when the bill was discussed section 3 was considered at length and explanations were made in connection with it but I do not think my hon. friend was in the house at the time. Despite that fact however I think it unfair that we should revert to sections which were adopted the other day.

The present intention is to suspend the coming into force of this law.

Mr. NEILL: Why suspend?

Mr. DURANLEAU: As I told the committee a moment ago there is before the senate of an adjoining country a similar bill which will be taken into consideration next December. If the bill is adopted we think it advisable to suspend its coming into force until proclamation be made by the governor in council. We want both countries to be on the same footing. The moment five countries have ratified these conventions this law will come into force. If on the other hand we act before other countries our ships may be penalized.

[Mr. Neill.]

Mr. NEILL: We are to wait and are not to bring this bill into force until five other countries have adopted it?

Mr. DURANLEAU: Five in all.

Mr. NEILL: Very well; we are to wait until four other countries have adopted the bill. Supposing each of the four other countries adopt the same policy and wait until four other countries do the same. Supposing each country decides to wait on the others. If one country does not start how will we get the action of the five countries necessary to make such legislation effective? We are waiting for four other countries, and it may be that those four other countries are waiting until we proclaim ourselves. I understood the minister to say that we should ratify these conventions because they were international in character and were agreed upon by representatives of a large number of countries. Their findings could hardly have been unanimous when they could not secure five countries to subscribe to them. I understood the minister to say that in one case nineteen countries were represented, and in another, thirty-five.

Mr. DURANLEAU: Nineteen countries were represented at the convention held in 1929 for the safety of life at sea, and at the international convention respecting load lines held in 1930, thirty nations were represented.

Mr. NEILL: And so far from unanimous was their action that we cannot get four other nations besides ourselves to agree. I am not objecting to a postponement, but even if the conventions were international in character and supposing we must accept or reject the proposals as they stand, would it not be a good idea for the legislatures of Canada to have some knowledge of the proposals contained in the bill?

I admit that in connection with section 3 I am asking my question at the wrong time, but when the section was before the house I was not present. As the Minister of Justice, however, will have to ask leave of the house to go back to sections 9 and 10 I think I am justified to ask similar leave to revert to section 3.

Mr. GUTHRIE: Does the hon. member know the reason for section 3? The convention dealt with the safety of life at sea, and lakes and rivers are not included in the term "sea."

Mr. NEILL: Oh.

Mr. DURANLEAU: Great lakes navigation is under our Canada Shipping Act.

Mr. NEILL: I understand that lakes and rivers are not included in the present measure, but if it is so highly desirable and advisable to have this legislation for the safety of life at sea, why not introduce a Canadian law so that similar measures may apply in our waters?

Mr. GUTHRIE: We have our own act on the subject.

Mr. NEILL: Along the same lines?

Mr. GUTHRIE: Our own shipping act is in force in regard to shipping on lakes and rivers. The present bill, however, deals only with the safety of life at sea, and it was thought proper expressly to exclude the lakes and rivers of Canada.

Mr. NEILL: I still think we should look after the safety of seamen on the lakes. Will the Minister of Justice explain—because I think he understands the bill more than anyone else in the committee—why there are so many deletions in the regulations? I refer particularly to pages 92 and 93, and so on.

Mr. GUTHRIE: I think those deletions were made when the printed copy was compared with the originals. The changes were made to make the copy now before us conform with the original convention.

Mr. MacINNIS: The Minister of Marine (Mr. Duranleau) pointed out that there were two sections to the bill, namely, the fourteen sections of the bill itself, and the fifteenth, or the added amendment. The remainder of the printed copy before us includes the articles of the conventions. The minister has said that we are not competent to change or modify the articles of the convention, and when the Minister of Marine has said that we cannot change article 65, I agree with him.

Mr. GUTHRIE: Yes we can; article 65 deals only with the date of coming into force.

Mr. MacINNIS: If we can change article 65, which states when the convention shall come into force, then we can change any article in the convention.

Mr. GUTHRIE: Not necessarily.

Mr. NEILL: To what page is my hon. friend referring?

Mr. MacINNIS: Page 39.

Mr. NEILL: I see the point made by the hon. member for Vancouver South (Mr. MacInnis). A minute ago the minister told us he was introducing clause 15 to change the bill.

Mr. GUTHRIE: No, I do not think my hon. friend understands. By this bill we are adopting the conventions. We are postponing now the final announcement of our action until we in this country think it proper to make such action known. We are adopting the conventions, word for word.

Mr. NEILL: With a modification.

Mr. GUTHRIE: No, we are adopting them, but we are not announcing to the world our adoption until we see fit so to do.

Mr. NEILL: Are we postponing ratification?

Mr. GUTHRIE: No, we are postponing the formal announcement of our own action. We are not announcing our final adoption or notifying London of our adoption, as we are required to do, until it suits our pleasure. We are adopting the convention, however, word for word.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the amendment carry?

Amendment agreed to.

Bill reported, read the third time and passed.

PENSION ACT AMENDMENT

INCREASE IN MEMBERSHIP OF PENSION TRIBUNAL

Hon. MURRAY MacLAREN (Minister of Pensions and National Health) moved the second reading of Bill No. 110, to amend the Pension Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

On section 1—Pension tribunal.

Mr. MacLAREN: On the first reading I explained to some extent the purpose of this bill. It is not intended to disturb the Pension Act passed at the last regular session except as to one principle and in one direction. The reason is that the act has been in operation for such a short time,—well under a year —that it is not advisable to subject it to a general revision at the present time. These amendments are proposed to relieve to a certain extent the congestion which now exists in the administration of the pension board owing to the very large number of applications pending before the board.

I wish to amend section one of the bill by inserting before the words "section nine" in line four the words "subsection one."

Mr. SMITH (Cumberland): I do not rise for the purpose of taking exception to the bill. If I had any complaint to register it would be that other amendments are required in addition to those presented by the minister to do justice to the returned men. In saying this I do not wish for one moment to criticize the minister or his administration. As a matter of fact my experience has been that he and his officials are conducting the department—which is one of the most important, and certainly the most overworked of all the departments of government—as satisfactorily as possible under the circumstances. In the legislation we passed a year ago it was thought we had established the principle of giving to the returned soldier the benefit of the doubt in all circumstances, but unfortunately we now find the ex-service man in certain instances not given the benefit of the doubt at all, in fact in my judgment he is very little better off than he was before the said legislation was enacted. To illustrate this perhaps I cannot do better than state an actual case which was heard in my own county. A pensioner's case was tried by two commissioners who after hearing all the evidence, at the conclusion of their deliberations—the court sat for a couple of days and heard other cases besides the one with which I am dealing—rendered a decision in favour of the applicant receiving a pension. They said to him: We have heard your case and on the evidence presented have decided that you are entitled to a pension; we are submitting a report to this effect to the proper authorities and in due course your case will go to the Board of Pension Commissioners for assessment and pension. In addition to the two commissioners, witnesses and tribunal officials there were present expert medical men and, counsel for the department—the devil's advocate—and the returned soldier's advocate. While I did not hear the evidence adduced in this particular case, I heard the evidence in other cases before this same tribunal, and I am convinced that the court was conducted in a fair, judicial and logical manner and their verdict was a good one. An appeal was carried by the devil's advocate to the pension appeal court where the decision of the pension tribunal was reversed, and the man will not now receive a pension, after having been instructed by the pension tribunal that he would.

Now, I contend that having a year ago decided that in every case the returned man was to receive the benefit of the doubt, this judgment of the pension appeal court in reversing the former decision is a direct violation of that principle, because certainly not only a reasonable but a judicial doubt was established by the fact that one court decided in the applicants favour; and this is not the only case where such a doubt has been established with disastrous results. Such an anomaly should not be allowed to continue, for the very excellent reason that it works a grave injustice to the returned man who is seeking justice, and it is not in accordance with the principle, that all ex-service men were to be given the benefit of the doubt, which we thought we had established by the legislation enacted over a year ago. I think it is a proper suggestion to make to the minister that if possible some legislation should be brought forward to remove that anomaly.

Mr. CANTLEY: Unfortunately the case referred to by the hon. member for Cumberland is not the only case of that kind. A tribunal sat in New Glasgow, and one forenoon was occupied with one particular case. I heard the evidence, and the chairman of the tribunal stated that the decision would be rendered the following morning. The decision was given, in favour of the applicant. Shortly afterwards the case was appealed, and after some weeks of delay the appeal was heard and the judgment of the tribunal sustained. So far as I am aware that man has not yet received his pension. That sort of thing is not creditable to this country; it is not the sort of treatment we thought we were according the returned men when we passed this legislation a year ago.

Section as amended agreed to.

Sections 2 and 3 agreed to.

Mr. MacLAREN: I have another amendment to propose, as new section 4:

4. Section 10 of the said act as enacted by chapter thirty-five of the statutes of 1930 (first session) is amended by adding the following subsection:—

(3) The governor in council may appoint a judge of the superior court, or of a county or district court in any of the provinces of Canada, as an acting member of the pension appeal court, to serve in the absence of any member thereof, and may prescribe the allowance to be made for expenses of such judge while so acting.

The purpose of this amendment is to expedite the hearings. The entire bill is intended to expedite the hearing of cases and prevent delay, as much as that can be done without disturbing the organization under the act. There are only three members of the appeal court; as a rule all three must be present, and this amendment is designed to care for a situation which might arise from absence of a member.

Amendment agreed to.

Mr. MacLAREN: I have a further amendment as new section 5, making it conform to section 4 in the act. It is:

5. Section 70 of the said act as enacted by chapter thirty-five of the statutes of 1930 (first session) is repealed and the following substituted therefor:—

70. Unless the parties agree that an appeal or other matter as to which the court has jurisdiction shall be heard before only two from among the members or acting members of the pension appeal court, three of them shall sit; if an appeal is heard before two only and they cannot agree as to its disposition, it shall stand dismissed.

Amendment agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 114, for the relief of Robert Ruff Martin.—Mr. Gray.

Bill No. 115, for the relief of Norah Kathleen Nevins Scott.—Mr. White (Mount Royal).

Bill No. 116, for the relief of Albert Thompson Johnston.—Mr. Bell (St. Antoine).

Bill No. 117, for the relief of Isabel Catherine Rohrer White.—Mr. White (Mount Royal).

Bill No. 119, for the relief of Lily Adèle Caswell Dyson.—Mr. Garland (Carleton).

Bill No. 120, for the relief of Thora Mary Balfry Walker.—Mr. Young.

Bill No. 121, for the relief of Marjorie Kathleen Younger Cooper.—Mr. Garland (Carleton).

Bill No. 122, for the relief of Frank Godsoe Wilson.—Mr. Bell (St. John-Albert).

Bill No. 125, respecting The Wapiti Insurance Company.—Mr. Weir (Macdonald).

SERVICE LOAN AND FINANCE CORPORATION

Mr. ERRICK F. WILLIS (Souris) moved that Bill No. 118, to incorporate Service Loan and Finance Corporation, be recommitted to the select standing committee on banking and commerce.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, when this matter was first referred to by the hon. member for West York (Mr. Lawson) I took exception, and I desire to take a few minutes to show why I think the bill should not be again referred to the select standing committee on banking and commerce. As hon. members know this is a Senate bill which was passed and forwarded to the House of Commons. When bills come from the Senate perhaps hon. members in this house do not give to them as careful thought as is given to bills originating in this house, the usual practice being to send such bills to the committee for consideration. Hon. members probably have not read this bill very closely, and perhaps are unaware of the nature of the legislation. I will refer to one or two clauses to which objection was taken by the committee, and my contention is that no matter what explanation is given by the hon. member for West York, it is quite unlikely that a further reference to the committee will accomplish any definite result. The bill was before the committee, it was considered very carefully, and received the support of but a few hon. members. The bill was thoroughly explained by counsel for the company; it was also explained by the superintendent of insurance, so that there was no doubt left in the minds of the committee as to what the bill meant or as to its specific provisions.

Paragraph (b) of subsection 1 of section 5 of the bill reads:

The company may throughout Canada—

(b) notwithstanding anything contained in the Interest Act, or in the Money Lenders Act, or in paragraph (c) of section sixty-three of the Loan Companies Act—

That is to say, the other acts which govern the operations of such a company are set aside and special provisions are made in this bill to give the company concerned almost unlimited powers to charge those who borrow from it. It is permitted to:

(i) lend money secured by assignment of choses-in-action, chattel mortgages or such other evidence of indebtedness as the company may require, and may charge interest thereon at the rate of not more than seven per centum per annum, and may on all loans deduct the interest in advance and provide for repayments in weekly, monthly or other uniform repayments: Provided that the borrower shall have the right to repay the loan at any time before the due date, and, on such repayment being made, to receive a refund of such portion of the interest paid in advance as has not been earned, except a sum equal to the interest for three months,

The following is the most objectionable paragraph:

(ii) charge, in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company in making or renewing a loan authorized by the next preceding sub-paragraph (i), including all expenses for inquiry and investigation into the character and circumstances of the

borrower, his endorsers, co-makers or sureties, for taxes, correspondence and professional advice, and for all necessary documents and papers, two per centum upon the principal sum loaned.

The powers given to the company to make extra charges in this connection are almost unlimited. We cannot even imagine the extent to which the company may go in this respect. These were the chief objections to the bill. The committee believed that greater powers than should be granted to any company were provided for in this legislation, and they objected to the setting aside of the Money Lenders Act, the Loan Companies Act and the Interest Act merely to give this company special power. Further, it was pointed out by the Superintendent of Insurance that this company is already operating under a provincial charter. If it wishes to extend its business into other provinces, all that is required is for it to secure licences from the provinces which it desires to enter. It may then carry on its business there, so that even if this bill should not be proceeded with further, the company would not suffer any serious disadvantage. The House of Commons, however, by rejecting this measure, will not be regarded as being remiss in its duty to protect the public interest, and if a provincial government wishes to grant a licence to carry on a business of that sort, that is its concern.

It may be pointed out further that the bill gives this particular company power to lend money to a class of people in Canada who would not be able to borrow from the banks or from other money lending institutions. The contention is that people of that class have very little or no credit, at least not sufficient for the banks to recognize them. It was argued by those supporting the bill that if it were not passed we would be doing an injustice to that particular class. The answer to that will be apparent to everyone. This is a class of people, who, it is alleged, have no credit with the banks. Therefore, in all fairness, that class of people, if they borrow, should receive a lower rate of interest than any other class. But by this bill we are providing legislation which will permit the company to charge them at least 17 per cent. To ask the poorest class in the community, with practically no credit at the banks, if they are forced by circumstances to secure a loan from this company, to pay 17 per cent is, I submit, not helping that class at all. That is usury of the very worst kind, and if parliament cannot do anything better for that class than pass legislation of such a character, we had better not legislate at all.

[Mr. Irvine.]

Moreover, I do not think it is good business, especially at this stage of the session, to duplicate our work. In the banking and commerce committee we considered this bill to the best of our ability, and it was defeated in that committee. I cannot see any reason why an exception should be made of this bill by sending it back for the reconsideration of the select standing committe on banking and commerce.

Mr. H. E. SPENCER (Battle River): I wish heartily to support the contention put forward by the hon. member for Wetaskiwin (Mr. Irvine) with regard to his criticism of this bill. Only the other day, when it was before us in the banking and commerce committee, it was most thoroughly discussed. The legal advisers who were advocating the bill had ample time to put forward their case, and I was quite surprised when the sponsor of the bill rose in his place in the house the other day and asked permission that it be placed again on the order paper after it had been defeated in the banking and commerce committee, giving as his reason for wishing to have it reconsidered that he was not present at the banking and commerce committee when the bill was brought up, and that possibly he could have presented the case with different results. The hon. member knew he was not going to be at the banking and commerce committee that morning; he knew the bill was up for discussion and he had made full arrangements to have it presented. An hon. member to your right, Mr. Speaker, had full charge of the bill; he informed the committee that the hon. member for West York (Mr. Lawson) could not be present, and that the latter had asked him to take his place and present the bill for him. I can assure the hon. member for West York that the bill was put forward very ably by the hon. member who took his place. Therefore, in that regard he has no reason for asking the house to reconsider the bill and have it sent back to the committee—simply because he was not present the other morning to stand sponsor for it. That was the only reason I heard him give.

The powers given to this company, the Service Loan and Finance Corporation, are, as outlined by the hon. member for Wetaskiwin, very large. We were led, before reading the bill, to believe that the main security on which this corporation would lend money was simply that of two signers, but I find the following in section 5 of the bill:

The company may throughout Canada—

(a) buy, sell, deal in and lend money on the security of conditional sales agreements, lien notes, hire purchase agreements, chattel mort-

gages, trade paper, bills of lading, warehouse receipts, bills of exchange and choses-in-action; and may receive and accept from the makers, vendors or transferors thereof guarantees or other security for the performance and payment thereof and may enforce such guarantees and realize on such security;

The privileges given to the company in this bill are second only to those given to our banking institutions. If anyone wanting to borrow money has any security at all to offer and is a good risk, our present banking facilities are available. As was mentioned by the previous speaker, the superintendent of insurance when asked what rate of interest could be charged under this bill, although it calls for only 7 per cent, informed the committee that in view of the many provisos whereby the company can charge a little here and a little there, and take advantage of the borrower by demanding repayment weekly or monthly, together with the privilege of discounting. the rate of interest would amount to not less than 17 or 18 per cent. In some twenty-three years of my life I have seen what happened to men who borrowed at no higher rates than 8 or 9 or 10 per cent. I have seen many a business eventually go to the wall and many and many a family driven from home. I have seen people who at one time had great hopes of success struggle on for perhaps a quarter of a lifetime only to be compelled in the end to go into bankruptcy or worse, simply because of the high rate of interest charged on the money they borrowed. If that is the case when interest rates are 8 or 10 per cent, what can we expect to be the result when the interest rate is 17 or 18 per cent? It is terrible to think of. Some say that these companies are working very well, and probably they are so far as the shareholders are concerned, but I cannot imagine for a moment how they can be working well in any respect so far as the borrower is concerned. If a borrower is so down and out that he cannot get accommodation either through his life insurance, or through a bank or through a mortgage company or from friends, if he has not two good backers, then in any event if he has the security that this bill calls for, he should be able to get accommodation through the various channels at present available.

As the hon. member for Wetaskiwin pointed out, section 5, subsection 1 (b) of this bill provides:

(b) notwithstanding anything contained in the Interest Act or in the Money Lenders Act, or in paragraph (c) of section 63 of the Loan Companies Act—

The company may:

(i) lend money secured by assignment of choses-in-action, chattel mortgages or such other evidence of indebtedness as the company may require, and may charge interest thereon at the rate of not more than seven per centum per annum, and may on all loans deduct the interest in advance and provide for repayments in weekly, monthly or other uniform repayments: provided that the borrower shall have the right to repay the loan at any time before the due date, and, on such repayment being made, to receive a refund of such portion of the interest paid in advance as has not been earned, except a sum equal to the interest for three months,

So even when the company refunds the interest that has not been earned on account of the loan being repaid before the due date, they make the proviso: Oh yes, we will refund the interest, but we intend to keep three months' unearned interest.

This bill, if it means anything at all, means short term loans. The argument was put up to us the other day that money might be suddenly required to pay the expenses of a doctor in case of sickness, or hospital expenses, that the money would be wanted for a short time. If that is the object of the bill, why provide that the company may retain three months' unearned interest? Although the bill at first sight looks quite harmless in calling for a rate of 7 per cent, when you take into consideration its many provisos allowing the company to charge for looking into the bona fides of the co-signers, into the value of securities, and the proviso that the lender may deduct the interest before the loan is made, and may make various charges here and there, we find according to the testimony of the superintendent of insurance himself that the rate the unfortunate borrower would have to pay is not 7 per cent, but between 17 and 18 per cent.

Mr. ROBINSON: How does the hon. membre figure it at 17 or 18 per cent? It is 7 per cent, plus 2 per cent for investigations.

Mr. SPENCER: I shall have to refer the hon. member to the superintendent of insurance, who, I would say without hesitation, is one of the ablest mathematicians and civil servants that Canada is proud to have working for her. After carefully looking over the bill he came to the conclusion and stated to the banking and commerce committee that the rate in all would amount to 17 or 18 per cent. That is all we have to work on. It may be more than that, but he put it at 17 to 18 per cent. That makes this bill nothing more or less than a usurer's bill of the worst sort, and I do think, Mr. Speaker, that it is not in the interests of the people of Canada for this parliament to pass it. I think the committee did right in turning down the principle of the bill. I

support the chairman of the committee entirely in the report that he has made to the house, and I very much regret to see that this bill has been put back on the order paper.

Mr. CAYLEY: Do I understand that this company already has a provincial charter? I am not a member of the banking and commerce committee, and I ask for information.

Mr. SPENCER: Yes.

Mr. CAYLEY: Do they already enjoy these privileges under provincial legislation?

Mr. SPENCER: I do not know whether they have exactly the same privileges under the provincial legislation, but I have never seen quite such a raw bill as this presented to the house.

Mr. CAYLEY: I was simply wondering whether they were carrying on raw practices under provincial legislation.

Mr. SPENCER: Even if they have these rights under provincial legislation, I do not think we should soil our hands in supporting such cruelty as to allow a usurer to penalize unfortunate borrowers to the extent allowed under this bill.

Mr. ERRICK F. WILLIS (Souris): I find myself in an unfortunate position, Mr. Speaker. The sponsor of the bill, the hon. member for West York (Mr. Lawson), has been called away on account of sickness in his family. I am a member of the banking and commerce committee, but I was not able to be present when this bill was under consideration due to the unfortunate time at which the meeting was held, and I have not the same intimate knowledge of it as has my hon. friend from Battle River (Mr. Spencer). I desire that this bill be referred back to the committee for a number of reasons. First, I think if the hon. member for West York were present he would be able to make such explanations as would satisfy the house. Secondly, I myself was not present at the meeting of the banking and commerce committee and I should like to hear the discussions which would take place when all persons were present. I am advised that a company known as The Central Finance Corporation is now operating under exactly the same terms as are outlined in this bill, and went through the committee in precisely the same way. I am further advised that the company now in question and the company known as The Central Finance Corporation both operate under the Loan Companies Act and are subject to the inspection of the superintendent of insurance. In themselves these facts are safeguards for the public.

[Mr. Spencer.]

I am not sponsoring the bill, but it does appear to me that when it came before the committee it was the duty of that body to suggest such safeguards as would be beneficial to the general public. It is my further opinion that if through negligence another company has been incorporated which ought not to have been incorporated it is the duty of the committee to take such steps as are necessary with regard to it.

In any event it seems to me that no harm would be done if the bill were referred back to the committee whence it came. If in the opinion of the committee the measure is unwise it of course could kill the bill. I do think however that the proposed legislation should be given fair consideration before the banking and commerce committee, especially so in view of the fact that the hon. member for West York has been suddenly called away.

Mr. SPENCER: Does the hon. member intimate that the bill was not thoroughly discussed before the banking and commerce committee?

Mr. GUTHRIE: Only fifteen out of fifty were present.

Mr. WILLIS: I have given the reasons why it should be referred back: First, the bill ought to be sponsored by the hon. member in whose name it stands. Secondly, as a member of the banking and commerce committee I desire to hear the discussion which might take place. I still think that no harm could be done if the bill were referred back, particularly when another company has been incorporated with exactly the same powers sought in the present instance.

Mr. R. W. GRAY (West Lambton): I desire to associate myself with the hon. member for Souris (Mr. Willis) who has just taken his seat. I wish to be fair with the hon. member for West York (Mr. Lawson) who this afternoon sent me a note that he was unavoidably called away because of illness.

I shall not direct my remarks to the merits of the bill, but it does seem to me when the hon. member for West York, who sponsored the bill, was of the opinion that it had not received fair consideration and that it ought to be reinstated on the order paper, he is entitled to have his bill heard before the banking and commerce committee. As the hon. member for Souris has explained, no harm can result from allowing the sponsor properly to present his bill. For those reasons I support the remarks of the hon. member for Souris.

Mr. CHAPLIN: What did Mr. Finlayson have to say about the measure?

Mr. GRAY: I am sorry I cannot tell the hon. member for Lincoln, (Mr. Chaplin) because I was not on the committee. As I have said I am not here to discuss the merits or demerits of the bill but to say that the hon. member for West York, with whom I am paired, has asked that the bill be reconsidered. As he is a conscientious member of the house I think he should be given an opportunity properly to present the facts before the committee.

Mr. GUTHRIE: Question.

Mr. IRVINE: Mr. Speaker, I rise to a point of order. I should like to have a ruling as to whether or not it is in order for this house to send back to a committee a bill which has already been considered by the committee and killed.

Mr. GRAY: Mr. Speaker has so ruled.

Mr. IRVINE: Not yet.

Mr. SPEAKER: Is the house ready for the question?

Mr. NEILL: No; a point of order has been raised, and I suggest that it be decided.

Mr. SPEAKER: As to the right to recommit, there can be no doubt. If the house chooses to recommit this bill, it may do so.

Some hon. MEMBERS: Carried.

Mr. A. W. NEILL (Comox-Alberni): No, it is not carried. I have listened with care to the debate on this bill, and at the outset may I say that I have no personal feelings in the matter whatever. I never heard of the bill until to-night.

May I advise the hon. member for Lincoln (Mr. Chaplin) it has been stated here to-night that Mr. Finlayson, the superintendent of insurance and a man of great ability, said that under the bill it would be possible to collect 17 per cent. I gathered from hon. members who were part of the committee that Mr. Finlayson went a long way rather than to approve of it.

I suggest that if bills are to be considered with relation to the character or reputation of their sponsors rather than on the merits of such bills, we would be instituting a new doctrine in the house. We have heard a great deal about Mr. So-and-So who sponsored the bill now in question and who was not before the committee to present his baby, so to speak. However the bill was discussed on its merits by a number of hon. members in the committee, and the suggestion is not made that the bill was not so discussed. If such discussion took place what difference does it make whether one hon. member introduced it or another? The inference was left that the bill had not received a fair hearing. Listening however to members of the committee who stated what took place it seems to me that the hearing was fair. One hon. member has said that a company similar to the one now in question is operating under the Loan Companies Act, and under the inspection of the superintendent of insurance.

I should like to draw the attention of hon. members to the exemptions asked in the bill. In order to carry out what I think I might call its nefarious objectives it has been found necessary to seek authority from the house to exempt the company from the provisions of a number of acts. I am always suspicious of a bill, even it be a railway bill, which comes before the house and is not satisfied with the ordinary provisions of the standard railway act which has been formulated after a great deal of care and experience. On some occasions we find special exemptions asked for. The same suspicion arises in the present instance when we find on the pages of a short bill permission sought for a number of exemptions. Under section 5 of the bill we find the following:

Notwithstanding anything contained in the Interest Act—

That is No. 1.

—or in the Money Lenders Act—

That is No. 2.

—or in paragraph (c) of section 63 of the Loan Companies Act—

That is No. 3—the company shall have power to do so and so. Then in section 8 we find the following:

The Loan Companies Act, chapter 28 of the revised statutes of Canada, 1927, excepting therefrom—

And then follows a number of exceptions, ending with the words:

—shall apply to the company.

This is what is excepted: subsection 1 of section 61; paragraph (c) of subsection 2 of section 61; subsection 3 of section 62; section 64—the whole section—sections 65, 66, 67, 82 and 88. With those trifling exceptions the Loan Companies Act shall apply.

I have not the time nor have I found the necessity to learn to what all these sections refer. From the number of them however one would suggest that they would cover a fairly wide field. We find the company now in question coming forward and before they are in a position legitimately to operate they

ask exemption from these various acts: The Interest Act, the Money Lenders Act and the Loan Companies Act, Then we find them taking power, as other hon. members have pointed out, to impose what is very often called a "loan charge" for preliminary investigations. The section is very obscurely worded, and it is not clear to me whether there are two charges indicated or only one. The company takes power to charge:

—in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company in making or renewing a loan authorized by the next preceding subparagraph (i), including all expenses for inquiry and investigation into the character and circumstances of the borrower, his endorsers, co-makers or sureties, for taxes,—

For taxes.

—correspondence and professional advice,—

Then there is a comma and the sub-paragraph concludes:

—and for all necessary documents and papers, two per centum upon the principal sum loaned,

It is not clear to me whether that two per centum is to cover the whole of that paragraph, or whether there is authority to charge for all expenses incurred as specific down to and including "for professional advice," and then two per centum in addition "for all necessary documents and papers." I think it will be found that two separate charges are authorized for all expenses for inquiry and investigations into the character and circumstances of the borrower, his endorsers, co-makers or sureties—and in this connection you might run up a considerable bill.

Mr. ROBINSON: Mr. Finlayson appeared before the committee and strongly supported the bill. He said he had gone over it thoroughly. It was understood in the committee that the two per centum covered charges for investigating endorsers. This company lends only to endorsers.

Mr. NEILL: Who made that statement?

Mr. ROBINSON: It was made before the committee. I may say further that Mr. Finlayson stated that he had thoroughly gone over the bill and had found it similar to bills authorizing other companies to loan moneys to parties to whom the banks will not advance loans. It is on endorsements, not chattel mortgages, that the company lends money. The two per cent covers those charges.

Mr. NEILL: Do I understand the hon. member to say that Mr. Finlayson advised the committee that this section was similar to that in other bills incorporating loan companies of this nature?

[Mr. Neill.]

Mr. ROBINSON: All companies doing similar business.

Mr. IRVINE: There is only one other company in Canada organized in that way.

Mr. NEILL: I think the hon. gentleman inquired of the hon. member for Battle River (Mr. Spencer) how he arrived at the statement of seventeen per cent, and was referred by him to Mr. Finlayson. We get a fair idea of how it can be worked out if we look at sub-paragraph one with respect to the seven per cent per annum charge:

—and may on all loans deduct the interest in advance.

Supposing the loan was $2,000 for five years; the interest for one year would be $140; multiply that by five and you have $700,—to be deducted from the $2,000 loan. The wretched man who is going to get the $2,000 is given only $1,300 in cash, and this company gets the use of the $700 for the five years. Then it is prescribed that the loan is to be paid back, if the company choose, in weekly or monthly instalments. Under the next succeeding sub-paragraph I suppose the company can begin at each succeeding period, whether weekly or monthly, and have these investigations all over again. I will accept my hon. friend's statement that the second sub-paragraph authorizes a charge of only two per centum. Add this to the $700 interest at seven per cent, and the unhappy borrower is still further behind and gets only $1,260; then he is liable to be charged the same expenses again and again in every case of renewal. And the promoters of the company did not miss anything,—the next subsection provides that in case the company has omitted anything it can charge:

—an additional sum equal to the legal and other actual expenses disbursed by the company in connection with such loan, but not exceeding the sum of $10.

Add this to the other deductions to which I have referred, and the unfortunate borrower finds his loan of $2,000 reduced by $750.

Mr. ROBINSON: I do not think it is fair to figure on a five year basis, because they are all short term loans.

Mr. NEILL: There is nothing in the bill confining loans to short periods, and I should judge from the character of the company as disclosed by these provisions that it would not care whether the loan were short or long —if it get the unhappy borrower within its

power he never would be free of debt again. Then this provision is inserted.

—but no charge for expenses of any kind shall be made or collected unless the loan has been actually made.

Then I find that the company takes power to borrow money upon its own credit; but that I suppose is more or less the company's own concern. But the company seems to think there might be something shady about the transaction because I find this provision:

Any officer or director of the company who does, causes or permits to be done, anything contrary to the provisions of this section shall be liable for each offence to a penalty of not less than twenty dollars and not more than five thousand dollars.

And the other night an hon. member wanted to penalize a farmer not less than $1,000 if he was caught with one per cent more water in his butter than the regulations allow! But in this case the wrongdoer is subject to a penalty of not less than $20—in each instance, I suppose. One hon. member suggested that it was the duty of this committee if it did not like the terms of the bill, to make such amendments as would protect the public. The only way I can see to protect the public in a case like this is to reject the bill in its entirety. I do not want to take up the time of the house further—

An hon. MEMBER: Oh, no.

Mr. NEILL: I could very easily talk the bill out, but I think this house is entitled to vote on it, and I propose that it do so now.

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

Mr. ALFRED SPEAKMAN (Red Deer): No, Mr. Speaker.

An hon. MEMBER: Talk it out.

Mr. SPEAKMAN: No, I have no desire to talk the bill out, and I shall state any observations as rapidly as possible. It does seem to me that two points should be considered with reference to this bill. First, is it of the class which should pass this house at a time when from every part of the country comes the cry of suffering humanity weighed down under a load of debt on which the usual interest charges cannot be paid? By this bill it is proposed to empower another company to charge a still higher rate of interest. I was not a member of the committee, but I have studied the bill with some care, and as far as I can see there is no limitation on the charges of one kind and another that may be made by the company once the borrower has fallen into its clutches. My hon. friend behind me suggests that this might well be termed a "Shylock" bill—but that the old gentleman is looking for his pound of flesh without giving any undertaking not to shed a drop of blood.

Another point to be considered is this: The bill once having been killed in the select committee, shall it be again referred to that committee? I think we should have finality in these matters. There are only two reasons for a bill being returned to the committee for reconsideration: first, that the bill was not given a fair hearing; no one has suggested that this is so. The other reason is that new evidence may have been forthcoming in the meantime that might change the opinion of the committee; no indication has been given as to that. If the bill has had a hearing before a fair percentage of the committee, is it any more likely at this stage of the session that there will be a full attendance or that the committee will accord the bill a more favourable hearing? In brief, Mr. Speaker, I am opposed to this bill because of the provisions of the bill itself; I think they are wrong and that they are inopportune. The fact that at another time we gave similar powers to another company is no reason why, in this year of grace, we shoud repeat that error. I am opposed to this bill being returned to the committee, because as far as I can gather the bill has received fair consideration and no new evidence has been brought forward to warrant a re-hearing. The fact that the hon. member who to-day is sponsoring the bill, in the absence of the original sponsor, has not heard the evidence and would desire to hear what is to be said about it is a good argument from his point of view, but that is no reason why it should go back at this time. I hope the house will kill this bill, as it should be killed.

Mr. M. N. CAMPBELL (Mackenzie): I just wish to put myself on record as being opposed not only to this particular bill but also to the principle upon which it is based. At a time when the majority of the people are criticizing our banks for the rate of interest they are permitted to charge it seems to me it would be a most reactionary thing for this house to pass a bill permitting another company to charge such exorbitant rates of interest. Therefore I am opposed to the principle upon which the bill is based.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker—

An hon. MEMBER: That settles it.

Mr. WOODSWORTH: I am glad to hear one hon. member suggest that this settles it; if I could possibly settle the bill in this way

I would do so. Although I am a member of the banking and commerce committee unfortunately I was not present at the session of the committee when this bill was under consideration, and for my information I must depend upon what has been said to-night and upon the bill itself. It is at this stage that we determine the principle of the bill, and those who have asked that the bill be re-committed have given us no very good reason why that should be done except that the sponsor himself has in some way taken upon himself the obligation to get this before the committee, and he as a lawyer is interested in seeing that his clients are fully satisfied.

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: So he is interested in having the bill brought before the committee. For some reason or other he was not present when it came up previously.

Mr. SPEAKER: Order. I do not think the hon. member should refer to the sponsor of the bill as acting for a client. He is here as a member of parliament, and there is no reason to make such an insinuation.

Mr. WOODSWORTH: I am quite ready to withdraw that remark if it is unparliamentary. I think those were almost the words of the sponsor of the bill yesterday.

Mr. SPEAKER: It is not parliamentary to say that a member of this house who is a lawyer should have attended to the affairs of his clients. That is an insinuation that he is here as a paid agent, and that insinuation should be withdrawn.

Mr. WOODSWORTH: I am quite willing to withdraw any insinuation of the kind. As a matter of fact I did not intend to insinuate anything. The sponsor of the bill is very keenly interested in having the matter properly presented, and it is true that in this case the sponsor of the bill happens to be a lawyer. I have no doubt he has some professional pride in seeing that the bill is properly presented to the house. For some reason or other he was unable to be present before the committee, but there has been no suggestion that the committee did not give it fair consideration. If there was any suggestion of that kind I would quite gladly agree to its going back, but there has been nothing of that kind said. At this time we are trying to determine the principle of the bill, and I think sufficient has been adduced already in this discussion to-night to show that the principle of this bill is absolutely wrong. There are one or two points I should like to emphasize, though most of them have been touched upon already.

Mr. ROBINSON: My hon. friend has said he was not at the meeting. I may say that from the discussion to-night one would think the banking and commerce committee were unanimous in turning down the preamble of the bill, but the vote was seven to eight.

Some hon. MEMBERS: No.

Mr. ROBINSON: My recollection is that eight were against it and seven were for the bill. I am sure of that.

Mr. WOODSWORTH: I am quite ignorant on that point, but with regard to the principle of the bill, in section 5 (b) we have the following statement:

> Notwithstanding anything contained in the Interest Act, or in the Money Lenders Act or in paragraph (c) of section sixty-three of the Loan Companies Act. . . .

It does seem to me, Mr. Speaker, that these various acts which are general in character have been placed upon the statute books to safe-guard borrowers; I think that may be taken for granted. I do not know all the terms or provisions of these acts, but I have no doubt they were fairly well considered, and they are general acts intended to safeguard the interests of borrowers. I do not think any bill ought to be introduced which in this way sets aside the provision of general acts. It is vicious legislation, because almost any company could come along and plead for a special exemption. If there is something in the Interest Act, in the Money Lenders Act or in the Loan Companies Act which is unjust to the lenders or if there is something that should be revised, let us bring in amendments to those acts. Then we will not need to bring in these exceptions. If those acts are fair to lenders and yet safeguard borrowers, I think we should not permit them to be set aside.

Further, there is the other point which has been dealt with to-night and which I think has not been answered. I can hardly conceive of this house passing legislation which would permit a possible 17 per cent to be charged; it would seem to me outrageous that anything of the kind should be done. I quite admit that the interest may be only 7 per cent, 10 per cent or 12 per cent, but I cannot see that we are justified in allowing anything to go through so loosely drawn that it would permit anything of this character. Even to one who is a layman and not an

expert in draftsmanship it is apparent that this is a most extraordinary bill, permitting exceptions of almost every conceivable character. So, as we are dealing here with the principle of the bill, I think we should decide that no bill shall be permitted to pass which will contravene what would seem to be the fundamental principles of justice.

Mr. SPEAKER: The hour for the consideration of private and public bills having expired, the house will revert to government orders.

SUPPLY

POST OFFICE DEPARTMENT

The house in committee of supply, Mr. LaVergne in the chair.

Post Office—outside service, $36,339,975.

Mr. VENIOT: Mr. Chairman, I asked the Minister if he would explain why the item covering stationery and printing shows an amount for 1931-32 of $490,000 as compared with $865,623.18 for 1930-31.

Mr. SAUVE: I thank the hon. member for calling my attention to this matter. The main estimates for 1930-31 called for $490,000 for this item, and this amount was voted during the regime of the former government. However, it was not sufficient to cover the requirements for the year and pay accounts due to the printing bureau which had been accumulating since 1927-28. The present administration decided that these outstanding accounts should be paid, and provided for an amount of $375,623.18 to be included in the supplementary estimates.

The situation to which the hon. member has called attention is one which is likely to arise following any change of government. When main estimates are passed by one administration and further supplementary estimates passed by an incoming administration, it is impossible to avoid this apparent discrepancy in the figures. In order to make a proper comparison it is necessary to show in the figures for the previous year both the main and supplementary estimates which have been passed. I am informed that this has been the practice heretofore. If it were not followed hon. members would find it necessary to have before them the details of the supplementary estimates in order to make a comparison between one year and another. This is not a reflection upon the administration of the former Postmaster General, but is simply the application of a well-defined and long standing rule.

Mr. VENIOT: An entirely wrong impression is given by showing in the 1930-31 column the amount of $865,623.18, this being an intimation that the former government had voted that amount. The amount voted by the late administration was $490,000, and if the incoming government found it necessary to straighten out accounts due to the printing department, they should have shown that they were voting $865,623.18 this year instead of $490,000, and then given an explanation of the increase of $375,000. As the two columns now appear an attempt is being made to show that this government is practising economy in that they have reduced one item by $375,000. I do not say that has been done intentionally, but it is a falsification of the records of the former and present government.

The minister says that a precedent has been established for this practice, but I do not know where he gets his information. It has never been the case that an incoming government, having to meet a deficit of an outgoing government, has shown an amount as having been voted by the outgoing government when in fact a part of the amount had been voted by themselves. It is only for that reason that I am pointing this out tonight, that the Post Office Department, under the present government, has not had any decrease; it is not entitled to a decrease of $375,000. What the minister should have had in the estimates was $490,000 plus $375,000, and then showed that the increase he was obliged to make was because of an outstanding account that had not been settled by the former government.

Mr. CAYLEY: I want to bring to the minister's attention something that has been referred to me and also I am sure has been referred to him hundreds of times by reason of the many changes in the mail services owing to the cutting off of trains. I have under my hand a communication from the town of Tillsonburg, in the county of Oxford, drawing to my attention the very great handicap under which the industries of that thrifty little town are labouring at the present time. A letter sent to the minister under date of July 14, 1931, explains the position in which many of these towns and villages find themselves, especially those off the main railways that have not at present the mail service

which they enjoyed for many years past. This is the letter to which I refer:

The Postmaster General,
Parliament Buildings, Ottawa, Ontario.
Dear Sir:

We are writing you in connection with the change in the postal service in the town of Tillsonburg which came into effect the first of July. Before that date, the mail was delivered here before nine o'clock in the morning, and since then it is ten-thirty, and occasionally if there is any delay such as to-day, it is twelve o'clock noon, and as the last outgoing mail is at two-thirty p.m. you will realize that we have not time to attend to the day's business and it it has to stand over for twenty-four hours, which is an intolerable situation for business establishments like ours, and there are a dozen others in this town in the same position.

Vigorous protests have been entered to the district superintendent in London, but without any results so far, and therefore would ask you to kindly investigate this matter and see what can be done to right this situation, which is doing us a great deal of damage, as we feel we are entitled to better service.

I would be very glad to hear from you.

Yours very truly,

The Tillsonburg Shoe Company, Limited.

I am sure the minister is conscious of the great handicap under which these industries are labouring. I should like an assurance from him that he will do something and do it soon in order that these towns and villages off the main railroads may receive some consideration.

I should like to bring to his attention another matter which has been referred to me. Many of these mails are carried on mixed trains, part of the train consisting of freight cars, and while they have a schedule on which they are supposed to run, it is very difficult, indeed almost impossible, to run according to schedule, this depending upon the amount of freight they have to lift at the various stations. One can imagine the difficulty with which the postmasters along the route are faced. Some of them tell me they have to wait for these trains an hour, two hours, and so on. Very often it is the wife of the postmaster who has to wait out in those cold stations for the mails to be delivered. I am sure the minister wants to see all of these towns and villages free from this handicap and given the same advantages as industries enjoy in the larger centres which are better served by railways, and that he will do his utmost to see that as soon as at all possible something is done to give these people a fair deal.

Mr. SAUVE: I thank the hon. gentleman for his representations and I can assure him that I shall continue to give my most serious consideration to the question.

[Mr. Cayley.]

Mr. BRADETTE (Translation): Mr. Chairman, I have a request to make to the hon. Postmaster General (Mr. Sauve). I am aware that in the section of the country which I have the privilege of representing, it is difficult for the department to always give entire satisfaction, owing to its vastness and scattered population, I am alluding to the post office of Ryland, a parish which is situated somewhat to the west of the town of Hearst. I think that the department has had this question under consideration for almost two years, but owing to the local difficulties, I think it proper to again draw the attention of the house to this matter. I must say, by the way, that in my section of the country as well as in many other extensive districts, whether under the Conservative or Liberal rule, the Post Office Department has had to make heavy outlays to provide a postal system.

Owing to the small population of Ryland, it would be only fair that the present post office should be removed to the village of Ryland itself. At present, only eight or ten families benefit by the postal service; the others who form the majority of the parish of Ryland must travel at least 1½ miles or to get their mail at the town of Hearst which is nearly 6 miles away. As I have just mentioned, the Post Office Department was aware of this fact last year and this year, and, I think, that the question is being considered. I would suggest, if the department fears that this change would be unfair to the present postmaster, who is one of the pioneers of this section of the country and who has been postmaster for a number of years, I would suggest to the Postmaster General, on behalf of the worthy population of Ryland, that he put up two post offices, the present one to remain where it is and another to be located in the village itself. I think the thing could be easily done. I know that this will entail a further expenditure and that might create a precedent, however, I make this suggestion on behalf of the worthy pioneers of new Ontario, who are making sacrifices to develop that part of the province.

I have another request to make on behalf of this parish. I wonder if it would be possible for the Post Office Department to again provide mail service three times a week, as in the past. If I am not mistaken, these worthy people receive mail only twice a week. May I point out that there are two trains, No. 1 and No. 2, two National Railway trains which pass there daily. It would therefore be an easy task for the Post Office Department to provide again tri-weekly mail service to accommodate the parish of Ryland.

Mr. SAUVE (Translation): Let me assure the hon. member that the question which he has just brought up with reference to Ryland, is receiving the department's attention, and that we shall further consider and study the matter, especially after the fair comments made by my hon. friend. We are not only considering the request, but also the means at our disposal to settle this matter.

As to the last part of his request, the hon. member will admit that this is rather within the scope of the railways and that it would be proper to refer the matter to the railway officials. I can assure the hon. member that we shall continue to consider this question from the viewpoint of serving the best interests of this territory, and at the same time giving justice to the people of Ryland.

Mr. FERLAND (Translation): Mr. Chairman, I wish to again draw the attention of the hon. Postmaster General to the question of a home distribution of mail for the city of Joliette. At the outset of the session I wrote to the hon. Postmaster General on this subject and in his answer dated March 21, 1931, he stated, among other things:

> The question of giving a home distribution of mail to the people of Joliette was considered by the Postmaster General some time ago, but owing to the economic situation of the country, it was thought proper to put off taking any decision on the matter until conditions showed improvement.

The economic situation of the country, is perhaps a reason which can be invoked as regards many requests, however, I must point out that last year the late government had an item in the estimates voted to provide for such a service at Joliette, and if I am not mistaken, an order in council had been passed—

Mr. SAUVE (Translation): On what date?

Mr. FERLAND (Translation): I have not the date, it must have been in June.

Mr. SAUVE (Translation): After the 1930 session?

Mr. FERLAND (Translation): Yes, after the session, however, the question had been considered and decided during the session and, at the time, near the end of the session, the Civil Service Commission, on the advice of the Post Office Department had candidates who wished to become letter-carriers at Joliette, undergo the necessary test, following this the commission prepared a list of those who were eligible. Furthermore, the Post Office Department forwarded to the post office at Joliette, all the paraphernalia required to start this service, namely, letter-carriers' uniforms, mail-pouches, etc., it was therefore a service which had practically been established by the preceding administration.

Mr. SAUVE (Translation): If the money was voted at the last session, why the order in council?

Mr. FERLAND (Translation): The order in council was to fix the necessary amount. In last year's estimates, the details were not given to the house. However, I knew that my request had been granted by the then Postmaster General and that the amount had been included in the summary estimates of $16,500,000.

It was a service which we thought necessary and timely, and was granted under the late administration. I cannot believe that th present government had ever conceived the idea of taking away from the town of Joliette a service which had been granted by a preceding administration. I would rather believe that there has been some mistake with respect to this request.

The request is justified by the returns of the post office, at Joliette. The population is gradually increasing, although slowly; it has now reached eleven thousand and some odd hundred people and the post office has also a revenue which is gradually and uninterruptedly increasing year by year; at present it is more than $20,000. The returns of the Joliette Post Office are as large and even larger than those of certain other towns of the province, whose population is less, yet the latter have their home distribution.

Under these circumstances, I again humbly place my request before the hon. Postmaster General. May I say to him that I have full confidence in his spirit of fairness, and that if he so desires, he can satisfy the wishes of the people of the county which I have the honour of representing.

Mr. SAUVE (Translation): I wish to thank the hon. member for Joliette of the trust he places in me and I may say to him, as it is often said in letters that I receive myself: "my letter speaks for itself." As to the money voted for this new service, if I be not mistaken, there was no definite amount mentioned in the estimates, at least I have not been able to find it in last year's estimates.

An amount was, perhaps included in the estimates as a whole, if it were voted, however, it does not appear anywhere, and I think, that is the reason that an order in council was passed in June to determine the amount which was to be granted for such a service.

Now, we are studying the financial situation and the means at our disposal. If it be possible to complete the organization of this service, we shall do so with the greatest of pleasure.

Mr. VENIOT (Translation): Mr. Chairman, may I correct the statement just made by the hon. Postmaster General. The amount was voted last year for this service at Joliette, it was included in the general item—

Mr. SAUVE (Translation): Would you kindly let me see it?

Mr. VENIOT (Translation): I cannot do so, but the order in council mentions it, and this order in council passed in June authorized the establishment of this service in Joliette. That order in council would have never been passed, if it had not been shown to the Treasury Board that the amount had been provided in the estimates submitted to the house.

Mr. SAUVE (Translation): That may be, but there is nothing to show this:

Mr. VENIOT (Translation): You will not find these details in the estimates, but they were mentioned in the house when the estimates were submitted and explanations were then given. The estimates of the Post Office Department were voted by the house, the order in council was brought down recommended by myself when I was Postmaster General, and passed upon by the Treasury Board. If this had not been done the Civil Service Commission would have had no authority to advertise in the newspapers for candidates to fill the position of letter-carriers.

Mr. CAYLEY: Coming back to the matter I spoke of before, I was wondering if the Postmaster General has considered the use of motor cars for delivering the mail to places off the main line where the mail service has been disrupted and the people at present are greatly inconvenienced. It is highly essential that these thrifty little towns and villages, which now find themselves with a very poor mail service, should be given better facilities.

Mr. SAUVE: In cases where the train mail service is abolished, we consider the possibility of delivering the mail by car or bus or other means.

Mr. HURTUBISE (Translation): Mr. Chairman, I would like to ask the Postmaster General a question, but, previous to doing so, I wish to give some explanation. Under the Liberal regime plans and specifications had been prepared and even tenders asked for in connection with an aerial postal service between Montreal, Ottawa, Pembroke, Sudbury, North Bay and Sault Ste. Marie. The point which I wish to elucidate is this: Do the estimates of the Postmaster General provide for the completion, in part or as a whole, of this service which was planned under the preceding administration?

Mr. SAUVE (Translation): Not for the present.

Mr. HURTUBISE (Translation): I am asking the Postmaster General this question, because in my section of the country, naturally, all towns like Sudbury and North Bay, are preparing and endeavouring to find landing fields, and if as the minister has just said, nothing will be done for a year to come they will discontinue these preparations.

Mr. SAUVE (Translation): I think it would be better for them to act cautiously.

Mr. LUCHKOVICH: I am very sorry I could not follow the remarks of my hon. friend from Nipissing, as I am unable to understand the French language. I do not know whether or not the hon. member was quarrelling with the Postmaster General, but I must say his language sounded very well. The French language is euphonic and beautiful whether hon. members are quarrelling or not—I should like to know what it is like when they are making love.

Has the Postmaster General received any letters or petitions from the village of Ranfurly with respect to closing post office lobbies in that village? If the minister has received such letters or petitions I should like to know what his answer was.

Mr. SAUVE: The hon. member is right; we have had correspondence in that connection but I am sorry it is not now before me. I may state however we have considered the matter.

Mr. LUCHKOVICH: Some time ago on the orders of the day I brought this matter to the attention of the Postmaster General, and asked him whether there was a general ruling to apply to all of Canada or whether the ruling would apply only to the village of Ranfurly. In reply the Postmaster General said that the ruling was not confined to Ranfurly but was general throughout Canada. There were certain exceptions however in the province of Quebec in connection with which he made the following statement:

Exceptions are made in some instances in the province of Quebec where some post offices are kept open to permit patrons to get their mail after driving to the village to church.

I sent this answer to the people in Ranfurly and vicinity but they do not seem to be very well satisfied.

Mr. VENIOT: Is it a public building?

Mr. LUCHKOVICH: I think there is a store attached to the building wherein the post office is located. The people around Ranfurly are not satisfied with the statement of the Postmaster General.

Mr. SAUVE: I shall be pleased to reconsider the question and shall try to satisfy the hon. member.

Mr. LUCHKOVICH: Will the Postmaster General tell that to the petitioners from Ranfurly?

Mr. ERNST: The minister has told it to Hansard, and that is just as good.

Mr. SAUVE: I shall reconsider the matter.

Mr. GIROUARD (Translation): I wish to put a question to the hon. Postmaster General so as to obtain some information. In order that I may be clearly understood may I draw his attention to one case. A person is appointed postmaster in a village of Quebec. The department locates the post office in a store belonging to another person. An election takes place, and the proprietor of the store puts in his store election handbills and placards. Would the Postmaster General be so obliging as to inform me whether the fact of placing election handbills and placards in his store may be considered as political interference on the part of the postmaster?

Mr. SAUVE (Translation): That depends on the location of the post office.

Mr. GIROUARD: The post office is located in the store.

Mr. SAUVE (Translation): Is it entirely separated?

Mr. GIROUARD (Translation): Partly.

Mr. SAUVE (Translation): What portion is separated?

Mr. GIROUARD (Translation): The front part and sides are separated by partitions. Evidently, it is the same counter in the rear which is used for goods and post office purposes, and in the present case it must be admitted that in the post office proper there are no placards or handbills.

Mr. SAUVE (Translation): According to the limited experience I have had, it happens in certain cases, as I have found out, after obtaining the necessary information from those who have charge of such inquiries, and even from our own officials, that the portion reserved for postal purposes in the store is very limited, and all that takes place in the store practically takes place in the post office, because the latter itself forms part of the store and the separation, so to speak, is not adequate. The post office is here and the store there. The hon. member will admit that the postmaster who has a little office in the corner of the room hardly or not entirely separated from the store, and who places hand-bills and advertisements—

Mr. VENIOT (Translation): The postmaster is not the proprietor of the store.

Mr. GIROUARD (Translation): It is a case where the postmaster is not the proprietor of the store.

Mr. SAUVE (Translation): Is the place rented ?

Mr. GIROUARD (Translation): Yes, the place is rented for the post office.

Mr. SAUVE (Translation): The place is rented for the post office and in the store politics is carried on?

Mr. GIROUARD (Translation): The case is as follows, if the Postmaster General will allow me—

Mr. SAUVE (Translation): I know of such cases, however one must act cautiously, especially when one has to listen to reports which reach you—they are often contradicted.

Mr. GIROUARD (Translation): I am glad to hear the hon. Postmaster General say that one must act cautiously; however, those who are sent by the Post Office Department to inquire into such cases do not act as cautiously as the hon. Postmaster General himself. I allude to the case at Ste-Clothilde-de-Horton.

Mr. SAUVE (Translation): Would the hon. member have any objection to naming the locality to which he alludes.

Mr. GIROUARD (Translation): I have just mentioned the place: Ste-Clothilde-de-Horton. The postmaster had his post office in a store owned by a Mr. Rousseau.

A general election was announced and the proprietor placed hand-bills and placards in his store. He evidently was entitled to do so; he had no permission to ask from the postmaster. An inquiry was held and the Com-

missioner decided that the fact of having hand-bills advertising the Liberal party in the store, where the post office was located, was sufficient evidence of political interference on the part of the postmaster. Consequently, the hon. Postmaster General signed the order in council dismissing this postmaster.

Mr. SAUVE (Translation): What was the conclusion arrived at in the report?

Mr. GIROUARD (Translation): I shall read it:

From the evidence heard, I conclude that the postmaster is a strong Liberal partisan who does not conceal his views and even delights in airing them in public; that the fear of losing his position as postmaster prevented him from compromising himself publicly either by his acts or other ways—

I wish to specially draw the attention to these lines.

—the fact itself of having handbills advertising the Liberal party in the store where the post office is located, and of allowing his two assistants to carry on political propaganda, driving voters to the polls are sufficient evidence to prove political partisanship.

I was anxious to elucidate the first point.

Mr. SAUVE (Translation): Who signed this?

Mr. GIROUARD (Translation): It is signed by J. Alfred Powell, of St-Ferdinand d'Halifax. I was anxious to elucidate the first point, namely, whether a postmaster should be punished for the actions of the owner of a store in which the department has rented space sufficient for the post office. The hon. Postmaster General has just stated that in such cases it is well to act cautiously. However, it is perhaps somewhat late to make this statement seeing that the ex-postmaster has been dismissed.

The other question which I want to ask is the following: A postmaster employs assistants who are paid by himself and not by the Post Office Department. If, on the voting day, one of the assistants, without the knowledge of the postmaster, drives voters to the polls, does that constitute, on the part of the postmaster, an act of political partisanship?

Mr. SAUVE (Translation): The employee of a postmaster does not concern the Post Office Department.

Mr. GIROUARD (Translation): I am entirely satisfied with the answer just given by the Postmaster General. I therefore conclude that the postmaster of Ste-Clothide-de-Horton was illegally and unjustly dismissed, and I wish to protest against this dismissal. The only evidence brought to bear against him was the fact that his employees had driven voters to the polls. He was unjustly dismissed and another person was appointed in his place.

Mr. SAUVE (Translation): These are not the facts. I understand that the hon. member put forth two cases: the first, that of Ste-Clothilde-de Horton, and another which he has not designated.

Mr. GIROUARD (Translation): It is the same case.

Mr. SAUVE (Translation): Are they not two different cases?

Mr. GIROUARD (Translation): The commissioner gives these two reasons for the dismissal.

Mr. SAUVE (Translation): This postmaster was not dismissed simply because one of his assistants meddled in politics. In the first case the hon. member spoke of the location of the post office and hand-bills placed in the store. These are two different questions.

As regards the inquiring commissioner, I absolutely follow the rule laid down by the leaders of the two parties, in 1923: when a commissioner is appointed he takes the oath and carries out an inquiry, the Postmaster General acts on the recommendation of the commissioner's report; he is not there to discuss the commissioner's recommendation nor to attack it, because the inquiry is carried on under oath and it does not behoove the minister to say: "Your recommendations are not just."

Mr. GIROUARD (Translation): I follow perfectly the reasons just given by the Postmaster General and I certainly give them their due weight. However, the Post Office Department must bear the responsibility of dismissals which take place. If there are dismissals, sir, the Postmaster General must also take his share of responsibility. I simply wish to state that an injustice was committed in my county, and I respectfully request the hon. Postmaster General to rectify it.

I especially want to draw the attention of the Postmaster General to a letter which he wrote on August 21, 1930, to Mr. Agésilas Kirouac, the Conservative candidate in Arthabaska. At the last election, I always read with interest the speeches made by the hon. Postmaster General, seeing that they always contained statements of principles with which, most of the time, I agreed. If the hon. Postmaster General will allow me, I shall read to

him a letter which he personally wrote on August 21, 1930, to the Conservative candidate of Arthabaska, the letter reads as follows:

Mr. Agésilas Kirouac,
Warwick, P.Q.
Dear Sir,—
I have received your letter dated the 19th inst., recommending Mr. Alfred Laforest for the position of postmaster at St-Clothilde-de-Horton.
In answer, I am sorry to state that for the present nothing can be done in this respect. I must first make myself acquainted with all the branches of my department.

Up to now no fault can be found.

Mr. SAUVE (Translation): What is the date of this letter?

Mr. GIROUARD (Translation): August 21, 1930. The hon. Postmaster General had just been appointed, and I readily understand that he was not yet familiar with all the details of his department. However, I wish to draw his attention to the following lines:

I shall then arrange with my colleagues and be as obliging as possible to our friends, while at the same time ensuring proper administration.

Would the hon. Postmaster General be kind enough to inform me when was held this meeting of ministers to decide what had to be done to oblige the friends, who were the members of the cabinet present, and finally, what decision was taken following this meeting.

Mr. SAUVE (Translation): I wonder whether the hon. member is joking when he asks me this series of questions. I have sufficient parliamentary experience to know that it is not customary to answer questions of this nature. The ministers met each time that it was found necessary to discuss questions which were submitted to them in the public interests. We are not called upon to give an account of the number of times ministers meet. I think, moreover, that this question was lately settled in this house, and that the right hon. Prime Minister (Mr. Bennett) gave his views in this sense. I am ready to give all the information possible, however, I cannot remember all the dates when the ministers met to discuss public questions.

Mr. GIROUARD (Translation): The hon. Postmaster General will admit that my question is as serious a one as what he wrote to the Conservative candidate in Arthabaska. The hon. minister had just been placed in office and I am certain that to-day he would not write the same letter which he wrote last year.

Mr. SAUVE (Translation): Are there any other paragraphs?

Mr. GIROUARD (Translation): It is the third paragraph.

Mr. SAUVE (Translation): Is that the worst?

Mr. GIROUARD (Translation): Yes, it is the worst.

Mr. SAUVE (Translation): It is all right.

Mr. GIROUARD (Translation): I doubt whether the Postmaster General should rejoice so much over this letter. He expresses the views that to obtain a civil service position in his department, the necessary qualification is to belong to the same party as he does. No other meaning can be attached to his statement—

Mr. SAUVE (Translation): Will you read it?

Mr. GIROUARD (Translation): —which I shall read a second time.

I shall then arrange with my colleagues. . . .

One must bear in mind that the Postmaster General was writing to the Conservative candidate of Arthabaska who had recommended to him the appointment of Mr. Alfred Laforest who was later appointed.

I shall then arrange with my colleagues and be as obliging as possible to our friends while at the same time ensuring proper administration.

If the hon. Postmaster General says that this statement holds good and he is ready to approve of it to-day, I have nothing else to add. After having read the statement he made, when he was appointed Postmaster General, I felt certain that he would be fair to all ratepayers, whether they were Liberals or Conservatives; but if he states to-day that he approves of what he wrote last year, I am forced, I regret, to conclude that he makes a distinction between those who side with his politics and those who belong to the Liberal party. It is all that I have to say.

Mr. SAUVE (Translation): Mr. Chairman, I would not endorse the statement I made in that letter if the interpretation of the hon. member was a correct one. I much prefer what is said in my letter than the interpretation given to it by the hon. member. When a friend writes to me and asks a favour, I think I have the right to answer him and consult with my colleagues as regards questions of this nature, in order to play fair with our friends without interfering with the public

interest. And if such interests clash, that of the country must have precedence. That is the policy which I have followed in my department from the very first, and I might point out many instances which have occurred in the county of the hon. member. I could name a number of members on the opposition benches who are aware of what I have done to be fair towards the employees of my department.

Mr. GIROUARD (Translation): That is what I wish to know.

Mr. SAUVE (Translation): That is what you wish to know and that is what I do.

Mr. VENIOT (Translation): The hon. Postmaster General has just informed my hon. friend the member for Drummond-Arthabaska (Mr. Girouard) that he followed the practice adopted by the previous government as regards dismissals after inquiry.

Mr. SAUVE (Translation): Pardon me, this is not exactly what I stated. I followed the rule adopted by the Prime Minister in office in 1923; the then leader of the opposition held the same views and the same rule had been followed by the previous administration. There is quite a difference with what the ex-Postmaster General (Mr. Veniot) wants me to say.

Mr. VENIOT (Translation): According to the rule followed. And the hon. Postmaster General added: "As the former administration accepted the conclusions of the commissioners, he followed the same rule." Allow me, sir, to say to him that the former administration did not follow the practice which he has just referred to this evening.

Mr. SAUVE: (Translation): I know it.

Mr. VENIOT (Translation): The former administration, it is true, after a report charging an official with political interference was received, ordered an inquiry according to the rule adopted in 1923 by the house. However, after the inquiry was held and the commissioner's report was submitted to the department, the recommendation of the commissioner was not adhered to without having first examined the evidence given at the inquiry, because it may so happen that the commissioner's conclusions are wrong and not in keeping with the evidence given. I took the trouble as Postmaster General to follow every inquiry and in a number of cases I would not accept the recommendation of the commissioner because his conclusions were not in keeping with the facts. I thought that I was as good a judge as he in weighing the evidence given. I notice that in the inquiries which are held to-day, the commissioners do not submit the evidence given at the inquiry and that in drawing their conclusions they say: We base our judgment on such and such evidence; however, if they quoted the evidence in full one would perhaps discover that their conclusions are not always in keeping with the evidence.

I shall cite one case in particular, that of the postmaster of Lamèque, in the county of Gloucester. The commissioner in charge of the inquiry in his conclusions states that the postmaster admitted having been present at a political meeting and he specifies which one it was. Now, it so happened that this meeting was not a political one but a public reception given by all the parties of the parish including both Conservatives and Liberals. It is true, that the postmaster came to this reception given in honour of your humble servant; however, it was not a political affair. When I forwarded—I should like the Postmaster General to listen to this—when I forwarded the report of the commissioner to the postmaster of Lamèque, he sent me an affidavit stating that the conclusions of the commissioner in charge of the inquiry were not correct, were not in keeping with the evidence given. You have on file in the department the affidavit of the postmaster of Lamèque, a man who never took any part in politics; however, the commissioner drew his conclusions from the fact that this postmaster had admitted being present at that political meeting—when in no sense could it be called a political meeting. I understand that up to the present the Postmaster General has not taken any definite stand on this question and I request him, before accepting the recommendations of the commissioner in charge of the inquiry to examine them carefully. That is why almost every time that complaints were made to me as regards inquiries which were held when I was in office, I went very carefully over the evidence given; I also ask the Postmaster General to take the necessary time to examine the evidence, at least in part, and to make sure that the recommendations of the commissioner in charge are just.

Mr. SAUVE (Translation): My hon. friend the former Postmaster General will admit that heretofore we have taken the necessary time to consider the question.

Mr. VENIOT (Translation): Yes, you certainly had time to consider this question of Laméque.

Mr. BEAUBIEN (Translation): If a member of parliament writes to the Postmaster General and states that, to his personal

knowledge, a postmaster took an active part in an election, the Postmaster General, as a rule, dismisses this postmaster?

Mr. SAUVE (Translation): In certain cases we grant an inquiry. There are post offices which come under the Civil Service Commission.

Mr. BEAUBIEN (Translation): If a member of parliament signs a letter charging a postmaster with political partisanship, the rule is to dismiss this postmaster?

Mr. SAUVE (Translation): I did not quite understand the question.

Mr. BEAUBIEN (Translation): Are there cases where a member of parliament has written to the Postmaster General charging a postmaster of participating in an election, and where the Postmaster General has dismissed this postmaster?

Mr. SAUVE: (Translation): Dismissed him or asked for his resignation?

Mr. BEAUBIEN (Translation): Yes, dismissed.

Mr. SAUVE (Translation): All depends on circumstances. If the hon. member will quote a case, it would be easier for me to refer to it and give an exact answer.

Mr. BEAUBIEN (Translation): I simply wish to obtain some information. There are also instances where postmasters have been dismissed because the local member had put in charges against them of political partisanship. In a number of counties, postmasters lost their positions because the local member put in charges against them of having taken an active part in an election.

Mr. SAUVE (Translation): Oh, yes, there were a number of questions with reference to this matter and I think information on the subject was supplied to the house.

Mr. BEAUBIEN: I should like to ask the Postmaster General a further question: if a member from this side of the house wrote a letter to him making similar charges would the Postmaster General also consider them.

Mr. SAUVE (Translation): If the hon. member for Antigonish-Guysborough (Mr. Duff) was in his seat, he might perhaps answer for me. I play a fair game. If a Liberal member makes a complaint against a postmaster and takes the responsibility of his action, he will receive the same answer as the one I give to members on the government side.

Mr. BEAUBIEN (Translation): I ask this question for my own information.

Mr. OSCAR BOULANGER (Translation): The hon. Postmaster General seems to be well disposed. I shall therefore avail myself of such an opportunity. He stated a moment ago that his desire was to be fair in all circumstances. I wish to ask him to make amends for what seems to me an injustice committed at St-Lazare, in the county of Bellechasse. The village of St-Lazare, like many of our Quebec villages, is built on both sides of the highway and stretches out lengthwise about a mile. In the centre of the village there is quite a steep hill. For many years the question of where to locate the post office has been debated. It seems that it cannot be located in the centre of the village since the centre is quite a steep hill, the result is that it is located sometimes at one end and at sometimes at the other end. When it is located at the western end, those living in the eastern part complain that it is too far and vice versa. When I was elected as member of Bellechasse, the post office was in the eastern part of the village, close to the church. I was asked to make a change; those living in the western part contended that their end was the business part of the village and they wanted to have the post office there. So as to please everybody, I finally suggested to the Post Office Department to establish two post offices, one at each end of the village, thus endeavouring to get over the difficulty. I was not however successful in my request. After the last election—I must first point out that the postmistress of St-Lazare, until lately, was a Mrs. Leroux—immediately after the elections my opponent in last year's election made a complaint to the Postmaster General, charging Mrs. Leroux with political partizanship. Unfortunately for him he was unable to find any evidence whatsoever in support of his charge. Madame Leroux is an excellent housewife, she minds her own business and does not meddle in politics. Seeing that he could not have her dismissed for political interference, nor obtain an inquiry to that effect, he had recourse to the ever-ready reason that the post office was not in the centre of the village and that it should be placed there. He requested that a person by the name of Adélard Bélanger be appointed postmaster to replace Mrs. Leroux. It so happens, however, that Adélard Bélanger himself resides quite to the west of the village proper, in the extreme opposite direction to the locality where Mrs. Leroux had the post office. I have letters here which I will not

take up the time of the house in reading, and in which my opponent states to the Postmaster General that it was a question of almost national importance to remove the post office and in the interest of the Conservative party. However, to sum up, the party's interest is that of Adélard Bélanger and the interest of Adélard Bélanger is to take away the post office from a mother who is devoted to her family and to have himself appointed postmaster. There lies the whole question. I have a copy of the Post Office Department's file in this respect before me and I see that all the officials of the Post Office Department from the Deputy Minister down, including the superintendent of the Quebec postal division and inspectors, one after the other wrote to that gentleman, who asked for the dismissal of the postmistress at St. Lazare, that if anything was done, it would be better to settle the question definitely, once for all; because to take the post office from one end to place it at the other, was no solution to the question. The two ways out of this dilemma are either to follow the advice of the officials of the Post Office Department and place it in the centre of the village or provide two post offices, as I suggested a long time ago. Notwithstanding the advice of his officials or the views of the inspector who visited the place and recommended the setting up of two post offices, or at least one central one, the Postmaster General allowed himself to be influenced by the argument of "national interest" invoked by Mr. Bélanger. I do not wish to lay any blame on the Postmaster General who is one of my friends, and with whom I generally get along very well, however, he will allow me to say to him that in this case, he perhaps was too kind-hearted; he should have followed the first decision of his department and adopted one of the two means suggested by the inspector who visited the place. I wish to point out that it is not a site, a particular locality or a special residence that is appointed postmaster in a village, but that it is a person. It is not the house of Mrs. Leroux that was appointed postmistress, at St. Lazare; it is Mrs. Leroux herself and she should remain in that post when the site of the post office is changed. I submit that previous to taking away this post from Mrs. Leroux, she should have been given the chance—it is the least what the Postmaster General could have done—to find a more appropriate or central locality. That is not what was done. Mrs. Leroux was simply illegally and unjustly dismissed. The position was taken away from a mother with dependents against whom nothing wrong could be found, either from an administrative or political viewpoint. The site of the post office was used as a pretext to dismiss Mrs. Leroux. Before acting thus she should at least have been given the chance—seeing that she was the one who had been appointed postmistress—to choose a more central locality which would be more appropriate to the needs of the village. To my mind an injustice has been done, and as the hon. Postmaster General is in an excellent mood this evening and seems disposed to do all he can to help everybody, I beg of him to make amends for the injustice done at St. Lazare. It is yet time; this kind Mr. Bélanger, who replaced Mr. Leroux has not yet been appointed definitely. Therefore, if the Postmaster General will but grant my request, it is not too late and I trust he may do so. I have confidence in him and I hope he will take my remarks in good part.

There is another subject which I would have liked to broach this evening; it is the question of the rural mail at Honfleur. I spoke about it privately to the hon. Postmaster General, and I think that we shall be able to agree on this point. Another reason why I shall not touch upon this subject this evening is that the hon. member for Dorchester (Mr. Gagnon) is as much interested as I am in this matter, seeing that we divide this parish. The hon. member for Dorchester seems to have at heart this rural mail route, at Honfleur, judging by the interesting letters he has written and which I find on file. As he is not in the house this evening I shall put off the discussion of it to later on, unless the hon. Postmaster General meanwhile comes to an understanding satisfactory to both the hon. member for Dorchester and myself.

In closing my remarks, may I again earnestly request the hon. Postmaster General to administer justice to our friends of St-Lazare, and I trust he will bear in mind the suggestion I made of providing two post offices, one at each end of the village. I also trust that Mrs. Leroux will be again placed in charge of one of these post offices.

Mr. SAUVE (Translation): I wish to thank the hon. member for Bellechase (Mr. Boulanger) for his sympathetic and pleasant remarks, and I wish to assure him that I shall again consider the case of St-Lazare in an endeavour to be fair to everybody. As to the Honfleur matter, as the hon. member

stated, I am ready to do my utmost to settle this question to the satisfaction of the large majority of those interested in Honfleur.

Mr. BOULANGER (Translation): I thank you, sir.

Mr. VENIOT: Mr. Chairman, on the question of the dismissal of postmasters and the general changes in the postal service I wish to direct the attention of the committee to a case which I think deserves the very close consideration of the Postmaster General. Last night while replying to an hon. member who brought up the matter of general dismissals during my time as Postmaster General, the hon. member for Victoria-Carleton (Mr. Smith) interjected a remark, and my retort brought back a complete denial on his part. I wish now to refer to the postmastership of Lakeville, in the county of Carleton, New Brunswick, and in doing so I shall give the history of this post office for as far back as six or seven years at least.

In 1926, when I assumed the office of Postmaster General, a Mr. W. F. Anderson was in charge of the post office at Lakeville. Mr. Anderson was charged, by affidavit, with political partisanship; an investigation took place, following which he was found guilty of the charge, and on February 21, 1928, an order in council was passed dismissing him. The Civil Service Commission advertised the vacancy and Mr. H. M. Gee was appointed in place of Anderson. Before that appointment was made, in all advertisements it was stated that the applicant must state where he would locate the post office. The applicants did so, and Mr. Gee placed the post office where he said in his application it would be located.

I am informed that Mr. Gee resigned sometime in May or June, 1930, and the Civil Service Commission, after advertising the vacancy, appointed Mr. S. G. Barter postmaster of Lakeville. In his application Mr. Barter stated that the site would be the same as it had been under the previous postmaster, and Barter was appointed and continued the post office at that point. At the time he asked the Post Office Department, through the superintendent at St. John, New Brunswick, whether he could change the site and the answer was that he could not do so except with the consent of the department. He continued to administer that office in peace and quiet until August.

I have in my hand a certified copy of sessional paper No. 226, containing the correspondence which passed between the present member for Victoria-Carleton and the Post Office Department, together with correspondence between officials of the department and Mr. Barter, and I wish to place this correspondence on Hansard. Before doing so let me say that Mr. Barter is a returned soldier and the father of six children. Mr. Barter fought overseas for over three years, together with four of his brothers, and he is the only one of those five who has received any consideration from any government or any political party. This is the man who was set aside in order that the post office might be given to a civilian, if the Civil Service Commission would do so. When I was Postmaster General I was accused of not treating returned soldiers as they should have been treated; there was one case in particular, the Simcoe case, into which I will not undertake to go to-night but to which I just refer in passing. If ever a man received a thrashing on the floor of the house; if ever a man was given a calling down, so to speak, I was that man in connection with the Simcoe case, but in that case it could not be said that I had discriminated against returned soldiers, because the man who did get the appointment instead of Whittaker was himself a returned man, who in point of qualification was ahead of Whittaker on the list, although under the special sections of the act Whittaker occupied first position because of extreme disability. Here is a case where a man who has done his duty at the front, together with his four brothers, and who has a family of six children, is thrown on the streets. No matter how hard I may have been considered in my treatment of returned soldiers there was never such a case as this brought to my attention.

Now I am going to read the correspondence and let the committee judge. Last night I said that my hon. friend had recommended the dismissal of this man, and the hon. gentleman denied that statement. I am going to read the correspondence. I have here a letter dated August 29, 1930, and sent from East Florence, New Brunswick, to Hon. Arthur Sauvé, Postmaster General:

Dear Mr. Minister:

I beg to recommend that the post office at Lakeville, Carleton county, N.B., be removed from its present place to Hilda Wilson's store.

Some three years ago, in order to satisfy the political spleen of a few Liberals in that district, this post office was moved from Mr. W. F. Anderson's place on the main street to a side street running down to the station, and to a very inconvenient place so far as the public are concerned. It was purely a political move, and the public interests have suffered ever since in that vicinity.

I therefore recommend that it be moved to Hilda Wilson's store, which is conveniently located and will serve the public well. Miss Wilson will make a very competent post-

mistress—her father is dead—her mother is a very aged woman, and she is in a measure, supporting the family.

Thanking you for your prompt attention to this matter, I remain,

Yours very truly,

B. F. Smith.

That is followed by a letter from the Postmaster General to Mr. Smith under date of September 4, 1930:

B. F. Smith, Esq., M.P.,
House of Commons,
Ottawa, Ontario.

Dear Mr. Smith:

I have had the case of Lakeville, Carleton county, N.B., about which you wrote on the 29th August, examined.

I find that Mr. W. F. Anderson, who was formerly postmaster at that point, was dismissed by order in council, P.C. 287, of the 21st February, 1928, as guilty of political partisanship. The charges against Mr. Anderson were investigated by a commissioner appointed for the purpose.

I note, however, from your communication, on the dismissal of Mr. Anderson, the office was located on a side street at a point which is very inconvenient so far as the public are concerned, and that the public interest has suffered ever since.

The department will have an official report prepared by the district superintendent of postal services, St. John, on the question of the site of the office, on receipt of which your representations on behalf of Miss Hilda Wilson will be given full consideration. I may mention, however, that a permanent appointment in the event of a change will rest with the Civil Service Commission, as the revenue exceeds $400 a year and, therefore, no guarantee can be given that Miss Wilson will be the person selected by the commission for this postmastership.

Yours sincerely,

Arthur Sauvé.

The next is a letter from Mr. Underwood to the district superintendent of postal service at St. John, dated September 4, and reading as follows:

The Postmaster General has received representations to the effect that on the dismissal of Mr. W. F. Anderson, a former postmaster at Lakeville, N.B., the office was located on a side street running down to the station, which caused great inconvenience to the public. It has been recommended to the Postmaster General that the office be moved to Miss Hilda Wilson's store which is conveniently located and would serve the public well.

Miss Wilson is also stated to be a very competent person.

Will District Superintendent please furnish the department with a report on the question of the site of the Lakeville office.

E. J. Underwood.

The next is a letter from the hon. member for Victoria-Carleton to the Postmaster General, dated September 10, 1930. This letter was written during the special session, and reads as follows:

[Mr. Veniot.]

With further reference to my letter of August 29 and your reply of September 4, the recommendation that I made concerning the post office should be carried out. There is no other person there so well qualified and so conveniently located, so far as public service is concerned, to handle this matter as the one I have mentioned, namely, Miss Hilda Wilson.

If that is not a recommendation for a dismissal of a postmaster, I want to know what it is. The letter continues.

I, therefore trust that without undue delay this matter will be given consideration.

Yours very truly,

B. F. Smith.

The next letter dated September 18, 1930, is from the minister to the hon. member, and there is attached a plan of the location. It reads:

I am in receipt of your further letter of the 10th September, asking again that a change be made in the postmastership at Lakeville, N.B.

As you were informed in my previous letter, an official report has been asked for on the question of the site of the office, and, as soon as this report is received, your representations in favour of a change will be dealt with.

The district superintendent of postal service is being asked to make his report on the question as soon as possible.

The next is a letter from Mr. Peck, superintendent of postal service for the St. John district, to the chief superintendent, postal service, Ottawa. It is dated September 16, 1930, and reads as follows:

In reply to the departmental memo. post office, Lakeville, of September 4, requesting that a report be submitted on the question of the present site of the Lakeville post office on the side street where it has been located since the dismissal of Mr. W. F. Anderson, former postmaster, and also stating that it had been recommended to the Postmaster General that the office be moved to a more convenient location at Miss Hilda Wilson's store, the chief superintendent is advised that inspector Allen visited the locality on the 10th instant and reports that the present site of the post office is about 300 yards from the main highway on a side street leading from the station. It is thus removed from the business and residential part of the community and causes inconvenience.

Miss Hilda Wilson, who is a most competent person, has a store conveniently located in the centre of the village on the main highway and the public could be served much better by the location offered by her. The part of the store that would be used and fitted up for the post office would be commodious and well suited for post office business and the building presents a good appearance.

Enclosed herewith will be found a small sketch showing the locations in question.

The next is a memorandum dated Ottawa, September 30, 1930, which reads:

Memo. for the General Superintendent. Re Lakeville, N.B.

Please allow the question of changing the site of this office to stand for the present.

L. J. Gaboury,
Deputy Postmaster General.

The next letter is from the hon. member, dated East Florenceville, N.B., February 24, 1931. It is addressed to Mr. P. T. Coolican, Assistant Deputy Postmaster General. The first part of the letter refers to other matters, but the remainder reads as follows:

I do not believe in making dismissals. I have only asked, I think, for this one—

The hon. member said he did not recommend a dismissal and stated that I could not prove that he had. In this letter he states that he asked only for this one. The letter continues.

—but I have made certain representations in connection with changes notably, the one at Lakeville, New Brunswick, where an injustice was done to the community under the Liberal administration by removing the post office to an inconvenient place for the sake of meeting the wishes of their friends.

It was not made to meet the wishes of our friends, because the appointment was made under civil service regulations, and the site was described in the application. The letter continues:

I asked to have this office moved back to where it would be convenient for the public. My information is, that the superintendent at St. John was asked to make a report upon it and while in St. John recently, I gathered that his report recommended the change which I had made, however, the matter stands and nothing has been done.

I am too busy with business matters to spend my time in writing a number of letters about these matters and when I make a recommendation, I think I know the ground that I am working upon. Until some action has been taken by your department to carry out recommendations already made along this line, I shall not be in a position to waste further time in trying to give advice.

Yours truly,
B. F. Smith.

The next is a letter from Mr. Coolican to the hon. member at East Florenceville. It is dated February 27, 1931, and reads:

I duly received your communication of the 24th instant, respecting Benton and Lakeville post offices.

I have noted your remarks and I may say that if you will call at my office as soon as you arrive in Ottawa, I shall be pleased to go into these questions further with you.

If the hon. member was in the same mood when he called on Mr. Coolican as he was when he wrote his previous letter, I pity Mr. Coolican. The next is a memorandum signed by Mr. Gaboury to the general superintendent. It is dated March 31, 1931, and reads:

Lakeville, New Brunswick.

The Postmaster General has authorized the removal of the office to the main road where it was located some years ago.

Please place office in temporary charge Miss H. Wilson, pending a permanent appointment by the commission.

What authority had the Postmaster General or even the governor in council to dismiss Mr. Barter and place the office in charge of this young lady? Under the regulations of the Civil Service Act a dismissal can be made in two or perhaps three ways. First, if the postmaster in the administration of his office is not giving satisfaction and the district superintendent so reports, then the minister, under the provisions of the Civil Service Act, has authority to act. Second, if the postmaster is guilty of political partisanship and a charge is made against him under an affidavit by some reliable person, the minister may order an investigation, and if it results in proving the political charges against the postmaster, the latter may be dismissed by order in council. Third, if the postmaster is guilty or suspected of being guilty of political partisanship and the sitting member for the constituency gives a certificate that the man has been guilty of political partisanship, then he may be dismissed by order in council. There is no other way under the sun of dismissing a postmaster.

Mr. MacDONALD (Cape Breton): Can he not be dismissed for the good of the service?

Mr. VENIOT: Not under the Civil Service Commission.

Mr. MacDONALD (Cape Breton): Did the hon. member not do so?

Mr. VENIOT: I did not. The hon. member cannot point to a Civil Service Commission case where I dismissed a postmaster without first, if the charge was one of maladministration, an investigation by the departmental officials; second, if the charge was one of political partisanship, without an investigation; or, third, if the charge was political partisanship, without the recommendation of the sitting member that he had personal knowledge of the matter.

Mr. MacDONALD (Cape Breton): With all due deference to my hon. friend—

Mr. VENIOT: I do not care what deference my hon. friend may have, he cannot point to a case.

Mr. MacDONALD (Cape Breton): The hon. member had some twenty-seven dismissals in the county of Victoria-Carleton

which were on the recommendation of Michael Dwyer, who was not the sitting member.

Mr. VENIOT: Those are dismissals of postmasters where the revenue is under $400 per annum, who therefore do not come under the Civil Service Commission.

Mr. MacDONALD (Cape Breton): But the hon. member dismissed them just the same.

Mr. VENIOT: I am talking about postmasters under the Civil Service Commission. All postmasters where the revenue is less than $400 a year or who are drawing a salary of less than $200 a year, do not come under the Civil Service Commission. Such postmasters may be dismissed by the Postmaster General himself, even without a recommendation; but generally he makes the dismissal—and I did it in my time—when they do not come under the Civil Service Commission, on the recommendation of friends of the party in office in the different constituencies. That I do not deny. But this is a case that comes under the Civil Service Commission, and in such cases, you cannot dismiss except in the three ways which I have laid before the committee to-night. Here a postmaster is dismissed on the statement of a member that the office is not in the right place and that another postmaster should be appointed in his stead and the office located elsewhere. Neither the Postmaster General nor the governor general in council has authority to make such a dismissal. Therefore the dismissal is illegal. If the post office were not located in the proper place, the duty of the department was to notify the postmaster to this effect: Your office is not conveniently located for the people of the district, and you must obtain another site to be approved by the department. When Inspector Allen went to examine the situation at Lakeville, under instructions from Superintendent Peck, he never notified the postmaster. The postmaster know nothing about what was going on until one Saturday night he received a notice from St. John through the superintendent's office to turn the office over on the following Monday to Miss Wilson. When the postmaster then, thinking he had been dismissed for political reasons, telegraphed the Postmaster General, the latter notified him that he had been dismissed because of change of location. If the department had notified the postmaster that his office was not in the right place and that unless he found a central location for it, he would have to give up the position, the story would have been quite different. But this man was never given an opportunity of finding another location for the office; he was peremptorily dismissed by the Postmaster General under an order in council.

Let me proceed. I have under my hand a letter from Mr. E. J. Underwood addressed to the district superintendent of postal service at St. John, dated at Ottawa, April 2, 1931, as follows:

> The district superintendent is informed that the Postmaster General has authorized the dismissal of Mr. S. G. Barter, postmaster at Lakeville, N.B., electoral district of Victoria-Carleton, on account of change in site, and that the office is to be placed in the temporary charge of Miss Hilda Wilson, whose location is in the centre of the village on the main highway, about 300 yards distant from the former site.
>
> The district superintendent will kindly take the necessary steps to place Miss Hilda Wilson in charge of this office as acting postmistress, and report to the department the date on which the transfer is effected.
>
> E. J. Underwood.

That is followed up by a letter addressed by Mr. L. J. Gaboury, Deputy Postmaster General, to Mr. B. F. Smith, Esquire, M.P., House of Commons, Ottawa, under date of April 7, 1931, as follows:

> Dear Mr. Smith:
>
> With reference to previous correspondence in regard to the postmastership at Lakeville, N.B., I may say that the removal of the office to a more convenient location has been authorized and in accordance with your recommendation, instructions have been issued for the temporary transfer of the office to the charge of Miss Hilda Wilson.
>
> However, as you were advised in my letter of September last, the permanent appointment of a new postmaster rests with the Civil Service Commission and when the transfer is completed, the position will be advertised.

What is the situation? This is a vacancy, created, as I say without authority of the law. It is advertised by the Civil Service Commission. Applications are now being received. Miss Hilda Wilson is in temporary charge. Let us suppose that Mr. S. G. Barter, a returned soldier, becomes an applicant for the position and in his application he designates a central site for that post office, where does Miss Wilson fit in? Under the Civil Service Act, the Civil Service Commission will have to accept the application of the returned soldier if he can qualify. Under a civil service examination he has already fully qualified for the position, and supposing he applies this time—and I do not know whether he will or not—and he receives the certificate of the Civil Service Commission, what then becomes of all the trouble to which the hon. member for Victoria-Carleton went to have this returned soldier kicked out of office?

The letter which I previously read, under date of April 7, from Mr. Gaboury, notified Mr. Smith of the decision to transfer the office to Miss Hilda Wilson. Under date of April 12 Mr. Barter sent the following telegram from Hartland, New Brunswick, to the Postmaster General at Ottawa:

I received a letter April 11 notifying me I was dismissed as postmaster of Lakeville, New Brunswick. I protest earnestly as I have taken no part in politics since my appointment last June and I demand an investigation before the office is taken from me. I am a returned soldier of three years' overseas service.

Samuel Barter,
Postmaster, Lakeville, N.B.

The notification was sent to the hon. member for Victoria-Carleton, dated at Ottawa, April 7, that the transfer would be made. This postmaster receives a notice, four or five days later, on a Saturday, to hand over the office immediately, that is on the following Monday, to Miss Wilson. Then I find a letter from Mr. E. J. Underwood, Chief Superintendent of the Postal Service, as follows:

Ottawa, 13th April, 1931.

Samuel Barter, Esquire,
Lakeville, New Brunswick.
Dear Sir:

Receipt is acknowledged of your telegram of the 12th April, in which you protest against your dismissal as postmaster on the ground that you have not taken any part in politics and in which you demand an investigation.

In reply I may say that it was represented to the Postmaster General that the site of the office was not suitable for the majority of the persons making use of it and that it would be much more convenient if located on the main highway. These representations were investigated by a post office official who visited the place, and the department has therefore decided to place the office as recommended on the highway.

Not one word was ever said to this postmaster that his office was in the wrong place. He had not received a single complaint from the department, and this file will show that he was never notified of any complaint. It will show that the superintendent sent an inspector there to investigate about the site, but he never went into the office at Lakeville during the time of his investigation. How would it be possible for the postmaster to know that complaints had been made if he received no notice whatever? How could he attempt to find a more centrally located site if the department had not asked him to do so? More than that, the department notified him in the month of July, 1930, that he should not move the post office from its present site without the consent of the department. Here they make an investigation into the location of this post office, and they do not even notify the postmaster that an investigation is to take place.

Here is a telegram signed by G. McBurney, secretary of the soldiers' legion, Hartland:

Hartland, April 18.

Postmaster General,
Ottawa.

S. G. Barter, postmaster, Lakeville, dismissed without investigation or known cause except location of post office which he is willing to change. He is returned soldier. Hartland branch, B.E.S.L. respectfully request matter be held up until his case has been investigated by your department resulting we believe in his reinstatement.

Then we have a letter signed by L. J. Gaboury, Deputy Postmaster General, addressed to Mr. McBurney. Mr. McBurney's letter was addressed to the Postmaster General, take note; and so was Mr. Barter's telegram addressed to the Postmaster General, but up to this day neither Mr. Barter nor Mr. McBurney has received any word from the Postmaster General himself. He left it to his officials to attend to the matter. Here is the letter from Mr. L. J. Gaboury, Deputy Postmaster General, to Mr. G. McBurney:

Ottawa, April 21, 1931.

Dear Sir,—

I am directed by the Postmaster General to acknowledge receipt of your telegram of the 18th instant respecting the change in the postmastership at Lakeville.

As the postmaster was notified a few days ago, the change at that point was authorized in order to place the office in a more central location.

It may be added, however, that the permanent appointment rests with the Civil Service Commission and that the vacancy will, therefore, have to be advertised publicly in Lakeville in the near future and the case referred to the Civil Service Commission.

Yours very truly,

L. J. Gaboury,
Deputy Postmaster General.

I go on.

Some hon. MEMBERS: Oh, oh.

Mr. VENIOT: Yes, there are quite a few letters yet, but this is nothing compared with over 150 pages of Hansard in 1929 that were taken up by the present Prime Minister reading into the record the files of my department. If he thought fit at that time, owing to the administration of the Post Office Department, to take up the time of the house and fill 150 pages of Hansard, surely I am entitled to take up a little time to put this case on record.

Mr. QUINN: That was nice cool weather.

Mr. VENIOT: And that had reference to only one case, and it took him over five hours to put it on record.

Mr. QUINN: He had a good case.

Mr. VENIOT: It was a good case, but it did him no good, and it did me no harm.

Here is a copy of a letter to the Postmaster General from Mr. Barter, in which he says:

Letter received re dismissal as postmaster. No notice of the wish of the department to change site of post office was ever received. This is only an excuse. Had bought post office and notified superintendent at St. John that soon as I obtained a proper site I would ask his approval. Could not move office without permission. Miss Wilson, to whom the office is to be given, is the daughter of one of our late leading merchants, and she has a large country village store.

Had I received order to move post office I would have done so, but the very people who were complaining would not give or sell me land to put the building on. I most eagerly ask for a hearing before the postmastership is taken from me.

Miss Wilson has only to maintain a widowed mother, and she runs the country store in Lakeville. Relying upon Hilda Wilson I find that the estate is given a credit of about $10,000. If it is necessary to throw out of office a returned soldier with a family of six or seven children to help a young lady keep her widowed mother, who owns a large estate which is rated at $10,000, then I think it is time that some change should be made in the method of dealing with these matters.

I have a letter here from H. B. Peck, which I will pass over.

Mr. SPENCE: We shall not miss anything.

Mr. VENIOT: Perhaps you will find before I get through that I have not missed anything.

Mr. STANLEY: Tell us something about how the man who was dismissed was appointed.

Mr. VENIOT: He was appointed by the Civil Service Commission in the month of June, 1930, after examination.

Mr. SMITH (Victoria-Carleton): It was before that.

Mr. VENIOT: Then the record must be wrong, for it shows that Barter was appointed in June, 1930. I did not even know that Barter was appointed, because from June 3, 1930, until after the federal elections were over I did not visit Ottawa. So far as that was concerned I did not know what was going on because this was a matter of departmental administration which could be carried on without my knowledge.

Mr. SMITH (Victoria-Carleton): The office was transferred before.

Mr. VENIOT: My hon. friend is not stating the facts. In 1928 Gee was appointed. Gee had a crippled son whom he had sworn in to carry on the office work, but the crippled son could not carry on the full work of the office and Mr. Barter was engaged as a second assistant by Gee to come at different periods to do the work of the office in conjunction with Mr. Gee's son. When Mr. Gee retired, owing to the fact that his son could no longer look after anything he resigned and a vacancy was advertised. Barter applied for the position and under Civil Service qualifications he got the appointment. That is the record of the transaction, and the documents show that my statements are in accordance with the facts. My hon. friends opposite need not try to speak contrary to the record.

Now then, there are a number of other letters in the file. Mr. McBurney again protests, and we have a letter signed by Mr. Peck relating to the change. Then we have the particulars to be furnished upon appointments of postmasters and revenue officers in connection with which a blank form is supplied. I am endeavouring to point out the whole record. Then follows a letter from H. B. Peck, of St. John, in which he says:

With reference to departmental memorandum, 38/77, of the 2nd instant, advising of the dismissal of S. G. Barter, postmaster at the above address, and instructing that the office be placed in the temporary charge of Miss Hilda Wilson, the chief superintendent is informed that the office was duly transferred to the charge of the incoming acting postmistress on the 22nd instant.

I do not want to state that the information given by Mr. Peck is not correct; technically it is correct. Mr. Peck went there to make a transfer, and it was understood the transfer would take place. However when Mr. Barter undertook to hand over the position to Miss Wilson she could not accept it because she had not her store prepared to accept the transfer of the office, and she asked Mr. Barter to continue for another week. Mr. Barter was foolish enough to do so. Had I been in his place I would have thrown the stuff out on the street; that is what I would have done. Miss Wilson would not take charge of it; she was appointed to take charge of it, but when the time came she could not take over the work.

That is all I have to say in connection with this particular case, and as it is—

Mr. ERNST: Eleven o'clock.

Mr. VENIOT: —about eleven o'clock. I shall not continue further to-night. If hon. members wish I shall continue right up to the minute, but I should prefer to go on at a later time. I have more cases than the present one in connection with which I intend to make some statements—hon. members need not make any mistake about that. I have

taken too much from my hon. friends opposite to let things slip. They have condemned me for acts of which they themselves are guilty. They attempted to crucify me for things they are now doing.

Some hon. MEMBERS: Shame.

Mr. VENIOT: Some of the older members in the house who hear my voice will remember their actions during the session of 1929. I am not blaming the Postmaster General in matters of this kind. He is a new man, unacquainted with the intricacies of his office. I know that I found it difficult to learn the ropes in that department. However, I had had the experience of administering another department which stood me in good stead when I came to the larger department; my friend however did not have that experience. I am not blaming him, but I blame his colleagues who sat in council with him when these matters were considered—the same gentlemen who sat day in and day out on this side of the house and refused to allow my estimates to go through, criticizing me about matters far less important than the one we have just considered. His colleagues must have known that a dismissal of a civil servant brought about in the manner I have described was illegal, and they should have drawn the fact to the attention of their colleague who had recently taken office and did not know the ins and outs of the Civil Service Act.

Progress reported.

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

Monday, July 20, 1931.

The house met at three o'clock.

RAILWAYS AND SHIPPING

Hon. J. D. CHAPLIN (Lincoln) moved:

That the third and final report of the select standing committee on railways and shipping, owned, operated and controlled by the government be amended at the first section of the said report under the heading "Canadian National (West Indies) Services," covering item 380, by adding at the end of the first paragraph thereof after the words "West Indies trade agreement"

the words "and recommend that the amount required, namely, $755,000 be granted."

Mr. J. F. POULIOT (Témiscouata): I have just a word to say on this subject. I wish first to congratulate the hon. member for Lincoln on the fact that the report of the committee has been unanimous. I have 135 returns relating to the Rivière du Loup station and I do not wish to trespass upon the time of the house, but perhaps cold facts may be welcome in midsummer.

Mr. CHAPLIN: I rise to a point of order. I am not moving concurrence in the general report. All I am doing is submitting an amendment to correct by adding one line, a clerical error in the report.

Mr. SPEAKER: Probably the hon. member for Témiscouata understands that the motion is for an amendment to the report and not for the adoption of it, although this amendment is open to discussion.

Mr. POULIOT: I am complaining of the fact that the amount stated in the report as presented is not amended in a way to include a sufficient sum to build a station at Rivière du Loup, and I think I am entitled to speak on it just as much as I would be entitled to speak on the report. If I speak to-day on this matter, I shall not do so when the report comes up for adoption.

Mr. SPEAKER: This amendment is open to discussion and the motion, when and if it is put to adopt the report will also be open to discussion.

Mr. POULIOT: Would not the same purpose be served by taking the matter up to-day instead of another day? It has to do with the same question and I think I would be allowed to speak on the amendment as well as on the report, if the amendment does not include an amount sufficient to cover a station at Rivière du Loup.

Mr. SPEAKER: The hon. member has a right to speak on the amendment and on the motion.

Hon. E. N. RHODES (Minister of Fisheries): May I suggest that if the hon. member for Témiscouata wants to speak on the amendment, the discussion would have to be confined to the amendment.

Mr. SPEAKER: Quite so.

Mr. POULIOT: I complain of the fact that the amendment does not include an amount for Rivière du Loup station to be added to the report as already presented to the house and studied by the committee. That is my point and I think I am fairly in order as you, sir, agreed a moment ago. For the benefit of the house which has been kind enough to listen to my words, I shall try to present the facts if possible on a Sheffield tray in order that there will not be too many points of order raised. I shall allow no interruptions but I shall be pleased to answer questions when I have finished.

Mr. SPEAKER: Do I understand the hon. member for Témiscouata to say he is going to discuss, on this question, the propriety or desirability of voting an amount for a station at Rivière du Loup?

Mr. POULIOT: What I say is that I complain that the amendment does not include an amount for the building of a station at Rivière du Loup. Just a minute ago you agreed that I might speak on the amendment as well as on the motion for adoption of the report.

Mr. SPEAKER: But the discussion on the amendment must be pertinent to it.

Mr. POULIOT: But I complain it is not wide enough.

Mr. SPEAKER: I do not think a plea for a station at Rivière du Loup has anything to do with the recommendation that an amount of $755,000 in connection with the West Indies trade agreement be voted.

Mr. POULIOT: My point is that if there is an amount relating to other parts of the system, I do not see why there is not an amount relating to the building of Rivière du Loup station. I do not wish to discuss the matter at length; I shall try to condense my remarks as much as possible and I wish to speak only once on this matter.

Mr. SPEAKER: Had the hon. member not better wait until the motion for the adoption of the report comes before the house? That would seem to be the more appropriate time for the discussion.

Mr. POULIOT: If the hon. member will tell me when he will move the adoption of the report, I shall consider that point.

Mr. CHAPLIN: To-morrow.

Mr. POULIOT: Very well; I agree.

Motion agreed to.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) moved that the tenth report of the select standing committee on banking and commerce be concurred in.

Motion agreed to.

ONTARIO-QUEBEC CANAL AND POWER COMPANY

Mr. ANGUS McGILLIS (Glengarry) moved:

That the petition of Arthur Edwin Hall of Cornwall, Ontario, and others of elsewhere praying to be incorporated under the name of the "Ontario-Quebec Canal and Power Company," which was presented to the house on the 17th instant, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders, for the purpose of considering suspension of standing order 92 in relation thereto.

[Mr. Pouliot.]

Motion agreed to.

CANADIAN RED CROSS SOCIETY ACT

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 131, to amend the Canadian Red Cross Society Act.

Mr. MACKENZIE KING: Explain.

Mr. BENNETT: This is a very short bill amending the company's act of incorporation and amendments thereto, permitting the company to increase the membership of the central council, to create an executive council to remove doubt as to their right legally to mortgage and alienate property that they have acquired.

Motion agreed to and bill read the first time.

CIVIL SERVICE ACT AMENDMENT

EXCLUSION OF OUTSIDE SERVICE FROM OPERATION OF ACT

Mr. ONESIME GAGNON (Dorchester) moved for leave to introduce Bill No. 132, to amend the Civil Service Act (Vacancies, outside service).

Some hon. MEMBERS: Explain.

Mr. GAGNON: 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 prejudice 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 of 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. 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.

I might give instances to show that the operations of the civil service commissioners are frequently long drawn out and are therefore prejudicial to the best interests of the country. During the month of January notices were sent out throughout Canada that applications would be received to fill the position of director of expositions in London. Applications were sent in in the month of February. The examination was held on the first of May, and even yet, on the 20th of July, the director of expositions has not been appointed. During the month of March in Quebec city applications were called for the position of immigration inspector or guardian. Examinations were held in the months of April and May, and a report has not yet been made by the Civil Service Commission, and the Department of Immigration has therefore been obliged, pending a decision by the commissioners, to hire temporary inspectors, or guardians.

I need not go further to show that amendments to the act are necessary. As I said before, in my humble judgment the time has come for a change. During the month of January I happened to express my views on this question in a public meeting, and immediately afterwards most of the newspapers of the city of Quebec, both French and English, and even the Montreal Gazette, approved of my humble views and stated that amendments ought to be made to the act, and that the somewhat kaiser-like powers of the commission ought to be at least curtailed. Being a new member I appreciated that I ought to avoid any hasty action, and therefore I consulted with a great number of eminent members on both sides of the house, as well as studied the valuable reports of the Malcolm committee and of the Senate committee. I realize, of course, that the Civil Service Act cannot be amended without the concurrence of both parties. The other day an interesting debate was held in this house, and I am very grateful to the right hon. leader of the opposition (Mr. Mackenzie King) for the views that he then expressed on this very question. May I ask you, Mr. Speaker, to give me leave to quote a few extracts from that speech, which really expresses the views shared by a great number of members on this side of the house. Speaking in this house on the 24th of June, the right hon. leader of the opposition said—

Mr. SPEAKER: On a motion for leave to introduce a bill it is not customary to make a long speech on its merits, but merely to explain its purport. I think the hon. member has made a sufficient explanation.

Mr. GAGNON: Being a new member I gladly bow to your decision, Mr. Speaker. I shall confine myself to explaining in a very few words the purport of my bill.

First of all, I want to exclude the outside service from the operation of the act. Secondly, as to appointments, I am asking the house to approve of the recommendation of the Senate committee in 1924, that in making appointments the Civil Service Commission ought to cooperate with the ministers and with the deputy ministers of the departments, and if both parties could not agree the matter ought to be referred to the governor in council for decision. Thirdly, I desire to amend that act with regard to dismissals by substituting the words "head of the department" for the words "governor in council."

Mr. LAPOINTE: May I ask my hon. friend why he waited until the last days of the session to introduce this bill, when, as he must know, it has no chance of reaching second reading?

Mr. GAGNON: I gladly answer my hon. friend, the former Minister of Justice (Mr. Lapointe). I have already stated that no hasty action ought to be taken in this matter.

Mr. LAPOINTE: Hear, hear.

Mr. GAGNON: Because I understand fully that the act cannot be amended without the concurrence of both parties. I think that all members of the house, now that the right hon. leader of the opposition has expressed his views, feel that parliament has gone too far in putting the outside service under the Civil Service Act, and I think that the time is ripe for a change.

Motion agreed to and the bill read the first time.

POST OFFICE ACT AMENDMENT

Mr. ONESIME GAGNON (Dorchester) moved for leave to introduce Bill No. 133, to amend the Post Office Act.

Some hon. MEMBERS: Explain.

Mr. GAGNON: I think the object of the bill is very clear, and that it needs no explanation. In my own province, if not in all, sometimes we find that mail contractors become mere agents of the party in power. It is true that a public servant is entitled to his political opinions and to his vote, but he must not take an active part in politics, but in some provinces I venture to say that the mail contractors are sometimes agents of the party in power. The object of this bill therefore is to warn mail contractors that if they take an active part in politics their contract may be set aside.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

STEAMER HAUGERLAND

Mr. FAFARD:

1. Did the government give to the Norwegian steamer Haugherland a permit for carrying coal between the ports of Sydney, Montreal, and Quebec?
2. What is the nationality of the crew of said ship?
3. Why was the ss. Rose Cassell of the Canadian Merchant Marine not used for the transportation of this coal?
4. For how long yet is the Rose Cassell supposed to retain her crew?
5. Are all the ships of the Canadian Merchant Marine presently used?

Mr. CAHAN:

1. By order in council (P.C. 230/1374), dated 12th June, 1931, the regulations respecting the coasting trade, established by order in council dated 10th November, 1886, were dispensed with in the case of the British built, Norwegian registered steamship "Haugerland," to enable that vessel to engage in the carriage of coal coastwise from Sydney, N.S., to points on the St. Lawrence river, up to the 15th November, 1931.

2. The last arrival of the Haugerland (not Haugherland as in the question), was at Sydney, N.S., on May 15, 1931. Her crew at that time consisted of 39 persons, of which 37 were of Norwegian and 2 of Swedish nationality.

3. The SS. Rose Cassell is not a Canadian Government Merchant Marine vessel.

4. Answered by No. 3.

5. No. Fifteen are laid up at present due to adverse trade conditions.

CANADIAN NATIONAL RAILWAYS—ST. JOHN STATION

Mr. POULIOT:

1. At what date was the first Canadian National Railways' station built at Saint John, New Brunswick?
2. Was it destroyed by fire?
3. Prior October 1, 1930, was there an arrangement between the Canadian National Railways and the Canadian Pacific Railway in virtue of which the former company could use the latter company's station?
4. If so, when did the agreement take place?
5. How long did it last?

Mr. MANION:

1. In 1858. This was replaced by a new station in 1884.

2. No.

3, 4 and 5. In 1886 the New Brunswick Railway Company was permitted the joint use of the Intercolonial railway station at St. John. There was no formal agreement though proportionate station charges were always paid. The Canadian Pacific Railway succeeded to that arrangement and a formal agreement between the Canadian National and Canadian Pacific railways in respect to user of this station was not reached until January 1, 1927. That agreement is still in effect.

CIVIL SERVANTS—LEAVE OF ABSENCE

Mr. AHEARN:

1. Is any permanent civil servant permitted to obtain statutory leave of absence from his department at the beginning of any fiscal year provided the granting of such leave will not interfere with the work of the department?
2. If not, at what date in any fiscal year does the government consider that the statutory leave for that year is earned?

Mr. CAHAN:

1 and 2. Leave of absence to civil servants is governed by section 46 of Civil Service Act (chapter 22 of R.S.C., 1927), which reads as follows: "The deputy head may grant to each officer, clerk or other employee a yearly leave of absence for a period not exceeding eighteen days in any one fiscal year, exclusive of Sundays and holidays, after they have been at least one year in the service.

2. Every such officer, clerk or employee shall take the leave so granted at such time each year as the deputy head determines."

THE H. M. MCMILLAN COMPANY

Mr. MacINNIS:

1. What subsidies are paid to the H. M. McMillan Company for steamship service between British Columbia ports?
2. Between what ports is service maintained?
3. How many of the boats of this company engaged in the subsidized service are: (a) of Canadian registry; (b) of foreign registry?

Mr. STEVENS:

1. Nil.

2 and 3. Answered by No. 1.

CENSUS ENUMERATORS—KENORA-RAINY RIVER

Mr. HEENAN:

1. Who were the census enumerators for the electoral district of Kenora-Rainy River?
2. What salary and fees did each receive?
3. What is the name of the person who instructed the census enumerators?
4. What salary and fees did he receive?
5. How many enumerators were employed?
6. How many were returned soldiers?

Mr. STEVENS:

1. Mr. A. M. Rose and Mr. Pat Kerr.

2. An allowance of $450 to cover organization expenses. For viseing of the returns made by the enumerators; checking them and forwarding to Ottawa; verification of enumerators' accounts and the general supervision of the census within the district over which they are appointed as commissioner, the following rates are provided:

1 cent for each name on the "population" schedule; 3 cents for each "agricultural" schedule; 1 cent for each entry on the "animal and animal products, not on farm" schedule; 1 cent for each record of blind and deaf persons; 1 cent for each record of merchandising and service establishments.

3. Mr. Rose and Mr. Kerr instructed the enumerators in the districts assigned to them.

4. See answer to question 2.

5. Fifty.

6. Eighteen.

GOLD HELD BY CHARTERED BANKS

Mr. COOTE:

1. On May 1, 1930, what was the amount of gold held by the chartered banks in Canada?
2. What was the amount of subsidiary coin held by the banks?
3. What was the amount of gold held by the Dominion government?
4. What was the amount of subsidiary coin held by the Dominion government?
5. What was the total amount of bank notes outstanding?
6. What was the total amount of bank legals outstanding?
7. What was the total amount of Dominion notes other than legals outstanding?
8. What was the total amount of bank loans?
9. What was the total amount of savings bank deposits?
10. What was the total amount of current account deposits?

Mr. BENNETT:

1 and 2. Gold and subsidiary coin held in Canada $48,148,589; gold held in central gold reserves $13,630,866. (Gold and subsidiary coin held by banks not reported separately).

3. $85,645,601.

4. $588,334.

5. $134,495,175.

6. $107,200,000.

7. $40,541,798.

8. Call and short loans in Canada.. .. ..$ 180,526,619
Call and short loans elsewhere than in Canada.. 116,985,827
Other current loans and discounts in Canada.. .. 1,130,226,227
Other current loans and discounts elsewhere than in Canada.. 216,554,080
Loans to provincial governments.. 31,143,271
Loans to cities, towns, municipalities and school districts.. 124,607,974
Non-current loans.. 8,839,545
$ 1,808,883,543

9 and 10. Deposits by public in Canada:
Notice.. .. .. ..$ 1,453,305,140
Demand.. 595,697,443
Other deposits (not separated in returns as to whether demand or notice):
Balances due to Dominion government.. 37,795,029
Balances due to provincial government.. 20,875,610
Deposits elsewhere than in Canada.. 338,961,487
Deposits made by and balances due to other banks in Canada.. .. 15,204,168

9 and 10. Deposits by public in Canada—*Con.*

Due to banks in United Kingdom..	3,734,779
Due to banks elsewhere than in Canada and United Kingdom.. ..	68,124,361

VAL DES BOIS, QUEBEC, POSTMASTER

Mr. FOURNIER:

1. What is the name of the present postmaster at Val des Bois, in the county of Hull?
2. Has he been permanently appointed or is he only acting?
3. By whom was he appointed?
4. On whose recommendation was he appointed?
5. Did a post office inspector, or any other official of the Post Office Department interview anyone in Val des Bois or in the county of Hull, for reference in connection with the said appointment?
6. If so, who?
7. What was the name of the previous postmaster?
8. Why is he no longer employed as such?
9. Was any charge laid against him?
10. If so, what was the nature of the said charge?
11. By whom was it laid?
12. If there was a public hearing of said charge who testified in support thereof?
13. Was that the sole reason for this dismissal?
14. How long had he occupied said position?
15. How did he fulfil his duties during his term of office?

Mr. SAUVE:

1, 2, 3, 4. Mr. Lorenzo Morin is in charge of the office although instructions have been issued for the transfer to Mr. William Thomas Peck, selected by the Civil Service Commission.

5. Yes.

6. No record of residents having been interviewed excepting the following applicants: William Thomas Peck, Hermas Morin, Archie Larocque, Telesphore Marion.

7. Lorenzo Morin is the outgoing postmaster.

8. Arrangements made for his dismissal.

9. Yes.

10. Active political partisanship.

11. J. Noel Beauchamp, K.C.

12. Postmaster admitted having acted as an active partisan.

13. Yes.

14. Six years.

15. No record of any recent complaints concerning his management.

ILE-AUX-NOIX WHARF WATER LEVEL

Mr. RHEAUME:

1. Who has charge of taking the water level of Richelieu river at the wharf of Ile-aux-Noix, in the county of St. Jean?

[Mr. Bennett.]

2. Was Mr. Gosselin dismissed, and if so, why?
3. What were the complaints against him, and by whom were they made?

Mr. STEWART (Leeds):

1. Alfred Hebert.

2 and 3. Mr. Gosselin was replaced by Alfred Hebert. As these are part-time temporary positions it is optional with the department to appoint new employees.

SABREVOIS WHARF WATER LEVEL

Mr. RHEAUME:

1. Who has charge of taking the water level of Richelieu river at the wharf of Sabrevois, in the county of Iberville?
2. Was Mr. Bouthiller, of Sabrevois, dismissed, and if so, why?
3. What complaints were made against him, and by whom were they made?

Mr. STEWART (Leeds):

1. Armand Lafrance.

2 and 3. Mr. Bouthiller was replaced by Armand Lafrance. As these are part-time temporary positions it is optional with the department to appoint new employees.

*DEPARTMENT OF PUBLIC WORKS COAL CONTRACTS

Mr. RALSTON:

1. To whom were contracts awarded for coal to be delivered to the Department of Public Works for consumption in the maritime provinces?
2. What grade of coal did the contracts call for and what price is to be paid, in each case?

Mr. STEWART (Leeds): In the absence of the mover I would ask that this question stand for further information. It is not clear as to what is referred to.

QUESTION PASSED AS ORDER FOR RETURN

RETURNING OFFICER, NORTHUMBERLAND ELECTORAL DISTRICT

Mr. McGREGOR:

1. Who appointed the returning officer and the deputy returning officers for the electoral district of Northumberland, in the province of Ontario, for the Dominion election held on the 28th day of July, 1930?
2. On whose recommendation were the above appointments made?
3. How many of the persons appointed were at the time of appointment out of work?
4. How many of the persons appointed were married men?
5. How many of the persons appointed were returned soldiers?

UNOPPOSED MOTIONS FOR PAPERS

VAL DES BOIS POSTMASTER

Mr. FOURNIER:

For a copy of all correspondence, telegrams, reports, inquiries and other documents, regard-

ing the dismissal of Lorenzo Morin, postmaster at Val des Bois, county of Hull, and the appointment of his successor.

DUTY ON POTATOES

Mr. MacLEAN:

For a copy of all letters, telegrams and representations made by any person, party or organization in Canada to any minister of the crown in connection with the duty on potatoes coming into Canada and their valuation for duty purposes; also a copy of all orders in council passed in connection with same, since August, 1930, up to the present date.

ST. NEREE MAIL CONTRACT

Mr. GIROUARD (for Mr. Boulanger):

For a copy of all letters, telegrams, reports, memoranda and other documents, in connection with cancellation of contract of Alfred Boutin, for the distribution of rural mail in the parish of St. Neree, in the county of Bellechasse.

SAINT JOHN HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to authorize a loan to the Saint John harbour commissioners not exceeding $10,000,000 for the construction of terminal facilities, upon approval by the governor in council of detailed plans, specifications and estimates for such works, and the deposit of the debentures of the corporation to cover said loan.

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.

In view of the fact that in the city of Saint John there is a condition of emergency, I ask that, with the leave of the house, this resolution be taken into consideration now.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Is the change made so that the minister may have leave to introduce the bill?

Mr. DURANLEAU: Yes, just to introduce the bill.

Mr. MACKENZIE KING: All right.

Mr. VENIOT: I know that because of the fire an emergency exists in Saint John, and it would be well to put this legislation through one or two stages so that the work may be started.

Mr. SPEAKER: With the unanimous consent of the house standing order No. 60 will be suspended. The motion is that the house do now go into committee of the whole to consider the resolution.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton) in the chair.

Mr. VENIOT: Would the minister give details now or wait until the bill is introduced? I should like to have some information in advance of the introduction of the bill. What part of the $10,000,000 is to be spent for further improvement of the harbour of Saint John, in addition to the expenditures incurred by reason of the fire.

Hon. ALFRED DURANLEAU (Minister of Marine): The amount for further improvements would be $3,500,000 as specified in the former resolution. Those moneys would be spent to enlarge piers 3 and 5, and for some other facilities the details of which I have not before me at the present time.

Mr. BENNETT: And there is a bank loan of $1,500,000 which we will have to take care of.

Mr. DURANLEAU: The reconstruction of five sheds is contemplated.

Mr. VENIOT: I should like to know how much is for the reconstruction of what was destroyed by fire?

Mr. DURANLEAU: About $5,000,000.

Mr. VENIOT: I should like to draw the attention of the minister to a report appearing in the press concerning the reconstruction of that part of Saint John harbour which was destroyed by fire. If he has not the information before him he may bring it down when the bill is introduced. I see that in connection with that part of Saint John harbour which was destroyed by fire contracts have been let on a cost plus basis, and I should like to know if that report is true.

Mr. DURANLEAU: Mr. Chairman, immediately after the disastrous fire the authorities from the harbour commission of Saint John came to the department and insisted that work should be begun at once in order that the sheds would be built and ready for use on December 1, at the beginning of the winter season. If such action were not taken they said they would be exposed to loss of the winter trade. After sending Mr. Beaver, the assistant of Sir Alexander Gibb, to Saint John, and affording him the opportunity of studying the whole scheme, he reported that we should first start the repairs to the piers. As the house knows, the piers are of wooden construction, and some have been badly damaged, others less so. We have to repair the damaged wooden structures and cover them with cement in order to render the wharves as far as possible fireproof, as we intend to

build steel sheds on them. It was intimated that in order to complete these works by the first of December we could not afford to spare the time necessary to prepare plans and specifications on which to ask for tenders. Moreover, the nature of the damage to these piers was such that it was very difficult to prepare specifications, for it is only during the progress of the work that we can see the extent of the damage. So Mr. Beaver suggested that we should have the repair work done by day labour on a cost plus basis of five per cent. Two companies, the Foundation Company and the Northern Construction Company, if I am not mistaken, tendered for the work, and it has been divided between them on a basis of cost plus five per cent. That is the maximum charge to be made. Now that the repair work is in progress we are drafting plans and specifications for the sheds, tenders will be asked for in the regular way and the contract will be awarded to the lowest tenderer.

Mr. VENIOT: That is for the continuation of the harbour improvements?

Mr. DURANLEAU: Absolutely, the construction of the sheds. The repair work is under way now and the plans are being prepared for the sheds. I think under the circumstances we have taken the only possible course. There was a real emergency and we wanted to save the business of the harbour.

Mr. VENIOT: I am not criticizing the minister for what he has done; rather I feel like complimenting him on the expeditious way in which he took steps to meet the emergency. But this information, I think, is due the public, I should like to know the cost plus percentage.

Mr. DURANLEAU: Five per cent.

Mr. HANSON (York-Sunbury): Will the contracts for this repair work be made by the harbour commission or by the marine department?

Mr. DURANLEAU: I am not prepared to give a definite answer to the question at the moment. Sir Alexander Gibb is at Saint John to-day studying the whole situation, and of course we shall have to confer with this distinguished gentleman and his assistants on the procedure to be taken under the circumstances.

Mr. HANSON (York-Sunbury): The resolution before the house provides for assistance in the form of a loan to the harbour board; consequently one would assume that the contracts would be made by the harbour board and not by the government.

[Mr. Duranleau.]

Mr. DURANLEAU: That may be; but it is the intention of my department to see that these works and the expenditures thereon shall be checked up very closely. At the present time I have first class accountants checking up everything.

Mr. STEWART (Edmonton): Is the minister departing from the regular procedure in respect to this particular loan?

Mr. DURANLEAU: No.

Mr. STEWART (Edmonton): It is the usual loan to harbour commissioners for the purpose of prosecuting their work, is it not?

Mr. DURANLEAU: Yes.

Mr. STEWART (Edmonton): With this difference, that an emergency situation has to be dealt with.

Mr. LAPOINTE: Has any consideration been given to the policy of making Saint John a free port?

Mr. DURANLEAU: The matter is under consideration, but I do not think at the moment we can change the policy followed in the past.

Mr. LAPOINTE: Hear, hear.

Mr. VENIOT: I understand that with respect to that part of the harbour destroyed by fire the repair work has been taken out of the hands of the harbour commissioners and placed under the direction of an engineer from the city of Halifax. Now, if the government is going to pay for the improvements and not charge the cost as a loan to the harbour commissioners owing to the emergency referred to, I can understand why the department would take the work out of the hands of the harbour commissioners and place it in charge of their own engineer. But if the cost is to be included in the $10,000,000 to be loaned to the harbour commission, I do not see why that course should have been followed. Perhaps I am misinformed?

Mr. HANSON (York-Sunbury): You are.

Mr. VENIOT: I know that an engineer from Halifax is in charge of the repair work —at least the local papers have made an announcement to that effect, and that the work in connection with the improvements will remain under the direction of the engineer of the harbour commission. I should like to have some information on this point.

Mr. BENNETT: Mr. Chairman, I am afraid I must make a few observations in respect to this matter. The Minister of

Marine (Mr. Duranleau) was absent for two days when the matter became very pressing. A representative of Sir Alexander Gibb and partners visited Saint John harbour and made a report on conditions resulting from the disastrous fire which practically destroyed the whole of the terminal facilities. On the strength of his report it became apparent that the harbour commissioners would need a very much increased sum of money to enable them to carry on the repairs if the harbour facilities were to be made available for shipping by the first of December. But inasmuch as it would take weeks to prepare complete plans and specifications and call for tenders for the work as a completed unit, it was thought desirable to proceed at once with the necessary repair work. He asked the Foundation Company, the Northern Construction Company and J. W. Stewart Limited, and I think, one other company, if they would undertake the work on a cost plus basis, and they agreed to accept five per cent, which is a much lower charge than is usually asked for such work; but it was emergency work and they said they would undertake it for that figure. The work is being divided between them. It is not being taken out of the hands of the harbour commissioners, but inasmuch as the emergency was great, the department put its facilities behind those of the commissioners, and when it came down to the question of where an engineer could be secured who had knowledge of construction work, the experience of Mr. McDonald, of Halifax, was regarded as peculiarly fitting him for such work. I telegraphed him myself and asked him to meet the representative of the Gibb firm, which he did. The harbour commissioners of Halifax were asked if they would loan him to the harbour commissioners of Saint John for the purpose of directing the construction of the work which was to be undertaken to prepare the harbour facilities for use this winter. Very reluctantly they agreed to do so, and the harbour commissioners of Saint John are making arrangements to provide the harbour commissioners of Halifax with such engineering assistance as they may require during the absence of Mr. McDonald. Mr. McDonald who is a most experienced man in what you might term tidal water construction work, has gone over to Saint John and will stay with the undertaking until the work is completed. In the meantime the harbour commissioners have not been in any sense supplanted, but with their cooperation the government is endeavouring to facilitate with all the rapidity possible completion of the work necessary to make the harbour available for business this winter. Had any other method been pursued it is perfectly obvious that the work would not be done. I think it is only fair to say that the engineer of the Saint John harbour commission has sufficient work to do in connection with the general undertaking of engineering and also in connection with the new work that is being done in West Saint John, with respect to which the contract is outstanding and was outstanding when this government came into power. That work is being pushed forward to completion. I fancy it will not be completed for use this winter; in fact I know it will not, so the only facilities that can be relied upon will be berths 4 and 5 and 15 and 16 and a potato shed on 17 for the purpose of enabling business to be transacted as usual. The question of grain conveyors has been given a great deal of consideration and will involve an expenditure of half a million dollars, but unless there are legs on each of the docks it will be impossible, with the rapid tide, to move ships in a harbour like Saint John, and that work is being carried on. On pier 17, where the old potato shed was, a new shed will be erected to accommodate the requirements of shippers at that point.

I may add that there is no lack of harmony between the commission, the engineer whose services they have been fortunate enough to secure and the government in pushing forward the work. The $3,500,000 originally asked for by the harbour commission to complete what I might call the new work, together with the $1,500,000 bank loan will absorb $5,000,000, and leave substantially the same amount for the completion of the repairs in connection with the old facilities.

Mr. VENIOT: I wish to thank the right hon. Prime Minister for the full explanation he has given, which is perfectly satisfactory to me. The reports which have been appearing in the press left an impression such as the one I expressed this afternoon, and I wanted to have the matter cleared up. At the same time I wish to congratulate the government on accepting the estimate I gave the house following the fire. I then asked the government to vote $10,000,000, and that is the amount being provided.

Mr. HANSON (York-Sunbury): Just a word before the resolution is reported. I do not rise to delay the passage of the resolution; I think the government should be congratulated upon the speed with which they have attended to the situation existing in Saint John, but it is not with reference to that

matter I desire to speak. The Minister of Marine, in his preliminary remarks, and the Prime Minister in his more extended remarks, referred to a bank loan of $1,500,000. I think perhaps it would be well if the country had a little more information as to just how that loan was incurred. My understanding of the situation is that the previous harbour board let a contract to a concern known as the Atlas Construction Company for the building of what are termed the new works on the west side. That firm absolutely fell down on the undertaking, with the result that the people of this country have been called upon to pay a huge sum of money in excess of the contract price. I think these facts should be made clear.

Resolution reported, read the second time and concurred in. Mr. Duranleau thereupon moved for leave to introduce Bill No. 134, to provide for a further loan to the Saint John harbour commissioners.

Motion agreed to and bill read the first time.

BONUS ON WHEAT

PAYMENT OF FIVE CENTS PER BUSHEL ON WHEAT EXPORTED FROM WESTERN PROVINCES

Right Hon. R. B. BENNETT (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to provide that the governor in council may authorize the payment out of the consolidated revenue fund of the sum of five cents on every bushel of wheat exported from the provinces of Alberta and Saskatchewan of the crop of 1931, and to make provision for the determination of amounts payable thereunder, and for regulations to carry out the purpose of the act and prescribe penalties to be incurred for breach of the act or regulations.

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.

I might just add that the word "Manitoba" should be added after the word "of", and before the word "Alberta." I do not know how that word happened to be left out; I take it to be my fault in that I did not read it with sufficient care. This proposal was always applicable to the three provinces, as I mentioned. With the consent of the house I should like to move that the resolution be amended to read, "Manitoba, Alberta and Saskatchewan."

[Mr. R. B. Hanson.]

Mr. McMILLAN (Huron): Just in that connection, some time ago I asked the Minister of Trade and Commerce whether that five cents would apply to the whole of Canada, and he said it would.

Mr. BENNETT: There must have been some misunderstanding.

Mr. STEVENS: I must have misunderstood my hon. friend, because I never made such a statement wittingly. I should like to look up Hansard, because I do not remember having made that answer.

Motion as amended agreed to.

PEACE RIVER OUTLET

On the orders of the day:

Mr. D. M. KENNEDY (Peace River): I should like to ask the Minister of Railways and Canals (Mr. Manion) a question with reference to the Peace River outlet. I believe a conference was held the other day, and he may have something to tell the house with regard to this matter.

Hon. R. J. MANION (Minister of Railways and Canals): Yes, a conference was held, but this is a large question and a great deal of consideration will be required before any definite statement can be given out. As soon as any real results come about I will be glad to tell my hon. friend and the house.

TORONTO SUBURBAN RAILWAY

On the orders of the day:

Mr. T. M. CAYLEY (South Oxford): I should like to direct a question to the Minister of Railways and Canals (Mr. Manion). There are several questions involved, in fact, but the answers are short and I believe the minister has the information before him. I should like to ask the minister: Is it true that the interest due on July 15 on the Toronto Suburban railway debenture stock has not been paid; are these debentures guaranteed by the national railways or by the government; what has been the financial situation of this railway with respect to earnings; how have interest payments been made heretofore; what action was taken by the national railways with respect to meeting the interest due on July 15 last, and what action will follow the said default in interest payments?

Hon. R. J. MANION (Minister of Railways and Canals): The hon. gentleman told

my deputy this morning that he was going to ask some question in this regard, and I will give all the information I have. This is a matter entirely in the hands of the management of the road. The debenture stock is not guaranteed by the management of the national railways or by the government of Canada. This is a subsidiary of the national railways, but the debenture stock is not guaranteed. I have been informed unofficially that the interest was not paid; I believe that to be correct, and I have no doubt it was a decision of the management made because of the decreased earnings and lessened business of the Canadian National Railways.

In view of the fact that my hon. friend told my deputy he was going to ask these questions I obtained figures showing the losses of this subsidiary. In 1930 the total deficit, including interest, amounted to $193,807, with an operating deficit of $77,000. In the previous year the operating deficit was $83,000, so I presume the management decided to withhold interest payments due to the depression, just as the dividends of various kinds of industrial corporations have been discontinued.

Mr. CAYLEY: What would be the result of this electric railway falling back into the hands of the debenture owners?

Mr. MANION: I was told by the management some time ago that if they did default, every facility would be given the debenture owners, without expenses, to take possession.

MARKETING OF WHEAT

POOL ELEVATORS—CORRESPONDENCE CONTAINING PROPOSALS OF THREE WESTERN PREMIERS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I should like to direct a question to the Prime Minister based on an article appearing in the Montreal Gazette of Saturday last. The heading is as follows:

> Pool Elevators to be Separate
> Western Premiers Believed to Favour Bennett's Suggested Trading Corporation

Would the Prime Minister mind tabling a copy of the correspondence containing the proposals he made to the three western premiers regarding the marketing of this year's crop. At the same time, may I ask whether he has a further statement to make with reference to the same matter.

Right Hon. R. B. BENNETT (Prime Minister): As to the latter question, I have nothing further to add. As to the first, I shall be glad to endeavour to get him a copy of the correspondence at six o'clock, although I might not be able to procure it until to-morrow. Roughly however, as I stated to him, the purport was, declining to enter into the marketing business on behalf of the Dominion and, secondly, suggesting that it might be desirable for the three provinces to form a trading corporation of their own, we endeavouring to assist them in their financial requirements.

CONSERVATION OF WILD LIFE

On the orders of the day:

Mr. J. L. BROWN (Lisgar): An editorial in this morning's Citizen reminded me of a subject which I thought of bringing to the attention of the government a number of times; that is, the destruction of wild game in the west. I would commend to the favourable consideration of the government the work which Jack Miner is doing. I think the house will agree that the conservation of wild life is very essential, even in these times of distress.

PEACE RIVER OUTLET

On the orders of the day:

Mr. A. E. MUNN (Vancouver North): The Peace River outlet has been mentioned to-day. Is it the intention of the government to state some definite policy in this regard before the end of the session?

Right Hon. R. B. BENNETT (Prime Minister): The Minister of Railways (Mr. Manion) has already answered that question.

THREE RIVERS HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine) moved that the house go into committee to consider the following proposed resolution:

> That it is expedient to authorize a loan to the Three Rivers harbour commissioners not exceeding $700,000 for the construction of terminal facilities, upon approval by the governor in council of detailed plans, specification and estimates for such work, and the deposit of the debentures of the corporation to cover said loan.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton) in the chair.

Mr. LAPOINTE: What works will be undertaken under this loan?

Mr. DURANLEAU: On September 18, 1929, an order in council was passed approving of the awarding of a contract to the Northern Construction Company Limited and

G. W. Stewart for the amount of $2,660,535, for improvements in Three Rivers harbour. This was the lowest tender by $166,000, and according to the terms of the contract the works were supposed to be completed by October 31, 1931. Under a loan granted by this house the sum of $1,800,000 only was available. The contractors to date have carried out works amounting to $1,600,000, having ordered further materials amounting to over $200,000 to complete the contract. The works have progressed, but in such a way that the piers are not ready for use. The contractors have built the foundations of the whole work on which they have expended practically $1,800,000, but no section of it is yet completed. The whole of the loan made by this house of $1,800,000 has been expended to date, but, as I say, not a foot of these facilities is yet ready for use. We have to complete these works; there is no doubt about that; but we have tried as far as possible to save money. We have made some change in the plans resulting in a saving of about $300,000. Under the old plans, taking into account the small extras that have been provided for and the interest incurred during construction, together with engineers' fees and so on, we should have to ask the house for about $1,000,000 to finish the contract.

Mr. LAPOINTE: And the minister expects that with this $700,000 the work will be completed and will be available for use?

Mr. DURANLEAU: Yes; according to the reports of the chief engineer this amount will complete the undertaking. We found that, under the old plans, the pier, with two berths, was only 200 feet wide, and any practical construction man will realize that this is absolutely inadequate. Instead of building a 200 foot pier we have changed the plans somewhat, to make a straight line with the front of the government pier. This will provide a pier of 540 feet, with a 540 foot berth. The work will provide employment, because there will be a large amount of filling to be done, and we expect to have the filling made by the workmen of Three Rivers, as was done last winter. At that time, instead of securing the filling from dredging material, we provided work for the population of Three Rivers by getting earth from outside the city. It cost a little more than the sum charged by the contracting company, but under the circumstances we thought it wise to take that course in order to relieve unemployment.

[Mr. Duranleau.]

Mr. LAPOINTE: My hon. friend knows that anything that will give work to the unemployed of Three Rivers meets with my hearty approval. Any information which I may desire I shall ask for when the bill is in committee.

Mr. HEENAN: I take it that the work will be done under the 1919 Fair Wages Act, and that fair wages will be paid the labourers.

Mr. DURANLEAU: That is a matter to be adjusted with the contractors.

Mr. HEENAN: I do not think the minister quite understands me. An act of parliament was passed in 1930, providing that all Dominion works shall be carried on under a fair wage clause, whether they are done by contractors or by the Dominion government itself, and I am asking the minister whether or not this work will be done under that law.

Mr. DURANLEAU: So far as I know, the present government has not departed from the law mentioned by my hon. friend, and I do not think it will in this instance. These works are under contract and I presume there is in the contract a clause whereby the contractor will have to comply with the law regarding fair wages. This contract was awarded in September, 1929, by the former government, and presumably a fair wage clause was inserted. We do not intend to make any change in the contract in that respect.

Resolution reported, read the second time and concurred in. Mr. Duranleau thereupon moved for leave to introduce Bill No. 135, to provide for a further loan to the Three Rivers Harbour Commissioners.

Motion agreed to and bill read the first time.

CUSTOMS ACT AMENDMENT

Hon. E. B. RYCKMAN (Minister of National Revenue) moved the second reading of Bill No. 39, to amend the Customs Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

On section 1—Discounts.

Mr. MACKENZIE KING: Will the minister explain?

Mr. RYCKMAN: I may say that this bill relates to nothing but administration, and it seems to me there can be difference of opinion with respect to only one matter which I had

better explain now. The act as it stands provides for certain penalties. To put the matter shortly, there is a maximum penalty of $500 and a maximum term of imprisonment of seven years. The situation is that the penalty of $500 is not sufficient and the term of seven years is too much. The fine of $500 is not sufficient because more in value can be smuggled so that it would pay a smuggler to have a maximum penalty of this amount. We seek to have that penalty made $1,000 The reverse is the case in connection with the term of imprisonment. The statute now provides seven years as the maximum, and that is too much, because juries will not convict and the accused is enabled to have twelve peremptory challenges instead of four. Since the maximum of seven years has been on the statute book there has not been one sentence of that term. We are anxious therefore that the term shall be reduced to four years and the statute made workable so far as the penalties are concerned. This question has given us a good deal of concern. It seems strange to increase the penalty in one case and to decrease it in the other. This in my opinion is the only point on which there would be any real difference, and I commend it to the committee.

Mr. YOUNG: Section 1, subsection 6 reads:

In estimating the value for duty no discount or deduction shall be allowed which is not shown and allowed and deducted—

The two last words are underlined.

—on invoices covering sales for home consumption in the country of export in the usual and ordinary course of trade.

Where discounts are actually allowed in the country of export, will they be recognized by our department and allowed in Canada?

Mr. RYCKMAN: The reason for the addition of the words "and deducted" is that we want the invoices to show the true history of the sale. One would think if the discount were shown and allowed, it would hardly be necessary to have this provision that it be deducted. We want the discount to appear on the invoice as deducted, so that there is a written record of the transaction and it will not be necessary therefore to find out whether it has really been allowed or not. It is suggested for the purpose of enabling the importer to receive better terms. All that this means is that the honest transaction should stand and be shown completely upon the invoice.

Mr. YOUNG: That does not answer my question which was this: If a United States manufacturer is allowing discounts to his customers in that country and he proposes to allow the same discount to his customers in Canada, will those discounts be recognized by the department?

Mr. RYCKMAN: They will be if the true history of the transaction as stated by my hon. friend is shown upon the invoice; if it is not a case of dumping, or if it is not a special rate fixed for duty.

Mr. STEWART (Edmonton): There are two provisos: the dumping and the special rate. There is no complaint about the dumping clause, but the department now have authority to fix value and under the circumstances I do not think this clause would be frequently applied.

Mr. RYCKMAN: The fixing of value does not arise in this case, but the hon. member for Weyburn put an all-embracing question that would include dumping duty and would mean, if a special value for duty purposes were fixed, and if the invoice showed what he stated, then we would be obliged to rely upon the invoice. But such is not the case. As I have stated, the intention is to have on the invoice, the actual, honest transaction or contract that the United States seller offers to the Canadian importer.

Mr. YOUNG: The other day when we were discussing the items of the budget I made the statement that under our Customs Act and customs regulations as they now stand there is a temptation for a man importing goods into this country from another country to pay a higher price to the foreign manufacturer than he need pay in order to escape the dumping duty. I said that our regulations permit him to do that and say to him: If you actually do pay a higher price to the foreign manufacturer you do not have to pay the dumping duty, but if you do not pay that higher price you will have to pay the dumping duty. When I made that statement the Prime Minister replied that that was not the case to-day, and I asked when it ceased to be the case, and he replied "Some time ago." I propose to prove not only that it can happen to-day but that it does happen, and not only that it does happen but that it cannot help but happen, just as I said.

I have here a letter from the Edgerton Manufacturing Company, Plymouth, Indiana,

dated March 17, 1931, of which I shall read an extract:

You may be interested in knowing that the freight rate on the cars we shipped you during the 1930 season averaged 17·6 cents per dozen packages. This amount added to the price of $1.80 per dozen, as fixed by the Dominion government, would result in a cost to you of $1·976 per dozen without taking into consideration the duty. The action of the Dominion government would increase your delivered price approximately 25 cents a dozen and likewise would result in a profit to us of about 20 cents per dozen higher than that which we enjoy on sales made in the states. We feel that our profit on Canadian business should be approximately the same as that received in connection with business done in the states.

Yours very truly,
Richard W. Burg,
Traffic Manager.

I have another letter here from the Western Cartridge Company, East Alton, Illinois, dated May 6, 1930, a portion of which I shall read:

On January 3rd this year we reduced ammunition prices to all of our customers in the United States by 10 per cent, and we extended the same discount at the same time to our customers in Canada.

That is why I asked the question I did a minute ago. The letter continues:

The Canadian commissioner of customs has refused to accept this extra discount of 10 per cent on shipments of our goods into Canada, and has threatened to charge dumping duty against our goods so invoiced; and, based on this decision of the commissioner, we have been obliged to withdraw these reduced prices from our Canadian customers and are now invoicing them at a price 10 per cent higher than we charge any of our domestic jobbing trade. This additional 10 per cent is, of course, in the last analysis paid by the consumer of Western ammunition in the Dominion, and we regard it is distinctly unfair to him and his interests.

We have been told that the commissioner's decision was based on a brief presented to the Dominion government in Ottawa by the Dominion Cartridge Company, in which brief they indicated their reasons for protesting the reduction in price of American-made ammunition. We should like to obtain a copy of this Dominion Cartridge Company brief as presented to the government, in order to be in a position to present, if advisable, our answer to it.

I put a question on the order paper some time ago asking for a copy of that brief, but it was denied me. Here we find our customs department saying to the Canadian purchasers of American ammunition: You must pay 10 per cent more for that ammunition than these manufacturers are willing to accept from their American customers and 10 per cent more than they are asking you for, or otherwise we will make you pay that extra 10 per cent into the Dominion treasury. That is just what I said the other day would happen.

Here is a letter dated Ottawa, March 22, 1931:

In reply to your inquiry as to the effect of the change in discount on imported automobiles, basing the former discount at 30 per cent and the present discount at 20 per cent, the list price of the car being $1,000, I have to advise you as follows:

$1,000 less 20 per cent equals $800; at 20 per cent equals $160 duty.

$800 plus $160 equals $960 duty paid value; at 5 per cent equals $48 excise tax.

$960 at 1 per cent equals $9.60 sales tax.—Total, $217.60.

The next statement is this:

$1,000 less 30 per cent equals $700; at 20 per cent equals $140 duty.

$700 plus $140 equals $840 duty paid value; at 5 per cent equals $42 excise tax.

$840 at 1 per cent equals $8.40 sales tax.—Total, $190.40.

Then mark this statement:

If the importer pays $800 for his car special duty will not be applicable. On the other hand, if he purchases the car at $700 a special duty equal to $100 will be payable.

R. W. Breadner,
Commissioner of Customs.

The statement I made the other day that our customs laws and regulations as they stand at present tempt, almost force, a Canadian importer to send a larger amount of money out of the country to American or other foreign manufacturers in payment for his goods is amply substantiated by these letters, one of which is signed by the commissioner of customs himself. Not only does that happen, but under the act as it stands it must happen.

In the short session last fall we amended the Customs Act. I have a copy here of the amendments, but I shall read only the one that applies to this particular case. Section 2 reads:

Section 37 of the said act is repealed, and the following is substituted therefor:—

37. In determining the fair market value for duty of goods imported into Canada, the prices of which are published or listed by the manufacturers or producers, or persons acting on their behalf, the governor in council may from time to time fix and determine a certain rate of discount which may be applied to such published or listed prices, and such published or listed prices, subject to the deduction of the amount of discount, according to such rate, shall be deemed and taken to be the fair market values of any such manufactures or productions respectively as are specified in such order in council.

That is to say, we gave the minister power to fix a certain rate of discount on goods sent here at list price, and the list price after subtracting that rate of discount shall be

the value of the goods for duty purposes. At the same session last September we amended the customs tariff, section 6. I will read the amendment:

In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, or is less than the fair market value, or value for duty thereof as determined under the provisions of section 36 of the Customs Act, or is less than the fair market value thereof as fixed by the governor in council under the provisions of section 37 of the Customs Act, or is less than the value for duty thereof as determined by the minister under the provisions of paragraph (a) and (e) of section 41 of the Customs Act, or is less than the fair market value thereof as fixed by the minister under the provisions of section 43 of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the article for export and the said fair market value thereof or value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such article although it is not otherwise dutiable.

I have underlined the parts that apply particularly to the question we have under consideration, of goods shipped in here at list price, subject to discount. I will read now the underlined parts by themselves:

In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada . . . is less than the fair market value thereof as fixed by the governor in council under the provisions of section 37 of the Customs Act, ... there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the article for export and the said fair market value thereof or value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such article although it is not otherwise dutiable.

In other words, Mr. Chairman, by the amendments made last fall we gave the minister power to fix a certain discount on these listed goods which had the effect of fixing a certain value for duty. The value for duty having been fixed, then we amended the customs tariff in such a way that that value for duty as fixed by the minister had to be the actual purchase price of the goods. Therefore, if any man imported those goods into Canada for less than the price fixed by the minister he was exposed to the imposition of a dumping duty. The only way he could expect to avoid that dumping duty was to pay the same amount of money over to the American manufacturer instead of paying it into the treasury.

That is the position in which we find ourselves as a result of the insane desire which possessed this government last fall to shut out goods from other countries at no matter what cost; it did not matter to them what the effect would be on Canadian trade; it did not matter what the cost would be to Canadian purchasers. The whole thing is this: The Canadian importer is faced with a choice of one of two things, either he must pay a higher price to the American manufacturer for the articles he buys or the government will fine him an equal amount in dumping duties. That is a situation I have repeatedly drawn to the attention of the minister and I hope he will understand what it means. I hope that at this session before the house prorogues an amendment to the customs tariff will be brought in which will give Canadians the right to purchase goods in other markets as cheaply as the people in other countries can purchase them, and legislation which will not force Canadians to pay a higher price to American manufacturers for the goods they wish to buy.

Mr. BROWN: Would the minister tell us whether the hon. member for Weyburn (Mr. Young) has correctly interpreted the act?

Mr. EULER: I was going to ask that.

Mr. RYCKMAN: Mr. Chairman, this bill does not deal with the merits, if I may so call them, which the hon. member for Weyburn discussed. It says that a discount to be allowed must be shown upon the invoice, and this will be true whether or not the minister has power to fix the value for duty. It prescribes the form of the invoice used when importing goods into Canada.

Mr. BROWN: Those remarks refer entirely and only to the bill before the house at the moment. I hope hon. members opposite who have been so ready and willing to cry "Carried, carried" will take note of the remarks of the hon. member for Weyburn regarding changes made last fall. I think the hon. member has correctly placed the facts before the house.

Mr. COWAN (Long Lake): We know about that.

Mr. BROWN: But the people at home do not know it.

Mr. EULER: I think the minister is quite right when he says that the matter to which the hon. member for Weyburn has referred

has no direct connection with the matter before the committee, and I may say in passing that I am in agreement with the legislation contained in this particular clause. I rise however to seek information on the point raised by the hon. member for Weyburn. Possibly I am out of order, but I think it only fair to revert to those matters because there may be no other opportunity of doing so. A few days ago I asked a question similar to that asked by my hon. friend from Weyburn, namely whether the dumping duty would apply when a value was fixed arbitrarily on any commodity imported into Canada, and whether, if the importer did not actually pay the price which was fixed arbitrarily for duty purposes only, the dumping duty would then apply. At that time the Minister of Finance (Mr. Bennett) replied that it would not, but I think he was in error. If in fact he was mistaken I think a correction should be made before the committee. Perhaps the Minister of National Revenue (Mr. Ryckman) would answer yes or no to the question asked by my hon. friend from Weyburn. I believe unintentionally an incorrect reply was made by the Minister of Finance. In my opinion the dumping duty does apply, and I must say we have pretty good proof of it. It always did apply under the old clause which permitted the governor in council, through the Minister of National Revenue, to fix a price on natural products. When we fixed a price on natural products that price was taken as the basis for a dump. I think the same was done when the minister fixed a price of $1 a ton on soft coal. If that soft coal was actually purchased at 60 cents a ton, as it might have been, then the duty was 50 cents a ton. There was a dump however of the difference between 60 cents, the actual price, and the dollar fixed by the minister. I think then the dump of 40 cents was applied. If it was done in one case I suppose it would apply in all other cases, but I think the minister should say whether or not that is the fact.

Mr. RYCKMAN: Mr. Chairman, my hon. friend from North Waterloo (Mr. Euler) has admitted that this discussion is outside the ambit of the bill.

Mr. EULER: I asked the question only because a wrong answer was given.

Mr. RYCKMAN: The Prime Minister having given one answer and the hon. member for North Waterloo being of another opinion I should like to look into the matter before stating my view.

[Mr. Euler.]

Mr. BROWN: I feel the proper view is that expressed by the hon. member for Weyburn.

Mr. YOUNG: We ought to know what the minister thinks.

Mr. EULER: If the minister is not sure we shall have to ask him some other time.

Mr. YOUNG: If he is not sure, I think he ought to be, because three months have passed since I first drew his attention to the matter. The other day when I mentioned it again he laughed, and he laughs now. Surely he ought to have a serious moment when he might look into the matter. I think we have a right to know the correct interpretation of the law. There is a law which gives power to fix an arbitrary valuation, and which states that the difference between the invoice price and the price he fixes shall be levied and paid.

The CHAIRMAN (Mr. MacDonald, Cape Breton): I do not think the matter is debatable on this particular section.

Mr. YOUNG: This section deals with discounts.

The CHAIRMAN (Mr. MacDonald, Cape Breton): The section now before the committee merely refers to the administration of the act and states that the words "and deducted" shall be added to the section. The minister says he will deal with the point raised by the hon. member.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—Territorial waters defined.

Mr. RYCKMAN: Mr. Chairman I desire to move an amendment to this section. My reason is that recently there has been a decision of the Supreme Court of Canada which would show that the present section is ultra vires of this parliament. An appeal is being taken, but if the statute of Westminster comes into force this section 5 will be appropriate. I am therefore asking to make this amendment:

That subsection 7 of section 5 be amended by adding thereto the following:

Subsection 7 shall come into operation upon a date to be proclaimed by the governor in council and published in the Canada Gazette.

I will ask my hon. friend the Minister of Fisheries (Mr. Rhodes) to move this amendment.

Mr. RHODES: I move the amendment accordingly.

Mr. EULER: Three or four years ago, when I had the honour of being Minister of

National Revenue, I introduced an amendment which was carried under some protest, extending the ordinary three mile limit to twelve miles with regard to the right of seizing liquor-laden vessels which were supposed to be destined to Canadian ports. At that time I think the present Prime Minister and others questioned the validity of such an enactment. However, I said, "We will try it for what it is worth." The minister has now referred to the fact that in a case brought into court recently the section was declared ultra vires, and that the government proposed to lodge an appeal. I suppose that means that the case will be appealed to the privy council. If this section is acknowledged by him to be ultra vires, is he hoping by an appeal to the privy council to establish the validity of the amendment made some years ago?

Mr. RYCKMAN: We hope to establish the validity of this legislation and that the decision of the supreme court is wrong in law. We are supporting, as I understand it, the position that was taken by my hon. friend some years ago. The decision of the supreme court is to the effect that outside the three mile limit we have not the jurisdiction which my hon. friend desired to give, and which we desire to maintain.

Mr. EULER: I am very glad to hear that, for it rather vindicates the position I took at the time, and indicates a right-about-face on the part of those who then opposed it.

Mr. RYCKMAN: We are always just.

Amendment agreed to.

Section as amended agreed to.

On section 6—Arrest without warrant for indictable offence—jurisdiction of officer making arrest.

Mr. STEWART (Edmonton): What is the reason for the reference to the criminal code?

Mr. RYCKMAN: At present there may be offences against the Customs act that would not be indictable under the criminal code. Naturally we want to have it declared by this legislation that indictable offences whether against the Customs act or the criminal code may be dealt with by customs officers acting on reasonable and probable grounds.

Mr. EULER: Does it not in effect mean that where a regular customs officer has the right by virtue of his office to make an arrest, and, the ordinary preventive officer has not that right, it is proposed to give the latter that right?

Mr. RYCKMAN: Yes.

Mr. YOUNG: I should like to know exactly what powers the minister gives to his preventive officers. I received a complaint some time ago that a certain family on returning home found their house in possession of a stranger who had broken open a trunk and was rifling the contents. On being asked what business he had there he said he was a preventive officer and had a right to make the search. I should like to know from the minister whether if a man finds a stranger in his house under those circumstances he has not a right to use a club on him?

Mr. RYCKMAN: The facts to which my hon. friend refers have not come to my notice. In the past preventive officers have been men who have a reasonable knowledge of their duty and act accordingly. I can think of only two cases of the kind mentioned by my hon. friend. If there is an honest belief on the part of the preventive officer that the customs laws have been broken, for instance, that goods have been smuggled, then the officer has specific instructions to proceed just as if he was following His Majesty's writ and make a search. I would be very much surprised to hear that officers of the preventive service were guilty of making oppressive searches without being properly instructed and without a reasonable belief that the law had been infringed.

Mr. DONNELLY: Who gives them the necessary authority?

Mr. RYCKMAN: The officers have the authority that the statute gives them. There is a chief inspector and I have no doubt that any preventive officer would consult the chief inspector before making an oppressive search, unless he was in the very midst of infractions of the customs law. There are no officers running around loose jumping into men's houses and ransacking them. As I say, I have heard of only two cases of the kind mentioned by my hon. friend from Weyburn (Mr. Young). In one of those cases there was absolute justification; as to the other case I have not yet heard all the facts.

Mr. ERNST: I think it might be correct to say that their powers of search come under a writ of assistance granted by the Exchequer Court of Canada.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Further penalty if value two hundred dollars or over.

Mr. EULER: I do not understand from the explanatory note the reason for the reduction of the minimum fine from $500 to $200. I am not objecting to it particularly, but I should like to know the reason for the change.

Mr. RYCKMAN: As the note explains, the maximum fine, not the minimum, was $500. We desire now that the maximum fine be $1,000 and the minimum $200. Formerly the term of imprisonment was seven years, now we desire that it be made four years for the reason stated in the note. There has not been one conviction under this seven year law and we feel there must be a stringent law that will compel the observance of the Customs Act. If hon. members will read the note they will see the purpose of the legislation.

Mr. YOUNG: In the explanatory note on the opposite page I find the following words:

—it will be made more difficult for a defendant by exercising his right of peremptory challenge to select a jury to his liking.

Is that the purpose of the legislation, to make it more difficult for the defendant?

Mr. RYCKMAN: No; my hon. friend does not understand it correctly. This will make it more difficult for the defendant to get a jury to his liking. When the term of imprisonment may be five years or over the accused is allowed twelve challenges; when it is under five years he has but four challenges, and we desire that the defendant should have but four challenges. In cases of this kind it is hard to get a jury who will find a man guilty when the penalty may be seven years imprisonment, no matter how serious the infraction of the law, but at one time—and my hon. friends know when that was—parliament thought it advisable to make the penalty seven years. That has not accomplished what parliament set up to do.

Section agreed to.

Sections 10 to 17 inclusive agreed to.

On section 18—Where goods of the value of two hundred dollars or over.

Mr. EULER: I think this embodies a very radical departure from the old act. Perhaps I might refer to something that is more or less history. Three or four years ago, shortly after the customs investigation, it was thought desirable that persons who smuggled goods to the value of $200 or over, if found guilty should be sent to prison without the option of a fine. I remember that when I introduced the amendment I found a great deal of opposition from those who were supposed to be supporting me and a great deal of support from those on the opposite side, I think notably the present Prime Minister, the Minister of Trade and Commerce and the Minister of Justice. That amendment was adopted. Now I see there is a departure from that method; I take it that this clause means that a person convicted of smuggling to the value of $200 or over need not necessarily be sent to prison but that the judge has the option of imposing a fine or imprisonment. I should like to ask the minister if that is not the meaning of this section.

Mr. RYCKMAN: That is quite correct.

Mr. EULER: I think the reason for this change is that in some of the provinces east of Ottawa—we will not say just how far east—it was found impossible to get a conviction in connection with liquor smugglers who had brought in goods to the value of $200 or over, so that really the law was a dead letter and defeated its own purpose. Juries would find culprits not guilty rather than find them guilty and send them to gaol. Perhaps they would have been quite content to bring in a verdict of guilty if a substantial fine could have been imposed. I am rather inclined to agree with this change; in fact last year I had some thought of bringing in an amendment to the same effect, but I was just a little doubtful whether one should make a right about face so quickly. I am quite in accord with the amendment now proposed.

Mr. YOUNG: I should like to ask how far back in a man's career the officials may go to get this total value of $200. Will they go back six months?

Mr. RYCKMAN: No, this means for one offence.

Mr. YOUNG: This is the way I have known it to work out: A certain man's house was raided and the preventive officers searched through his papers. He had been indiscreet enough to keep papers; he had kept all his store bills for years back. He lived near the border, a long distance from any Canadian town and had purchased goods in the United States because there was no other place where he could buy them. He had purchased lumber there which was incorporated in his buildings. The preventive officer came along and found these papers—

Mr. RYCKMAN: Showing offences?

Mr. YOUNG: Showing he had bought these goods in the United States. There was no place within miles where he could report them, after he had purchased them in the

United States because it was the handiest place, and in fact, the only place where he could buy them. He did just as you or I would have done.

Mr. RYCKMAN: No, I separate myself from that statement.

Mr. YOUNG: I hope my hon. friend is as good as he thinks he is; I will say, then, that this man did as any ordinary Christian would have done. The preventive officers totalled up the bills, which ran into several hundred dollars and the poor fellow is billed with an amount he will never be able to pay as long as he lives. I want to ask the minister if there should not be a time limit in connection with these offences.

Mr. EULER: Does my hon. friend mean to say that the officers have added together the value of individual importations in order to make up the $200?

Mr. YOUNG: Yes.

Mr. EULER: Surely that would not be sound; the $200 is supposed to apply to one individual shipment.

Mr. ERNST: He might be harbouring several shipments at the one time.

Mr. YOUNG: He had bought lumber, which was incorporated in his buildings years previously. The officers found the bills for that lumber and added everything together, making the man pay a fine equal to the duty paid value of the goods. The man will never be able to pay this amount; a preventive officer calls on him every once in a while, and the man is at his wit's end.

Section agreed to.

On section 19—Officials with powers of two justices.

Mr. GERSHAW: I should like to point out that some farmers who live close to the boundary find great difficulty in locating a customs officer in order to report their purchases; in the sparsely settled districts they may have to travel thirty or forty miles. I wonder if the minister would consider appointing postmasters or other reliable people in some of these sparsely settled districts who could carry on the work of the officers and save these farmers the long journeys they must make in order to report their purchases.

Mr. RYCKMAN: I know that the difficulty of which my hon. friend speaks does exist, particularly in districts such as the one from which my hon. friend comes, where there are stretches of land along the border perhaps sparsely settled. There is difficulty experienced by a resident in passing his goods through customs, and endeavour has been made by the department to help in these cases, where that can be done reasonably. In some cases I understand they have been allowed to observe the customs law in a generous way, always keeping in mind the necessity for the collection of the full duty. There is that difficulty, however, and if my hon. friend has anything to suggest I will be glad to consider it.

Mr. DONNELLY: I do not see why the mounted police or some other authority could not take from settlers a list of their effects and report to the customs. In my constituency there is one section in which the customs offices are some 60 or 70 miles apart. A man coming with a wagonful of settlers' effects and desiring to settle close to the line discovers when he gets there that he must go still further north into Saskatchewan, a distance of 30 miles, before he can find roads going east and west. He then has to travel east 40 miles and south a considerable distance, so that altogether he is put to a great deal of unnecessary trouble. It seems to me that he might go to a justice of the peace or some designated person of good repute who would take a statement from him as to the amount of goods he had brought in, exempt by reason of being settler's effects. I submit that some arrangement of that kind should be made.

Section agreed to.

Mr. ERNST: I was not here when section 5 was passed, and I should like to ask the minister a question regarding it. On a former occasion I took the position that the power which the department sought in this regard was really ultra vires of parliament. I would remind the minister that in the Dunphy case this power was held to be ultra vires. I was wondering whether in passing that section he had in mind the statute of Westminster—

The CHAIRMAN (Mr. MacDonald, Cape Breton): There has been an amendment to that section.

Bill as amended reported, read the third time and passed.

ROOT VEGETABLES ACT

NON-CONCURRENCE IN SENATE AMENDMENTS

Hon. HUGH GUTHRIE (Minister of Justice): I do not think that the amendments should be concurred in. The Senate has added a clause which is not only unnecessary

but which will be very inconvenient and dilatory. They have added to clause 1, as a subclause, the following:

Such regulations shall come into effect from the date of publication in the Canada Gazette, except as provided in paragraph 2 of subsection 1 of this section; and—

This is the part objected to.

—shall be printed in the prefix in the next succeeding issue of the Dominion statutes.

That is to say, the amendment to the Root Vegetables Act shall be printed in the prefix to the statutes. It is pointed out by the law clerk that this might hold up for some time the publication of the statutes. These regulations may be changed before the statutes are issued and they will only mislead the public. I do not think their honours in the Senate could have fully considered that. The same difficulty arose two or three years ago with a similar amendment and it had to be blotted out by another statute in this house. I suggest the omission from the amendment of these words:

And shall be printed in the prefix in the next succeeding issue of the Dominion statutes.

That would allow the regulations to be published in the Canada Gazette—

Mr. MOTHERWELL: In the usual way.

Mr. GUTHRIE: Yes. The regulations might be changed from week to week, and if they were in the statutes it would only mislead the public. I move that we do not concur, but that the matter be referred back to the Senate.

Mr. NEILL: Is there not some of it that you accept?

Mr. GUTHRIE: All but the words I have indicated. I move that the appropriate message be sent to the Senate to acquaint their honours with the fact that this house does not concur in the words:

And shall be printed in the prefix in the next succeeding issue of the Dominion statutes.

Mr. SPEAKER: Mr. Guthrie, seconded by Mr. Weir (Melfort). moves:

That a message be sent to the Senate to acquaint their honours that this house disagrees from their amendments to Bill No. 87, an act to amend the Root Vegetables Act, for the following reason:

The proposal to print the following words in the clause of the amendment "and shall be printed in the prefix in the next succeeding issue of the Dominion statutes," might delay for some time the publication of the statute, and be misleading to the public, as the regulations are frequently changed.

Motion agreed to.

[Mr. Guthrie.]

OLD AGE PENSIONS ACT

INCREASE IN PAYMENT TO PROVINCES FROM FIFTY TO SEVENTY-FIVE PER CENT

Hon. HUGH GUTHRIE (for Mr. Bennett) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Old Age Pensions Act by increasing the amount of the payment to the provinces for old age pensions from one-half to seventy-five per cent of the net sum paid out during the preceding quarter by such province for pensions, and to provide for the examination and audit of expenditures in the province and the accounts relating thereto.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton) in the chair.

Right Hon. R. B. BENNETT (Prime Minister): It will be observed that the only change is the substitution of "seventy-five" for "fifty," and to provide that the acceptance of the increased amount shall enable the Dominion to make such investigations and inquiries as may be necessary to ensure that the moneys so paid have been expended for the purposes intended. The statute provides that the agreements shall have a life of at least ten years. That is to say, the existing agreements are predicated upon the assumption that the provisions of the statute regarding the length of time during which the subsidy of fifty per cent was payable shall be maintained for ten years. There may be some questions to be considered later in that regard, but at the moment no question arises with respect to the substitution of "seventy-five" for "fifty." My only regret is that the situation does not warrant making the sum larger. In any event the whole proposal is but temporary in character, and contemplates a contributory system to old age pensions as was mentioned in the House of Commons when the Old Age Pension bill was under consideration. For that reason this provision has been made for the year.

Mr. MACKENZIE KING: Can my right hon. friend indicate what additional outlay will be occasioned per annum under this change?

Mr. BENNETT: Of course it is exactly half as much again as we paid last year. A few days ago I gave the figures, but I do not care to rely upon my memory. I shall see that they are given.

Mr. MACKENZIE KING: The point I should like to make is that this means a very considerable increase in the amount of money to be handed over from the federal treasury

to the provinces for their administration. The Prime Minister has, I think, indicated if not promised that the present administration will give 100 per cent of old age pensions, and if that is what he is working up to by this measure, it seems to me that the time already presents itself when he should consider the desirability of having the entire fund administered by the federal government. I cannot see any justification for the government handing hundreds of millions of dollars—because that is what this ere long will likely mean—over to the provinces for them to administer as an old age pension fund, the federal parliament providing something like 100 per cent of the oultay, and not itself taking in hand the work of administration. The constitutional difficulty was among the reasons why originally, when the Old Age Pension Act was passed, there was an arrangement whereby 50 per cent of the amount would be transferred to the provinces. But it was never contemplated that if that amount of 50 per cent were exceeded, the federal government itself would not take over the administration of the old age pension law in its entirety. I should like to suggest to my right hon. friend if anything of this kind is in contemplation and the British North America Act in any respect stands in the way, he should take immediate steps to have the provisions of the act so amended as to give the federal government the right without delay to administer the entire old age pension law.

Mr. BENNETT: The suggestion of the right hon. gentleman is a most reasonable one, but I think the ex-Minister of Justice will agree that when the statute of Westminster is passed we shall find it much easier than we do now to deal with a situation of this character. My own view is that no amendment to the British North America Act is required to deal with this problem on one phase of it, and in the preamble to the bill I have indicated that the census of the year will form the basis of actuarial computations that would warrant a contributory system on a national scale being embarked upon. As the right hon. gentleman will recall, we discussed that without going into detail when the original proposal was made. As the matter stands, I know of no constitutional impediment to the federal parliament voting 50 per cent of the sums paid by the provinces to old age pensions. I think it will be agreed that if there is no constitutional impediment against paying 50 per cent, there is none with respect to paying 75 per cent, and it is clear that it is not only probable but almost certain that there will be an increase in the payments made under this statute by reason of other provinces, now that the sum has been increased to the amount I have mentioned, availing themselves of its provisions. In the meantime I assure the committee that the whole problem is being considered from the angle of a contributory system predicated upon an actuarial valuation of the liabilities that would be involved. That is not as simple as perhaps would appear from the mere statement of it, but this year's census will enable us to determine with some degree of exactitude what is involved, and if there are any constitutional limitations upon our activities in that direction, I think the house will be only too glad to remove them. I do not contemplate any difficulty on that score.

Mr. MACKENZIE KING: I understand there is no constitutional difficutly in the matter of making grants to the provinces, but do I understand, if the contributory system of which my right hon. friend speaks becomes a government measure, it will be administered by the federal government; that is, that the old age pensions will be administered by the federal government?

Mr. BENNETT: In my judgment the answer to that would be in the affirmative. While one should not speak with any degree of certainty as to what conclusions might be arrived at in the light of further information or knowledge, I have in mind the thought that this and allied social insurance matters might be administered by a commission that would have the powers of a body corporate, but that would administer the act as a federal undertaking. My own view is that there is no constitutional difficulty in the way of administering such an act as a federal undertaking on a contributory basis.

Mr. LAPOINTE: What does my right hon. friend mean by "on a contributory basis"?

Mr. BENNETT: I mean that we should do as is done by many countries; determine the number of people that have to be provided for. That the census will show. Then the expectation of life can be ascertained by actuaries and the capital sum involved would be arrived at by multiplying the number of expectant annuitants in given years by $240. The amount of contributions that would have to be made by every person who hoped to share ultimately in the distribution of that fund would be a matter of calculation. It is not unreasonable to say that all who hope, after a given period, to share in old age pensions should. commencing at a certain period of time, make a contribution.

Mr. LAPOINTE: Does my right hon. friend think, if this is made compulsory, it will not be beyond the powers of this parliament?

Mr. BENNETT: If you put it just as compulsory, as the statute now stands, it might be regarded as ultra vires, but if you made it conditional on all those who received benefits being compelled to make contributions, then that option is not compulsion.

Mr. LAPOINTE: It is a condition.

Mr. BENNETT: Yes.

Mr. LAPOINTE: And if the condition is not met, then the system would not work?

Mr. BENNETT: Possibly, but there would be no difficulty on that score in making it work. I am not going to develop a long argument this afternoon, but my right hon. friend will perhaps recall that there were placed on Hansard certain figures taken from the blue book furnished to the British House of Commons when Mr. Neville Chamberlain consolidated all the outstanding social activities of the British government. The government's contribution was based upon a capitalization of what one might call the slack, for want of a better word, between the actual sum that would be produced by the application of actuarial rules to the given conditions of age and expectation of life, and the ideal that is to be reached, that is, the payment of a given sum. The payment of a given sum can be made only if there is a contribution by the state on the idea that the contribution is equal to the requirements made upon it. As a number of expectant annuitants have already reached the age when their rights accrue, it follows that someone must take up that slack, and in most countries the state makes up that contribution from year to year. It is desirable that this should be adopted early in a country's life, because then the slack to be taken up would be so much less. In Great Britain it amounted to £750,000,000; that is the capitalized value of it. Of course no such sum was paid, but sums were advanced per annum to enable it to be taken up in that way. I do not say to the committee that this is by any means a considered plan, but it is one of the plans that I have talked over with the actuaries of the department of insurance. For the present all that is involved is the continuance of the existing system, because the statute provides that it lasts for ten years. Just how far it would be a violation of contractual obligations to interfere with that plan I have not been advised but it cannot be said to be an interference with it when you lessen the liability of the people who impose the conditions.

Mr. MACKENZIE KING: The bill to be introduced will be an amendment to the existing statute?

Mr. BENNETT: Exactly.

Mr. YOUNG: I would like to call the Prime Minister's attention to what appear to be to me one or two injustices in the working out of the present act. In one case a woman who has lived all her life in Canada, and raised a family here, now finds herself with her husband dead, her family scattered, and no home of her own in any province; she spends her time living with friends, a few months in Ontario, a few months in Manitoba, a few months in Saskatchewan, and so on. Yet she is totally unable to qualify for an old age pension because she cannot establish residence in any province.

The other is the case of a woman who came to this country when she was over fifty years, who speaks a foreign language, and settled in a remote district where there was no opportunity to learn the English language.

Mr. BENNETT: Is she married or single?

Mr. YOUNG: Married. Going before a judge of the district to qualify for citizenship, she could not qualify because she had not an adequate knowledge of English. An injustice is done in both these cases that was not intended in the act, and I trust that the Prime Minister will give these two classes of cases his consideration in framing his amendments.

Mr. BENNETT: I can only say in reply to my hon. friend from Weyburn that whatever difficulties may have been experienced, this statute does not endeavour to remedy them; it merely accepts the situation, and increases the financial responsibility from 50 to 75 per cent. There have been what appeared to be cruel hardships in some cases, and there have also been impositions upon the fund in other cases. I would hesitate to take the time of the committee in indicating some of the charges on the fund which have been imposed upon the provinces, as well as upon the Dominion. People in moderately good circumstances have disposed of their properties and qualified to receive the old age pension. It came to my attention that in one case there was quite a little settlement of them in one province receiving the $20 per month, and when one of them presented his cheque to the bank for payment, the

banker said, "What is this for? Surely you are not getting an old age pension, because you have a substantial sum of money on deposit in this bank." The man said that he had managed to get it, that somebody had told him he should have it. It is cases such as that which impel the addition of a provision to provide for the closest scrutiny with respect to payments.

Mr. MACKENZIE KING: Should a contributory system be under discussion there may be differences of view with regard to it, and the government may be faced with the possibility of having to carry on the original scheme increasing to 100 per cent the amount that is going to the provinces, or take over the entire administration itself. I would therefore suggest that the Prime Minister institute steps immediately to clear the way for the possibility of the federal government itself at the earliest possible moment administering the old age pension scheme, so that if parliament is asked to make any larger contribution out of the federal treasury it will be sure that it will have the right to administer the moneys in its own hands, and that no exception can be taken to its administering the scheme in its entirety. Indeed it should secure this right where the amount of the federal contribution exceeds 50 per cent as will be the case when the bill based on this resolution is enacted. I suggest to the Prime Minister that he consider that aspect of it and secure as early as possible some amendment, to the British North America Act, if that be necessary, to enable the federal government from now on to administer the old age pension act.

Mr. NEILL: I am rather surprised that the Prime Minister has announced what really is a very important departure of policy at this late stage, and in a rather casual way, connected with a bill that does not immediately refer to that matter. He must have had it somewhat in the forefront of his mind, for he tells us that he has been consulting the actuaries of the department with regard to it. I cannot recall that it formed any issue on any platform in the election campaign, or that any reference was made to it in the speech from the throne, and it would be there that I would look to see what really is a radically new policy. The Prime Minister has indicated that he does not wish to discuss details, but perhaps he would oblige me on this one point. As has been pointed out, if contributions are made compulsory the question of constitutionality will arise. If, as the Prime Minister rather indicated, the contributions are made voluntarily, then this question will arise: Thrifty people, good citizens perhaps, would make their contributions, but there is always a proportion who are not good citizens and who dissipate any money they get one way or another, and when they come to old age they would be old and destitute and yet would not be eligible for relief. Could we tell them: It is your own fault. You should have contributed to this voluntary scheme when you were young and able? To tell anyone in such circumstances that he or she should have done something years ago is very little use. It is our duty to let no one starve in this country. I have no doubt that the Prime Minister would be fully aware of that aspect. What I wanted to ask was, would the Prime Minister be willing to give the assurance that in case such a contributory scheme is started, those who are now old and unable to contribute will be taken care of under the present system or something allied to it.

Mr. HEAPS: Before the Prime Minister thinks of adopting any scheme of contributory old age pensions I hope he will give the matter his very serious consideration, because I know of no English-speaking country where a person receiving a pension at the age of seventy pays any contribution towards pension. In Great Britain, of which the Prime Minister spoke, the pension is paid at the age of sixty-five, and the pensioner contributes towards that pension only for that portion of his life between sixty-five and seventy years of age. Beyond seventy years of age the whole obligation becomes a national obligation and the pensioner contributes nothing. Consequently there is no analogy between the system of pensions in Great Britain and the system of pensions in this country. I am not going to speak on the constitutional side of this question. I know it is very important. I am afraid, however, that if we were to attempt a compulsory system of pensions on a contributory basis, it would be almost impossible in this Dominion.

My reason for rising was to speak about another matter which has not been mentioned this afternoon. It is one which I am sure will appeal to the sympathies of most of the members of the house. For a number of years there has been a very strong agitation in Canada to give pensions to the blind people of this Dominion, and I am just wondering if the government would take into consideration the question of providing pensions for the blind. I am not at the moment fully conversant with the provisions of other old age

Pensions acts in other countries or how they deal with the blind, but I am under the impression that in some countries where the blind people receive a pension there is a special provision in the act whereby blind people are eligible for the pension at an age much below that of the ordinary pensioner under the act. I was wondering if the government would take into consideration, when the act comes before parliament this session, the insertion of a clause which would give to the blind people of this Dominion a pension at an age at which I think the blind people ought to receive it. I do not think it is necessary to deal in any way this afternoon with the difficulties the blind people have in this Dominion. I think the matter speaks for itself, and undoubtedly action will depend on possibilities of financing. The cause is so great however that I think the Minister of Finance would be well advised to find ways and means of giving a pension to the blind payable at an earlier age than that stipulated in the Old Age Pensions Act.

Mr. HEENAN: At this stage I do not intend to go into this matter at length; before doing so I should like to see the bill, and I take it for granted that there will be opportunity for further discussion on the second reading. I should like, however, to direct the attention of the Prime Minister to the appeal with respect to the blind made by my hon. friend from North Winnipeg (Mr. Heaps). Deputations from the blind people made frequent representations to the late administration, and on casual survey we found that it would cost about a million and a half dollars to include in the pension scheme the blind people of Canada.

Mr. HEAPS: Is that the share of the federal government, or the total cost?

Mr. HEENAN: The total cost.

Mr. HEAPS: Half of it would be a federal responsibility.

Mr. HEENAN: That is my recollection. I do not mind saying to the Prime Minister that assurance was given to the blind people that on the first occasion old age pensions were dealt with they would be given consideration.

My hon. friend from Weyburn (Mr. Young) has brought up a point which should receive the attention of the government. He has referred to people applying for pensions who must be residents of a province for at least five years. When the act was in its initial stages we realized that at first only a few of the provinces would take advantage of old age pensions, and it was our desire to protect the provinces which would enter the joint scheme. It was manifest that when the act was passed the province of British Columbia would participate at once. Realizing that if other provinces did not take advantage of the legislation there would be an inducement for old people to go to the province of British Columbia to receive the benefits of the old age pension, we included in the legislation a stipulation that a person must be in a province for five years before he or she would be permitted to receive any benefits. Times have changed, and to-day we find that five provinces are participating in this joint scheme. Three other provinces have passed legislation to participate in the benefits, with the result that of the nine provinces eight seek the advantages of the legislation. Consequently I believe we have reached a time when the five year provision might well be eliminated. We have reached the stage where anyone in Canada who within five years may have had reason to move from one province to another should receive the benefits to be derived from old age pensions. Canada has been built up by the pioneers, men and women who went from one part of the country to another, and made names for themselves in new territory.

Apart from that I wish to reserve my further remarks until the bill is before me. I should like to ask a question concerning the audit for which provision is made in the resolution. Does the Prime Minister not think that there is sufficient power provided under the regulations made under the act. Provision is made that—

> The minister charged with the administration of the act may at any time require the province to furnish information, detailed or otherwise, in connection with statements of account rendered by the province.

I was wondering if the Prime Minister had overlooked that section, or whether it is not sufficient to cover the point.

Mr. BENNETT: The hon. member for Weyburn referred to some of the difficulties in connection with the administration of the act, and I pointed out that when the statute was passed in 1927 these words were inserted as section 4:

> Every agreement made pursuant to this act shall continue in force so long as the provincial statute remains in operation or until after the expiration of ten years from the date upon which notice of an intention to determine the agreement is given by the governor general to the lieutenant governor of the province with which the same was made.

The act contemplated that in the first instance the provinces should pass old age

pensions statutes, such matters being clearly within their constitutional rights. Then the Dominion undertook to pay 50 per cent of such expenditures. Section 5 further provides:

Before any agreement made pursuant to this act comes into operation the governor in council shall approve the scheme for the administration of pensions proposed to be adopted by the province, and no change in such scheme shall be made by the province without the consent of the governor in council.

In other words, by the joint operation of provincial and federal statutes the agreement becomes one which cannot be altered by either party without the consent of the other. For instance when the hon. member for Kenora-Rainy River refers to difficulties connected with the five year period I point out to him only that the statute was in operation from 1927 until 1930, during which time no change was made, and it still remains as it was passed. Whether or not it was thought desirable to leave it as it is one can conclude only from the fact that it was not changed.

With respect to what has been said by the hon. members for North Winnipeg (Mr. Heaps) and Kenora-Rainy River (Mr. Heenan) concerning the blind, I may say that representations no doubt similar to those made to previous governments were made to the present government respecting these most deserving people. It is admitted that in the first instance the obligation is provincial in character. Until further provisions are made by the provinces it would be obviously unfair to ask the Dominion to carry the load, for the simple reason that for many years the education of the blind has engaged the attention of provincial legislatures. For instance in Nova Scotia, where I believe there is one blind person for every 1,000 of population, there is a school for the blind, the principal of which was honoured by His Majesty some years ago with a knighthood. The school has an international reputation, and through the expenditures by the province as well as private benefactions it has been enabled to carry on a very excellent work. I think the same may be said concerning other provinces. The federal government donates a small sum to two or three organizations in the province of Quebec which have in view the interests of the blind. Ontario makes the same provision as do the other provinces for the education of the blind. Concerning a pension for the blind, I spoke to the delegates of organizations which appeared before me in practically the same terms as did my predecessor, namely that in the first instance the provinces have not indicated any intention of taking action. Until they do indicate a determination to discharge an obligation which constitutionally is theirs, action by the federal government will have to wait. Of course the blind who have been deprived of their sight by the war are taken care of by the military pensions act.

The hon. member for Comox-Alberni (Mr. Neill), for some reason best known to himself, said that in my remarks to-day I had proposed a policy. I did not do that, nor had I any intention of so doing. I said to him and to the committee that when the Old Age Pensions Act was being considered we had discussed the question of a contributory system, and had further considered compulsory contributions. I said I had instructed that the figures be gathered together in order that I might be informed as to the situation. I said this without in any sense indicating that it could be treated as a policy. My mind was running along the idea of some system in a new country like this being entered upon that would not leave, as some of the older countries have found, a very large number of old and dependent people to be provided for, but that beginning in their youthful years, as soon as they were able to earn their living, by making contributions, large or small, there would be accumulated a fund that would ensure them from want in their old age. That is a very different thing from enunciating a policy, which I have not done, and which I would not do on the committee stage of a resolution dealing with an increase of the federal contribution from fifty per cent to seventy-five per cent; I do not think I would choose that as the occasion for a declaration of policy on a matter of this kind. I merely indicated it to the committee in order that its members might consider the problem, because they have given a great deal of attention to it. For instance, the right hon. gentleman opposite (Mr. Mackenzie King) has, the former Minister of Labour (Mr. Heenan) has, and the former Minister of Justice (Mr. Lapointe) has, and as well the member for Comox-Alberni (Mr. Neill) and the member for North Winnipeg (Mr. Heaps). I merely mentioned these matters because it occurred to me that it is desirable that such matters affecting the welfare of this country should be thought of from time to time, regardless of our party affiliations, and I was merely making the suggestion that this was worthy of their consideration. In fact my mind is free to arrive at any conclusion that after mature consideration I think may be best for the country as a whole.

Mr. LAPOINTE: I have always been in favour of an old age pension system, but I earnestly wish that some means might be devised under which all the provinces would be treated alike and would share equally in all rights and privileges under the act.

Mr. BENNETT: Quite so.

Mr. LAPOINTE: I am of the opinion that if my right hon. friend had made up his mind to change the present statute, he should have gone the whole way and made it 100 per cent, because by increasing the federal contribution from 50 to 75 per cent the burden on those provinces which have not adopted the scheme will be increased.

Mr. BENNETT: That is right.

Mr. LAPOINTE: For instance, in my own province there is considerable difficulty to be met in the handling of this question. In the province of Quebec the old and needy people have always been looked after in various institutions to which the provincial government contributes a large amount.

Mr. BENNETT: And largely by family arrangement.

Mr. LAPOINTE: Yes. Under this system of course the province will continue to contribute to all those institutions a very large amount; for after all I think it is recognized that the old people are very well looked after in my province.

Mr. BENNETT: Yes.

Mr. LAPOINTE: Apart from that, the people of Quebec will contribute their share of the 75 per cent which will go to all the other provinces. If my right hon. friend were adopting a federal system of old age pensions —I mean a hundred per cent contribution— then either the province would cease to contribute to those institutions or possibly some other arrangements might be made in virtue of which part of the money would be reimbursed to the province for the contributions which it makes to those various institutions. I simply submit that for my right hon. friend's consideration. As it is, the system works in an unfair way towards the province of Quebec. I do not want to be critical in any way, but somewhere in my room I have a report of a speech delivered by my right hon. friend when he visited my city of Quebec, in which he told the—

Mr. BENNETT: Electors.

Mr. LAPOINTE: Yes, the electors—and his hearers there gave him a very fine reception, as he acknowledged—that the Old Age Pensions Act was not applied to Quebec because the province could not see its way to accept it; but that he, my right hon. friend, when he became Prime Minister, would see to it that the benefits of the old age pension legislation should be extended to Quebec by statute.

Mr. BENNETT: I do not recall putting it as strongly as that, because I could not enforce my views upon the province of Quebec, but I recall I made some observations along that line.

Mr. LAPOINTE: That the question would be solved without the assistance of the province of Quebec, if necessary. I think that is substantially what my right hon. friend said. Of course, this bill will not redeem that pledge.

Mr. BENNETT: No.

Mr. LAPOINTE: I wish to say, moreover, that at the present time there is a commission sitting in the province of Quebec, on which employers, labour and men interested in social work are represented. They are studying and considering old age pensions, unemployment insurance and other social problems, and I hope they may come to a conclusion in virtue of which the province may be able to arrive at an agreement with this government and this parliament so that the injury—because it is a real injury—that is worked on the province at the present time may be remedied.

Mr. HEAPS: One always hears of the contributions that the province of Quebec makes to the rest of Canada. It is quite possible that the rest of Canada is contributing also towards the province of Quebec.

Mr. LAPOINTE: Who denies it?

Mr. HEAPS: It is a thing that works both ways. Personally I should like to see the province of Quebec under the old age pension scheme. Then the old people who are in the homes referred to by my hon. friend would be taken care of; that is, the $20 a month which the old age pensioner receives would go to the institution in which he happened to be housed at the time, and it would relieve those institutions of a good deal of the obligations they are now carrying. Consequently if the province of Quebec would come under the federal old age pensions scheme, those institutions would be the beneficiaries and would be better off than they would be under a scheme of the character enunciated by the former Minister of Justice (Mr. Lapointe).

I want to refer for a moment to the statement made by the right hon. Prime Minister with reference to the question of pensions for the blind. He states it is a matter almost entirely—

Mr. BENNETT: No, primarily.

Mr. HEAPS: —primarily for the province to take care of. The same might be said of old age pensions.

Mr. BENNETT: Quite so.

Mr. HEAPS: I think in other countries where the blind people receive pensions they come under a special provision by which they become entitled to a pension at the age of forty or forty-five. I am pleading with the Prime Minister now that we do in this country what they have done in other countries and that by a special clause we give them the benefit of old age pensions at the age of forty or forty-five, whatever the government might think proper. As I say, that preferred treatment is already in effect in other countries. I think some of the provinces have already gone on record to the effect that they would be prepared to put the blind under the provisions of the Old Age Pensions Act. But I think the first move must be made by the federal government. That is, this parliament is the authority to amend the Old Age Pensions Act, and unless it is amended as I suggest, then the provincial governments find themselves powerless to move in the matter. In view of the fact that the number is comparatively small, we would be conferring a blessing on a class of people who need it I think almost more than any other class in Canada. I think the government would be doing a worthy and desirable thing if they inserted in the new act a section giving pensions to blind people perhaps at the age of forty or forty-five.

Mr. BENNETT: The hon. gentleman has overlooked just one fact. He is quite right when he says the exercise of the powers of this parliament would be absolutely imperative for the insertion of a provision of that kind in the law, but I direct his attention to the fact that the present Old Age Pensions Act is predicated upon the assumption that the provinces have an old age statute of their own, before we act at all. That was what I meant when I said the primary obligation rests with the province. These are the words:

> . . . . equal to one-half of the net sum paid out during the preceding quarter by such province for pensions, pursuant to a provincial statute authorizing and providing for the payment of such pensions to the persons and under the conditions specified in this act and the regulations made hereunder.

That is, the Dominion comes in and pays half, but the statute passed by the province is the basis of the action, and that statute must be in accordance with the terms of the arrangement made, namely that $20 a month shall be payable as indicated, that properties must be turned over to the state, and so on.

As far as the blind are concerned I think there is a universal feeling that if the provinces treated them as being eligible for pension before the age of seventy and asked for cooperative action on the part of the Dominion, such action would be taken, but no province has made that request or taken the initial step of providing for such pensions, although there lies the liability.

Mr. MARCIL: I should like to say a word on this question, because I think it is one of those humanitarian matters which should be entirely taken out of politics. The care of the helpless, the infirm, the aged and the blind should be a matter apart from our party discussions. As has been stated by the ex-Minister of Justice, the province of Quebec occupies a very unfortunate position at present in this respect. Owing to our peculiar social system we have a large number of institutions in almost every constituency which are able to look after the aged people in many cases better than they could look after themselves. Before a change should be made the provincial legislature thought the matter needed further investigation, and a commission has been appointed to study this question. It is true, as the right hon. Prime Minister says, that the basis of this measure is a provincial statute, but we brought about that condition when we ourselves adopted a statute which provided that when the provincial statute was adopted the Dominion would act.

I have no doubt that if the finances of Canada permitted them to do so, the Prime Minister and his colleagues would have granted 100 per cent instead of 75 per cent; that is just one step further. I think our present system is very faulty; I frequently receive letters from old people in my constituency asking for this old age pension, and I have to refer them to the provincial government, with the result that very little satisfaction is obtained. When this parliament starts to vote money I think this parliament should control its expenditure. That is a very wise system; if we are going the length of contributing 75 per cent I think this would be a good opportunity to stipulate, by an amendment to the bill which is to be brought in, that the province wishing to receive

75 per cent should consent to that money being administered by the Dominion.

Those are the only remarks I wish to make. I support the bill, because I think any further step in the way of helping unfortunate people, especially in the eastern provinces where conditions are different from those in the western provinces, deserves support. Our younger people go west, those who have not gone to the United States, and the old people stay at home; that is the condition in the three maritime provinces and in Quebec. I think under the circumstances this government should go one step further and try to bring about an arrangement under which the Dominion would come to the assistance of the poor people and of the blind as well. A contributory system might be provided for people who are in their youth or middle age, but when you are dealing with an old man or woman who has reached the age of sixty or seventy years, and who is penniless and without any means of sustenance, it would be almost cruelty to ask them to contribute.

Mr. BENNETT: They would not be expected to contribute.

Mr. MARCIL: I am glad to hear that. I just rose, Mr. Chairman, to say that I heartily support any further legislation of this kind, which I know will meet with the approval of the country at large.

Mr. MACKENZIE KING: I should like to say to my right hon. friend that I am glad to see that the responsibilities of office are beginning to have their effect upon his point of view. He intimated to the committee a few moments ago that it would be wise for all the members to do a little thinking before they went too far in the matter of expenditure from the federal treasury.

Mr. BENNETT: No, I said it was desirable to think about this from the standpoint of the nation.

Mr. MACKENZIE KING: Yes, to think about a contributory system in connection with an old age pension system. In the same connection my right hon. friend said that with conditions as they are to-day it was hardly probable that for some little time to come his government could think of going much further than they are going at this moment. If I gathered aright the meaning of his words it was that when they did go further in the matter of old age pensions, and certainly if they went to the extent of 100 per cent in the matter of expenditure, it would be in connection with some contributory system. That may be a wiser course of proceeding, and more in the national interest, but it is a very different course from that taken by my right hon. friend when he was speaking during the election campaign at this time a year ago. Then he was very definite as to what he was going to do if he and his party were returned to power. There were no conditions or considerations. I am afraid the statement he is making to-day will create very serious disappointment in the minds of many people all over the country, who gave him support on the strength of his promises, particularly in those provinces which at present have no old age pension scheme.

Speaking at Yarmouth, Nova Scotia, on July 2, my right hon. friend said, according to the Halifax Herald of July 3:

> If the Conservative party is successful on July 28, I will see to it that old age pensions are paid to every province of the Dominion from the federal treasury.

That was fairly specific; it did not leave much doubt in the minds of those who applauded that statement that the aged in their province were going to get a 100 per cent payment as soon as my hon. friend took office.

Mr. BENNETT: Just read that again.

Mr. MACKENZIE KING: Very well:

> If the Conservative party is successful on July 28, I will see to it that old age pensions are paid to every province of the Dominion from the federal treasury.

Mr. BENNETT: Paid to every province.

Mr. MACKENZIE KING: Yes, from the federal treasury, and I have no doubt, that statement being made in Nova Scotia, that all the Nova Scotians felt that when my right hon. friend brought in legislation they would come in for an old age pension scheme maintained in its entirety by the federal treasury. Now they are being told that if their province will raise 25 per cent my hon. friend will contribute 75 per cent.

Of the speech my right hon. friend made on July 3 at Halifax, the Halifax Herald of July 4 had the following to say:

> The opposition leader's reiteration of his definite pledge to establish a federal system of old age pensions, the cost of which will be borne entirely by the federal treasury, brought prolonged cheers and applause, as did his latest statement with regard to the pledges that he had made, when he emphatically declared, "I will ask the Conservative candidates from this province who are elected to parliament to vote against me and my government if these pledges are not fulfilled.

The Halifax Herald, which is one of my hon. friend's organs in that province, took his statement as a definite pledge to establish a federal system of old age pensions, the cost of which would be borne entirely by the

federal treasury. And yet, if my right hon. friend's remarks to-day mean anything, they mean that he has thrown overboard altogether the idea of a federal scheme to be borne entirely by the federal treasury, inasmuch as, in his present opinion, any scheme to be administered federally will be one having a contributory feature as an essential part of it.

At Chatham, New Brunswick, on July 11, touching on old age pensions, he is reported in the Ottawa Citizen of July 12 as having spoken as follows:

I say to you, if the Conservative party is returned to power we will provide for the payment of old age pensions from the federal exchequer, so that the provinces will not be called upon to contribute a cent and so that the provinces who now find the burden too great will be able to benefit equally with all the provinces of the Dominion.

The constitutional point had been raised by the premier. "If," he said, "it is constitutional to pay 50 per cent, would it not be constitutional to pay one hundred per cent? We will pass the law to pay one hundred per cent and it will be legal."

He is not redeeming that pledge to-day, and his words would indicate that he does not quite see when it will be possible for him to do so. He is not sure that it would be wise to have a federal scheme at all unless on a contributory basis.

At Montreal, on June 26, as reported in the Montreal Daily Star of June 27, the right hon. gentleman said:

"We say," the Conservative leader continued, "that if the federal government can provide half the cost of the old age pension scheme it can provide the whole without wrecking the constitution."

It is not difficult to judge of the effect of his speeches on his supporters, and the use they made of his repeated references. For example the hon. member for South Renfrew (Mr. Maloney), among the number, created great expectations in Ontario. The Ottawa Journal of July 17, in a report of the Conservative meeting at Renfrew on the day previous, contained the following:

Cheers greeted Dr. Maloney when he stated that Mr. Bennett had promised a national old age pension law. The present caused hardship on the poor and dependent aged as there were four provinces which had not entered the scheme. Under Mr. Bennett's plan he would protect the aged from coast to coast.

That was all very well a year ago, but to-day we are far from protecting the aged from coast to coast. When I was speaking in the last campaign, I repeat, I was speaking with a sense of the responsibility which one in office is obliged to have, particularly when facing difficult and hard times, and I was careful not to raise unduly the hopes of the electors.

Mr. BENNETTT: In Prince Edward Island, for instance.

Mr. MACKENZIE KING: Yes, and all over Canada. But my right hon. friend put no restraint upon his language nor upon the promises he made, and he is finding it now extremely difficult to fulfil them.

Mr. BENNETT: It being six o'clock, I will deal with that afterwards.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock, Mr. MacDonald (Cape Breton) in the chair.

Mr. NEILL: At six o'clock I was just going to ask a question. The ex-Minister of Justice indicated that Quebec was very unlikely to take up the old age pension scheme on its present suggested basis of 75 per cent. Has the Prime Minister any information that would lead him to believe any of the other provinces will take it up on that basis?

Mr. BENNETT: I have seen in the press various statements, but nothing, so far as I can recall, has been communicated officially to the government. I have received no intimation that any of the provinces contemplate at the moment taking up the matter. Discussions did take place with the eastern provinces as to their making arrangements in that direction, but nothing has been officially intimated.

I should just like to say this in answer to the leader of the opposition: In 1927 there was at Winnipeg the most representative political convention that has ever been held in this country. There were present men of business, professional men, representatives of every walk in life, of every human activity, so far as Canada was concerned. At that convention the Conservative party determined that old age pensions should be a federal undertaking and they made that a plank in their platform. The same convention which passed those resolutions honoured me by selecting me as the leader of their party, and to the best of my ability I presented to the Canadian people the policy of the party as outlined at that convention. I have nothing to withdraw from and nothing to add to what I said. I said to the electors what most of them already knew, namely, that if the Conservative party were elected, it was prepared to make old age pensions a federal undertaking. Unlike some parties, the Conservative party believes, if it is elected on a platform, it should at least endeavour to give effect to it, and it has endeavoured to do so.

The Conservative party did not say that this should be done at the next session; neither did I. It naturally should undertake, at the earliest possible moment consistent with the conditions that prevail, any obligations imposed upon it. Those obligations it has undertaken, and it will continue to undertake until its promises to the public have been discharged. The Conservative party sought power upon a platform; it was given power because of that platform, and I can only say it was a matter of pride and satisfaction to me to be the leader of a party that promulgated the policies it did, policies that proved to be so acceptable to the people. We shall continue, as conditions warrant, to give effect to our promises. That is all I can safely say in reply to what my right hon. friend has said. If objection is taken to the statements I made I can only say I was interpreting the promises of the Conservative party made at that convention, and if any hon. gentleman desires further information on that point, if he will take the trouble to read what the declaration of the party was at that convention at Winnipeg, he will find them, I think, substantially in the terms in which I expressed them to the electors some two or three years after the electors had themselves, through their delegates at that convention, made that a plank in their party platform.

Mr. MACKENZIE KING: I do not wish to add more than that I am prepared to leave the electors to judge for themselves what they understood my right hon. friend to say. I believe that most of them at the time he was speaking to them thought he intended to have a national old age pension scheme introduced at this session of parliament. Personally, I believed this would be impossible of achievement, but I think that is what the old people had in mind and now they will just have to judge for themselves. As I say, I do not think there were many conditions or parentheses in the remarks of my right hon. friend about this time a year ago. I venture, however to predict that before he has completed the task which he has laid out for himself, there will be many considerations of which he will have to take very full account.

Mr. MacLEAN: This question is far more important to the provinces which had not adopted any form of old age pensions than it is to the provinces which had adopted a scheme. The three maritime provinces and Quebec had not adopted an old age pension scheme, and when it was intimated that if the present Prime Minister came into power, his government would pay old age pensions 100 per cent through the federal treasury, the people of those provinces took that at its face value and believed the Prime Minister of to-day was at that time stating something which he intended to carry out. Those provinces have been looking ever since for the fulfilment of that promise. I do not think the Prime Minister can very well explain his position away by saying to-day that he is endeavouring to fulfil that promise, because on every platform in the maritimes he gave us distinctly to understand that that pledge would be implemented in full. Just before six o'clock he referred to something which the leader of the opposition had said in Prince Edward Island during the campaign. I want to refer the leader of the government to what he said when he was in Prince Edward Island during the camgaign of last summer. Speaking at Summerside in my riding on July 4, he is reported in the Guardian of July 5 to have said this:

> The Conservative party pledges that old age pensions will be dealt with in a national federal act by which eligibles will be granted pensions, while the province will be under no additional burden of taxation.

If that is not a definite statement that the provinces would not have to make any contribution to the scheme, I cannot understand the English language. As reported in the Guardian in its issue of July 7, this is what the Prime Minister said at Charlottetown:

> The Conservative government will pay the whole cost of old age pensions to every province in the Dominion. Do you know any reason why it cannot pay 99½ or 100 per cent of old age pensions in Prince Edward Island? The answer is simple: There is no reason.

If that is not a definite statement, I again say I cannot understand plain English. At the present time we are having a local election in Prince Edward Island, and this old age pension scheme is being trotted out again before the electors in the endeavour to gain a few votes in the local campaign. I think our hon. friends should be ashamed to mention the subject of old age pensions when one considers the record of the present government. They opposed this scheme when it was first introduced in the house.

Mr. BENNETT: That is not so.

Mr. MacLEAN: If I had time to look up Hansard, I think I could find proof that what I say is correct. My right hon. friend said that it should be a contributory scheme and he is advancing the same scheme to-day. Yet they are telling the people down in the maritime provinces: Yes, we are implementing our promises. How are they implement-

ing them? All they are doing is simply to give 25 per cent more than under the system of the late government. I claim that that is by no means fulfilling the promise that they made to the electorate. They could not do this and face the electorate. During the election there was no question as to whether the finances of this Dominion would permit the federal government paying 100 per cent of the cost. There was nothing said then about the progressive steps that would be taken by the federal government in this matter. No, the electors were told plainly by hon. gentlemen opposite that the federal government would pay 100 per cent of the old age pensions, and would do it at the very first opportunity. Now they come before us and say: We will give you a paltry 25 per cent over what you received under the old act, and before we go any further we will consider whether we will make the system a contributory one. I could read column after column of speeches by my right hon. friend the Prime Minister in the maritime provinces and elsewhere throughout the Dominion where he said on every platform that the federal government would pay the old age pensions 100 per cent, and it is no excuse for him now to come and tell this house that the federal government will only pay 25 per cent additional. I know that some of the provinces will endeavour to put legislation through implementing this legislation, but I say that it is not treating the provinces fairly when you consider the promise that was made to them by the present leader of the government.

Mr. DUPRE: I think the electors of the provinces and of Canada generally will be satisfied with this legislation because they realize how hard times are and how trying the circumstances we are now facing. The position taken by our friends opposite is very queer. On the one hand they blame the Prime Minister because he does not pay 100 per cent of the cost of old age pensions, and on the other hand they say that the federal exchequer cannot afford to pay more than 50 per cent.

I submit that no other prime minister has ever carried out so many of his promises in so short a time under the most trying circumstances. I deplore the fact that the province of Quebec will not benefit by this legislation. The Liberal administration in the province of Quebec has considered that that province should not come under this old age pension legislation, but may I express the wish that the present administration, or if you prefer, some other administration in my province, will enable the people to benefit by it. I congratulate the Prime Minister, and I can assure him that the electors will not forget that under this legislation they get 25 per cent more than they would have got if my hon. friends opposite had been returned to power. I challenge right here my hon. friends opposite to vote against this measure.

Mr. STEWART (Edmonton): Who is going to vote against it?

Mr. HEENAN: I think on this legislation we have had an illustration of the quickest jumping-jack body of men who ever occupied the treasury benches in this house. We have had the Prime Minister give one excuse for this federal government not paying 100 per cent of the cost of old age pensions, and we have had the Solicitor General (Mr. Dupré) giving another. The Solicitor General deplored the fact that the Liberal administration in the province of Quebec had not seen fit up to the present time to adopt old age pension legislation. I wonder if he knows what his own colleague the Postmaster General (Mr. Sauvé) stated during the late election campaign in the province of Quebec why the province of Quebec had not adopted old age pension legislation. If he does not, I will read it to him. The present Postmaster General is reported in the Montreal Star of July 9, to have spoken as follows:

> Mr. Sauvé argued that laws passed by the King government like the Old Age Pensions Act and the Rural Credits Act were entirely unsuited to the requirements of the province of Quebec, and were so because they were dictated by the western farmers. The heads of the government were in the west and the will of the west prevailed.

That is the only reason why Quebec did not accept the old age pension legislation, according to the Postmaster General—because Quebec was being dictated to by the western members of the government.

I do not know of any body of men of any party which has jumped around from pillar to post on any subject more than the Conservative party have jumped about with respect to this one. They have already changed their view up to the present five times. They have jumped hurdles and turned handsprings five different times on this question of old age pensions. At first they voted against the federal system of old age pensions in 1925. In 1926 when the old age pensions was introduced on a cooperative scheme, they said it was a provincial matter and a municipal obligation, and that the federal government

of the day would be better advised in looking after its own business instead of provincial business. In 1927, after the election, they took the view, when the old age pension leigslation was introduced again, that it should be a purely federal scheme. Then in Winnipeg, as the Prime Minister has said, this great body of men, very respectable, some of them, for some of them come from my own riding, adopted as a plank in their platform for the first time in Canada, after the Liberals had put the legislation on the statute books, that there should be a national system of old age pensions. They forgot that the King government had already established a national system. They simply jumped up on the band wagon on this question as they have done in connection with so many other subjects. During the last federal election campaign they promised a national system of old age pensions. As has been said here to-night, it was quite understood by the electors that if the Conservatives were elected to power they would pay 100 per cent of the cost of old age pensions, and that that legislation would be among the first to be introduced in this house. But now they have introduced a measure to amend the old age pension law, a law which they declared in 1927 and have done so up until now was unworkable, inadequate, a joke and a dead letter. They are now going to amend this joke, this unworkable scheme of old age pensions, by paying a further 25 per cent of the cost. They have changed five times already on this question, and the Prime Minister before the dinner hour to-day said that he had in mind still another system of old age pensions, a contributory system. Somebody has said that it was a good thing that the Conservative party had announced their position on old age pensions, but they have announced so many policies on this question that I do not know which one they are going to adopt. However, there was a national system adopted in 1927, and it was put on the statute books in spite of the opposition that was put in the way of it by our Conservative friends.

Mr. BENNETT: The hon. gentleman will please be good enough to indicate what he means by that.

Mr. HEENAN: I am going to prove it.

Mr. BENNETT: Take Hansard and look at the vote.

Mr. HEENAN: I say that that legislation was placed there in spite of the Conservative opposition at that time, and I will undertake to prove that before I sit down. The government of that day, after placing that legislation on the statute books solicited the cooperation of the provinces. Because of the attitude taken by our Conservative friends we had quite a task to secure the cooperation of the provinces. Notwithstanding all the encouragement they got however, notwithstanding all the propaganda and the fact that the scheme was said to be unworkable and inadequate, despite the fact that it was called a joke and a dead letter, we were successful in enlisting the cooperation of five different provinces. By that action, which was termed a joke and a dead letter, old age pensions are provided to over 60,000 people in Canada.

What have we now before us? We have the Prime Minister's explanation of the resolution before the committee concerning amendments to legislation which was said to be a joke and a dead letter.

Mr. BENNETT: Who described it in that way?

Mr. HEENAN: Who?

Mr. BENNETT: Yes, who?

Mr. HEENAN: If the Prime Minister will allow me to go on—

Mr. BENNETT: Who described it in that way?

Mr. HEENAN: I would recommend that the Prime Minister ask his colleague, the Minister of Trade and Commerce (Mr. Stevens). To-day five provinces are paying to and participating in old age pensions. Three provinces have passed legislation in this connection, and I am satisfied if it had not been for the opposition of the Conservative party two of those provinces would be also paying old age pensions to-day.

Mr. STEVENS: May I interrupt my hon. friend for a moment?

Mr. HEENAN: I would rather my hon. friend did not interrupt.

Mr. STEVENS: My hon. friend has referred to me and I think I should be extended the courtesy of replying to his observations.

Mr. HEENAN: After I get through I shall quote where the minister said it was a joke.

Mr. STEVENS: My hon. friend is not quoting correctly my statements. What I said on that occasion was this—

Mr. HEENAN: I do not wish to be interrupted.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Order; the hon. member has not given permission to interrupt.

Mr. HEENAN: If the province of New Brunswick had not intended to accept the Old Age Pensions Act, why did they, two sessions ago, pass legislation so that they would be in a position to participate in the scheme? The whole record of the Conservative party with respect to old age pensions has been humbug and propaganda of the worst kind.

Some hon. MEMBERS: Order.

Mr. HEENAN: Let me outline briefly the history of that party in connection with this particular legislation. I shall not go back farther than the year 1925, when a committee of this house was appointed to inquire into the feasibility of old age pension legislation, and a report was brought in which amongst other things recommended the adoption of a scheme regulated on a fifty-fifty basis with the provinces. When that report was before the committee of the whole my hon. friend from Westaskiwin (Mr. Irvine), who at that time represented East Calgary, moved an amendment to the effect that the matter be referred back to the special committee with instructions to bring in a purely federal scheme rather than a cooperative one. If the Conservative party were convinced that the scheme should be purely federal they had their chance so to express themselves on that occasion. However only one Conservative in the whole house voted for that amendment, namely Mr. Church of Toronto. The hon. member for Parkdale (Mr. Spence) was a member of the committee and of the Conservative party, but he did not see fit to accept the amendment. On that occasion his words as reported at page 4433 of Hansard for 1925 are as follows:

> We feel that the administration by the provinces would be much cheaper. The overhead would not be so large. We have given this matter all the consideration that is necessary, and I hope the house will pay absolutely no attention to the amendment that has been moved to the committee's recommendations.

That was the attitude of the Conservative party when they had the opportunity to vote on an amendment which would have inaugurated a purely federal scheme.

Mr. MANION: How did the Liberals vote on that occasion?

Mr. HEENAN: The Liberals had consistently advocated all the way through that the matter of old age pensions should be arranged between the Dominion and the provinces, and they so voted.

Mr. STEVENS: They voted against that amendment.

Mr. HEENAN: They voted for a Dominion-provincial system. My hon. friends opposite who are now advocating a national system on that occasion voted to the contrary.

Mr. SPENCE: Is my hon. friend against a 75 per cent payment now?

Mr. HEENAN: I am for 100 per cent administered by the Dominion government.

Mr. DUPRE: Why did not the hon. member make that change when he had the opportunity?

The CHAIRMAN (Mr. MacDonald, Cape Breton): Order.

Mr. HEENAN: When the old age pensions bill was introduced after the election of 1926, during the temporary absence of Mr. Meighen, the then leader of the Conservative party, Sir Henry Drayton, made the following statement which appears at page 1941 of Hansard, 1926:

> I am not at all certain that it is a good thing for this parliament to try to look after other business than its own, to try to look after provincial business, ...

That was his attitude on that occasion. Then we have an expression of opinion by the present Secretary of State (Mr. Cahan). He stated, as many hon. members will recall, that there was no necessity for old age pensions, and that for the Dominion government to contribute money to provincial governments was a bad system because it lent itself to extravagant expenditures on the part of the provinces. Speaking not only for Quebec but for Nova Scotia he made the following statement, as it appears at page 2472 of Hansard, 1926:

> In my own native province of Nova Scotia, there is no need, I think for old age pensions or for pensions to those who are suffering special disability owing to blindness or being deaf and dumb. That province has undertaken for years past to educate its deaf and dumb and blind. The work has been so extremely well managed and so extremely beneficial that it will compare with similar work in any other civilized state in the world. I do not think there is any demand from that province for contributions of this kind in respect of work which they have undertaken as a province and in which the municipalities assist. They regard this as a provincial and municipal affair and they are prepared, I believe, unless there has been a change of sentiment in recent years, to continue it in the same vigorous and successful way in which they have carried it on in the past. . . .

Shortly afterwards the leader of the Conservative party, Mr. Meighen, entered the chamber, and after referring to the speech by

the present Secretary of State (Mr. Cahan) he had this to say, as it is reported on page 2474 of Hansard, 1926:

Now aside from the fact that the provinces heretofore have taken care of this situation, this being their responsibility under the constitution, this legislation is not framed on the principle of disability at all. As a matter of fact there is no principle of any kind underlying it.

At that time the then leader of the Conservative party said there was no principle underlying a system of old age pension. He continued as follows:

If the Dominion is going to step in and assist the provinces in the care of old persons, the Dominion is under as great a responsibility to step in and assist the provinces to take care of others who are disabled from earning power from any cause.

Of course there was an election after that statement, and I do not wish to refer to Mr. Meighen's statements during the campaign because in many respects they vary. Then on April 15, 1926, we had the hon. Minister of Trade and Commerce (Mr. Stevens) speaking on this subject. Turning to page 2481 of Hansard of that date I find the following:

I supported the principle, and have done so for years. I did so long before this government had the courage to bring it in, because I think legislation is good, but not of this particular type. The government's hope is that the Senate will throw it out and relieve them of the embarrassment which it causes. And why will the Senate throw it out? If the Senate throws out this legislation it will do so because it knows it is not effective. That is the reason.

On the following page will be found these remarks by the hon. gentleman:

By attempting to pass a measure of this kind before a conference of the provinces is held and an agreement on the part of those provinces secured, the government are passing a piece of legislation that will be a joke on the statute books of Canada.

Then he continued:

I wish to draw the attention of the committee to the fact that a genuine effort has not been made by the government in this matter. I do not like to indulge in prophecy, but I predict that one year, two years or three years from now this legislation will be a dead letter on the statute books of Canada if it passes both Houses of parliament this year.

Now, Mr. Chairman, that legislation did pass both houses of parliament in 1927. And it is neither a joke nor a dead letter, for already over 60,000 people are receiving old age pensions under that legislation. I do not wish to quote the speeches delivered by my hon. friend the Minister of Trade and Commerce during the election campaign, but he ridiculed this legislation to such an extent that the newspaper report I have in my hand shows that his audience jeered and laughed.

Mr. STEVENS: What is the hon. gentleman quoting from?

Mr. HEENAN: The Vancouver Province of August 25, 1926. The present Minister of Railways (Mr. Manion) also spoke on the old age pensions bill. His remarks will be found at page 2488 of Hansard under date of April 15, 1926. He said:

There are conditions under which this government has a right to legislate. My good friend from Comox-Alberni quoted a decision of the Department of Justice, and I think correctly, that this is a matter for the provinces and not for the Dominion.

Concluding his address the hon. gentleman said:

I have offered these constructive suggestions, but the most important to my mind are these two: First, the system should be contributory, and secondly, we should get the provinces to agree before we insist on taking them into this scheme.

The bill was introduced again in the session of 1927, and on February 18 the hon. member has this to say—I am quoting from page 461 of Hansard:

As to the attitude of the Conservative party on old age pensions at the present time, we would prefer to have a federal scheme, with the necessary grants paid out of the federal exchequer, but if we cannot get a federal scheme we are going to support this bill. That, however, does not deprive us of the opportunity of criticizing some of the details of the measure, and because we offer some criticism of certain details is not to say that we are opposed to the bill itself.

Mr. MANION: Hear, hear.

Mr. HEENAN: That was in 1927. In 1930 we had the election. The Dryden Observer of June 27, reports that the hon. Doctor Manion of Fort William spoke on the platform with Mr. McManus at Dryden to the effect that the Conservative party were not against old age pensions, but they claimed that the expenses in connection with it should not be divided, but the whole should be paid from the federal treasury. That statement of my hon. friend's was received with loud applause. The report continues, and in this I quite agree with the writer:

The hon. Dr. Manion is a rapid and pleasant speaker. He met with no interruptions nor were any questions asked by the audience.

I commend that to my hon. friends opposite. The people of Kenora district know how to treat a man when he is delivering

a speech. As I have said, the bill was again introduced in 1927. The Conservative party had obstructed the measure in every possible way in 1926, but now it turned hands and was in favour of a Dominion scheme. Before I deal with that change of front I desire to quote what the leader of the Conservative party in the Senate said about the bill when it was before that chamber. These are his words. I am quoting from page 187 of unrevised Senate Hansard:

Hon. W. B. Ross: If it is the duty or the right of the Dominion to provide old age pensions, why should it not provide lunatic asylums, houses of providence, shelters for the deaf and dumb—in fact, institutions for assistance for all the poor of the country. The unreasonableness of such a position is quite apparent. Therefore, in my judgment, this bill is not only an improper infringement upon provincial rights and duties, but it is ultra vires of the Dominion parliament.

Those were the views of the leader of the Conservative party in the Senate on the occasion when the bill was thrown out. In 1927 the then leader of the Conservative party in the person of my hon. friend the present Minister of Justice (Mr. Guthrie) said:

The Conservative party stood for a federal system of old age pensions, one hundred per cent paid by this government.

He was applauded by his party. After saying that the party were in favour of a federal system he continued—I am quoting from page 332 of Hansard of February 15, 1927:

Have we or have we not the right to pass a federal measure dealing with this matter? I submit without hesitation, without any reservation, that under the constitution of this country this parliament can pass a federal measure. Unquestionably it has the right, and if the government will propose a measure applying to all Canada, where the whole amount is to be paid out of the federal treasury, there can be no doubt as to our constitutional authority to do so. We impose no burden upon any province. We exact no condition from any province. We ask no contribution from any citizen of any province. We invade in no respect what is known as property and civil rights in the various provinces. We have the right.

Speaking at Guelph on June 28, 1928, he is reported in the Guelph Mercury of that date as follows:

The Hon. Hugh Guthrie, M.P. for South Wellington, addressing a banquet held in Ryan's auditorium in connection with the annual convention of the managers of homes for the aged and infirm, said: "The Old Age Pensions Act legislated by the Dominion government is not working altogether satisfactorily," in Mr. Guthrie's opinion for two reasons: "I voted for it," he said, "but it only gives $20 a month to those 70 years or over. Seventy cents a day will not support any man or woman, and the balance must come from somewhere."

He continued:

"Another point is that the provinces are not accepting the scheme, only three have done so so far, and in this application the act is somewhat unfair." Mr. Guthrie stated he would favour a national act, but the country cannot afford it, and dcelared that in his opinion Ontario's method of letting the counties take care of their poor people was among the best.

On July 8, 1929, there was a provincial election in the offing and the premier of the province announced that he intended to adopt the old age pensions legislation for Ontario. The Hon. Hugh Guthrie was reported in the Toronto Mail and Empire of July 18, 1929, as having spoken at Hamilton on the preceding day with respect to old age pensions as follows:

Old age pensions were approved by the speaker, who complimented the Ontario government on its decision to adopt the scheme. The speaker added "there are many clauses of the federal act which should be amended."

There are three different hurdles which the present Minister of Justice jumped in the space of two years on the question of old age pensions. Now let me quote what the present Prime Minister said in 1926 when he gave the house what I thought was a very fine lecture —I do not mean that in any offensive sense— on old age pensions. He showed plainly that he had studied the matter not only from the Canadian viewpoint, but from that of the empire as a whole. He took this position:

But I do venture to plead with my friends opposite not to urge the government to proceed with it at this time.

I think anyone listening to those words would realize that in 1926 the present Prime Minister did not want the government to proceed with the scheme which had been introduced. Then on the same day, at page 1975 I find the following statement by the present Prime Minister:

I apologize for trespassing again to-night upon the time of the house, but I feel very strongly on this subject. I am deeply interested in it; I desire to see it succeed. I am convinced that it cannot succeed without the cooperation of all the provinces, unless the Dominion, in defiance of our constitutional jurisdiction as voiced by the deputy Minister of Justice, sees fit to undertake the whole responsibility, which would involve us in an expenditure of $23,000,000 per annum and, in a very short time, an expenditure of $40,000,000 per annum, an expenditure entirely too large for us to entertain at the present time.

One would hardly think the present Prime Minister was very enthusiastic at that time. At page 478 of Hansard for the session of 1926-27 we find the present Prime Minister saying:

This side of the house gave its support to that measure after pointing out its weaknesses;

we did not ask for a division, and for myself I then stated, as I now state, that I believe in an old age pension scheme. But I do not believe in an old age pension scheme based upon a mere granting of money to a provincial authority, thus imposing our views upon them willy nilly. There must be an exercise of some legislative discretion by these legislatures if they desire to pass a measure of this kind, but that is denied them; they must either accept or reject. They must take it as it is or drop it; they cannot get a sou unless they take it as we give it to them, and if they take it in that way they may get some money. That is the position, and that is what the leader of his party pointed out the other day.

In other words it was a case of "take it or leave it", and as I understand this legislation we are still in the same position. The Prime Minister adds 25 per cent to our contribution, and says to the provinces who have not participated as yet, "You can either take it or leave it." Again at page 481 of the same volume we find the following statement of the right hon. gentleman:

Now, it might be well to look on the political side of the matter. You know what took place in Australia under conditions such as these. You are going to have a system that is not contributory. An election is coming on. They go out and say that more money should be given, that $20 is not enough. "Well, we will give them $25 if we get into power," . . . .

And so on. I wonder if the Prime Minister and some of his colleagues did not run true to form in regard to what was in the mind of the Prime Minister at that time. The evidence is quite conclusive that the Conservative party did go out during the last campaign and bid for the votes of the people, saying that something more would be given than the Liberal party had given them in connection with old age pensions. The Prime Minister said he would give the provinces 100 per cent instead of 50 per cent, and some of the hon. members who were supporting him in that election promised even more money than $20 a month, and to reduce the age limit. Then we have Senator Robertson speaking in the east, as reported in the Halifax Herald of June 24, 1930:

Again Senator Robertson referred to the Conservative convention at Winnipeg and to the unanimous endorsation given by that convention to the proposal to establish a purely federal system of old age pensions, the cost of which would be entirely borne by the federal treasury.

I believe Senator Robertson was sincere in that statement, but apparently he cannot get his government to carry out that promise. Then we have Colonel Taylor speaking in the Manitoba legislature with regard to old age pensions and reported in the Manitoba Free Press of June 24, 1930, as follows:

[Mr. Heenan.]

In closing he called attention to the proposition made by Hon. R. B. Bennett in his Walker theatre address to make old age pensions solely a federal responsibility.

Then we have some editorial comment by several Conservative newspapers with regard to this promise made by the Prime Minister. In order that there might be no doubt left in the minds of hon. members as to what the Conservatives in the east expected, I want to quote from an editorial appearing in the Amherst News of July 16:

From the standpoint of justice and equity, and from the standpoint of our own provincial services, the argument is all the one way, that old age pensions should be a straight federal charge. It is Conservative policy, and if that party comes into power on July 28, it will be one of the first measures to be introduced by the new government under Mr. Bennett.

Those are the words of the editor of the Amherst News, a very important paper in the maritime provinces. The Halifax Citizen had the following to say editorially under date of June 27, 1930:

We are robbed to pay the pensions of the wealthy Canadian provinces. After July 28, Mr. Bennett will see that the rich provinces are made to foot the bill for our old age pension scheme.

So there can be no mistake as to just what the provinces expected. My good friend the present Minister of Fisheries spoke at a by-election in Halifax and, according to the miners, he promised that his government would adopt the old age pension plan in co-operation with the federal government. At a convention in Truro the miners' union passed the following resolution:

Whereas, the provincial revenue is greater by millions of dollars than in former years; and whereas, the provincial government is receiving substantial sums in the form of federal subsidies; and whereas, there is all possibility that when government control of the sale of liquor comes into force the provincial revenue will be enhanced to a still greater total, annually; and whereas, repeatedly in the past conventions of the U. M. W. of A., district 26, have urged the government to put into effect the necessary legislation to meet old age pensions in accord with the general pension scheme; and whereas the premier of this province has frequently promised an early enactment of this legislation;
Be it therefore resolved—

And they call upon the provincial government to take action.

The CHAIRMAN (Mr. MacDonald, Cape Breton): The hon. member's time is up.

Mr. STEVENS: I should not have risen but for the rather irresponsible remarks of my hon. friend from Kenora-Rainy River

(Mr. Heenan). The hon. gentleman frequently regales the house with long series of statements characterized chiefly by their absolute irresponsibility. He is in the pernicious habit of picking up observations here and there and setting them forth as the deliberate utterances of those whom he is presuming to combat. The hon. member said that the Conservative party had resisted this legislation when it was brought in; that we had ridiculed it; that we had called it a joke; and so on. He mentioned myself as having referred to it as a joke.

I purpose referring briefly to the speech from which he quoted in order to indicate the stand I then took; and then I shall make one or two further observations. In 1926 there took place in this house a debate, from which the hon. gentleman quoted, on a resolution similar to the one now before us. In the course of my remarks at that time I directed attention to a report of a committee of this house on the subject in 1924. The terms of that committee's recommendation were stated in these words:

> Your committee further recommends that the government communicate with the various provincial governments to ascertain if they are disposed to adopt the above system and enact the necessary legislation.

We were urging the government of the day to do this and to bring in legislation acceptable to all the provinces. I pause to make this point. The burden of our objection was that the legislation then introduced and subsequently put into effect, having been in force up to the present time, would not be acceptable to all the provinces. The proof of the soundness of that stand is the fact that only a certain number of the provinces have been able to take advantage of that legislation. Up to this time several provinces have not availed themselves of it. Some declare they cannot take advantage of it, and yet they are paying their share to the participation of other provinces in the benefits of the legislation.

The situation is quite clear. In the west there is a preponderating element of younger persons; in the extreme east you have exactly the reverse. The smaller maritime provinces, we pointed out, would be burdened with a charge which it was absolutely impossible for them to bear, whereas in the west the burden was very much lightened by the large number of younger people living there in comparison with the aged. It was on that ground that we combated, not the principle of the legislation but the wisdom of its form; and if ever a party was justified in any stand it has taken, this party has been vindicated over and over again in its attitude towards that legislation by the fact that the legislation has not been and cannot be adopted by all the provinces of Canada.

On that occasion I made this statement:

> I supported the principle, and have done so for years. I did so long before this government had the courage to bring it in—

I was referring to the government of the present leader of the opposition (Mr. Mackenzie King), and I made that statement because I thought the principle was good. I took that stand then, and for several years prior to that, from my place in the house, I had urged some measure of old age pensions. Yet my hon. friend has the audacity to-night to say that we of the Conservative party consistently opposed this measure of relief to the aged of the country. I then referred to what action the Senate might take. My hon. friend suggested that we rather wished that the Senate would throw it out. On that occasion I said:

> So far as I am concerned, if I had any influence with the Senate I would advise them to pass the legislation, even though it is of an abortive character, so that the uselessness of it may recoil upon the government's head.

Again, I say, the ineffectiveness and injustice of that legislation have been amply demonstrated in the efforts of the last few years to put it into operation. I am not going to quote further because it is not necessary for the point I wish to make.

Let me say a few words on the principle of the legislation. Ten years ago, long before my hon. friend came to the house, and for several years prior to the placing of the present legislation on the statute books, I took the stand, as I take it now, that a proper system of old age pensions should be a contributory system. But we always contended that certain other measures should be adopted to take care of the aged who were on our hands and who, of course, could not participate in a contributory system. The government of my hon. friends opposite, under the right hon. gentleman who is now leader of the opposition, made no attempt whatever to work out a contributory system—not the slightest attempt. They made no effort to introduce a permanent and definite system of old age pensions. They did introduce a system which, as I have already said, has been taken advantage of by a few provinces but not by all.

Then there is the second point: we contended that the system should be federal; that is to say, that it should be a measure

introduced in this parliament and worked out on a proper actuarial basis. My hon. friend asks: Why has not the leader of the government brought in a federal 100 per cent measure at this time? There is one very definite reason, and my hon. friends opposite are entirely responsible. They have entered into ten year contracts with five provinces under the scheme of legislation they introduced, and before a definite federal scheme can be worked out the present legislation will have to be disentangled. There is no doubt about that.

Mr. STEWART (Edmonton) Oh, oh.

Mr. STEVENS: The hon. member for West Edmonton laughs at the suggestion. He always treats difficult legislation in that way; just why I do not know.

Mr. STEWART (Edmonton): I will tell you why.

Mr. STEVENS: The hon. member was a member of the government that saddled this country with the legislation at present in force; and that legislation, with its ten year contracts, stands in the way. That is one very good reason. But other reasons have already been indicated; the condition of the country, and the fact that, in view of the amount of legislation before parliament this session, the working out of a scheme that will be federal in its character, that will be contributory, and that will be fair, will take a very considerable time. What the government is trying to do under my right hon. leader is, at this session, in the short time at our disposal, so to amend this legislation that other provinces may have an opportunity of participating, pending the working out of a full measure of federal legislation. It is wholly untrue for any hon. member or anyone else to say that the members of this government and the Conservative party have consistently opposed old age pension legislation. I brand that as an absolute unequivocal untruth, and it should not be allowed to pass. The fact of the matter is that the Conservative party is clearly on record, as my leader has stated to-night, as being in favour of a proper federal scheme of old age pensions.

The hon. member for Kenora-Rainy River said to-night: I am for 100 per cent. Was he for 100 per cent last year? Was he for 100 per cent the year before? He certainly was not. He stood in his place and voted against the very amendment that he twitted us for voting against. He was the Minister of Labour. He was the minister who had this matter in hand. He was the minister who administered it. He was the minister who was responsible to the people. He was the minister who went up and down the country and claimed credit for almost all the social legislation passed in the legislature of Ontario and in this house during the last ten years. There is scarcely a bit of social legislation that appears on our statute books for which he has not at one time or another wrongly claimed credit. Yet he sat in the government year after year, and session after session, and never made any proposal for a 75 per cent participation, for a 100 per cent participation, no, not for one per cent more participation than was in the legislation passed in 1926. It ill behooves my hon. friend to make reckless statements regarding the attitude of hon. members on this side of the house. Our record has been consistent. We asked for a measure that would be effective throughout the whole of Canada, and my hon. friend and his friends had a measure passed that has been abortive, that has been useless to half the provinces of Canada, which they cannot take advantage of, indeed, which they dare not take advantage of. Because we now seek to afford some measure of relief in respect of that intolerable situation, he condemns it and his friends condemn it as a piece of legislation unworthy of support. The legislation is worthy of every support, and it is an earnest of what this government proposes to do as soon as there is reasonable opportunity to give effect to our declarations in this regard.

Mr. HEENAN: I have not had many lessons on debating, but I have often heard that when people get into a tight corner and cannot get out of it, they resort to ridicule. Here we have the Minister of Trade and Commerce (Mr. Stevens) rising in his place and talking about irresponsible statements from this side of the house, referring to me. Then at the latter part of his address he says that the hon. member for Kenora-Rainy River stood in his place and voted against the very resolution I accused him of voting against. If he knew what he was talking about, he would have known I was not a member of the House of Commons at that time; I was a member of the provincial legislature.

Mr. STEVENS: He has supported the party ever since.

Mr. HEENAN: Yes, and I will support the party again that in spite of the opposition of the Tory party will put on the statute books legislation that will provide for the

payment of 60,000 pensions. He says that his party were always consistent. I have quoted from his own words where he called the legislation a joke.

Mr. STEVENS: I did not call it a joke.

Mr. HEENAN: He called it a dead letter. If hon. members will read the Vancouver Province of August 25, 1926, they will see that my hon. friend, speaking from the public platform, ridiculed it, made it the subject of jeers by misrepresenting it. He says the Tory party were always consistently in favour of old age pensions. I have shown him that when there was an opportunity in 1925 for a federal system of old age pensions, under an amendment moved by the then hon. member for East Calgary to make it a federal scheme, hon. members opposite voted against it. When in 1926 a Dominion-provincial scheme was brought in, my hon. friends said that it was a provincial matter and the federal government should keep their fingers away from it and mind their own business. When the Conservatives in the Senate threw the legislation out and an election took place, they saw what the people thought about the matter, and then when it was introduced in 1927 they wanted a federal scheme. Later they had a convention at Winnipeg and they broadcast throughout the four corners of the earth that the King government had introduced an old age pension scheme that was unworkable, that was inadequate, and other similar adjectives. Yet they are amending this old, unworkable, inadequate system to-day, and endorsing the very principle they denounced in 1927. The present Conservative party led by the Prime Minister went up and down the country saying: Vote for us and we will bring in an old age pension system, a national system without one cent of expenditure from the provinces. Now the Prime Minister comes into the house and introduces an amendment to this old unworkable, inadequate joke, which they say is a dead letter on the statute books of Canada. That is the attitude of the Conservative party, and in the introduction of this legislation the Prime Minister turns around and tells us: This is not the system we have in mind; we have in mind a contributory system. Heaven knows what he will have before he brings in another system.

I have put pretty nearly all the members of the present government on record as to what they said during the past campaign. I see the Minister of Fisheries (Mr. Rhodes) in his seat. According to the Halifax Herald of July 18, 1930, he is reported as having said this:

> On the question of old age pensions Premier Rhodes quoted the Conservative platform as adopted in Winnipeg, and made the notable declaration that if Mr. Bennett was elected to office on July 28 and did not keep his pledge in regard to making old age pensions a federal charge, he himself would retire from public life.

He got a great reception because of that speech. My hon. friends across the house want to make it appear that the King government was permitted to put that old age pension legislation on the statute books without any obstruction from anyone. The whole thing was ridiculed throughout Canada wherever there was a Conservative speaker. Even a gentleman in the city of Ottawa, the provincial member, Mr. A. E. Honeywell, is reported in the Ottawa Evening Journal of May 9, 1928, as having made this statement with respect to old age pensions:

> The present old age pension act of the federal government was nefarious in its operation, Mr. Honeywell told his audience. It left even provincial appointments to a large measure under the control or supervision of the Minister of Labour.

He was opposed to old age pensions because he thought the provincial appointments in respect to the matter would be made by the federal Minister of Labour.

Last but not least we have the Toronto Telegram reporting an Orangeville editorial under date of April 17, 1928, as follows:

> Go to the racetrack, step into the poolrooms any night and you can see the class of fellows who will be drawing old age pensions tomorrow. The thrifty, hardworking people will have to sweat to provide the means to keep those improvident bums in comparative luxury in the evening of their lives—and this class of no-goods live a long time. The number of needy people who have to be kept at the public expense is very small, but the bums and never-do-wells is large. Why, we ask, should the hustlers and self-sustaining, who labour and keep themselves, be taxed to maintain that class who were never any good to themselves or anybody else? Premier Ferguson is well advised to go slow on this old age pension business.

That is a Conservative paper in the province of Ontario, and that is the kind of propaganda with which the government was baset all over the country with respect to the old age pension legislation. I would say to my right hon. friend, who suggested that my statements were irresponsible when I was referring to himself, that it is probably because I was simply quoting his own words from Hansard. It is about time the Conservative party and the present government stopped trying to fool the people with respect to old age pensions. The people ought to be told that the present government did not mean or intend what they said with regard to old age pensions during the last election campaign or

during the Winnipeg convention. If they do not bring in an old age pension scheme now with the federal government paying 100 per cent to relieve the provinces, it is because they do not wish to do it. If they bring in such a measure I am satisfied that this side of the house will support them 100 per cent, because that is the kind of old age pensions that we wanted; that is the kind that would have been introduced by a Liberal government had we been returned to power. My hon. friends opposite laugh. They say that we were in power for four years and what did we do? We did this: we introduced an old age pension scheme in accordance with the report of the committee of the house on which sat Conservatives, Liberals, Progressives and Labour members of the house, and we announced at that time that it was but the first step in an old age pension scheme. I stated on the platform in the maritime provinces and everywhere else that as soon as the provinces came into the scheme the federal government would consider any amendments that were considered necessary to the legislation. We hesitated to bring in any amendments before the last election for fear of being accused of amending the old age pension legislation just prior to the election for party advantage. That is the reason there were no amendments made at that time. We want the government to live up to their promise to the electorate to pay 100 per cent of the cost of old age pensions, and I say, Mr. Chairman, if they do not do it, it is because they do not want to do it. If the Prime Minister does not intend to do it, I would suggest to his followers that they live up to the declaration made by himself when he said: If we do not live up to our promise I ask all the Quebec and maritime members to vote against me in the house.

Mr. STEWART (Edmonton): I did not intend to take any part in this debate, but really the spectacle we see to-night of hon. gentlemen opposite trying to justify their position under the present circumstances is enough to bring any member to his feet. I am not going to quote speeches by hon. gentlemen opposite because there can be no doubt about the fact that every one of them promised the electors of Canada that as soon as they were elected they would introduce an old age pension scheme with the federal government paying 100 per cent of the cost. No hon. gentleman opposite dare deny it.

My hon. friend from East Kootenay (Mr. Stevens) stands in his place to-night and says: The reason we cannot do this thing is that the previous government entered into contracts with several provinces, and we dare not break those contracts. At different times I have heard my hon. friend make some splendid defences of his position and of the party he supports, but I am bound to say I was justified in laughing at the statement he made to-night. There is nothing on earth, and no one knows it better than my hon. friend, to prevent a change being made in the agreements with the provinces. He knows that, and everyone of ordinary common sense knows it.

Why did the province of Alberta fail to vote the necessary money to take care of their old age pensions this year? I will tell my right hon. friend. It was because they depended on the word of hon. gentlemen who are sitting in the seats of the mighty to-night. That is the reason they did not vote the necessary sums in the legislature to take care of their share of old age pensions. And now, forsooth, the government is going back to its old love; we must have a contributory scheme. Surely hon. gentlemen opposite are not going to go back on their promise. The Prime Minister says, "This was our policy. It was so stated at our convention at Winnipeg. There was nothing new about it. I simply repeated it during the election campaign from one end of Canada to the other." The Solicitor General (Mr. Dupré) makes another excuse. But may I say to hon. gentlemen opposite that some of the provinces were not willing to go into the scheme on the basis of a fifty per cent contribution; they were promised during the last campaign a one hundred per cent federal contribution, and if the aged people in those provinces, about whom my hon. friends opposite were so much concerned in the last election, do not get relief it is because the federal government has failed to carry out its promise of a one hundred per cent contribution. Hon. gentlemen opposite were very solicitous about old age pensions and unemployment and all the rest of it during the election campaign; but now that they have the responsibility they calmly stand in their places and try to evade it by referring to the vacillation of the men who preceded them. Is it any wonder that we laugh at you when you make yourselves so ridiculous? I cannot understand that kind of mentality. For heaven's sake, quit talking about the men who held office before you when you have gone back on your promises to a greater degree in your nine months of office than we did in our whole nine years. Talk about vacillating—

Mr. MANION: The death knell of protection, for instance.

Mr. STEWART (Edmonton): My hon. friend is pleasing me more than enough because he is contributing to the death knell of protection by keeping on increasing the tariff. When hon. gentlemen opposite introduce even a 75 per cent contribution to old age pensions, to partly keep their promise, I am going to support them. When they make it 100 per cent, I am going to support them. But do not any longer charge those who preceded you with vacillation, because for a vacillating government you take the cake. You have demonstrated in the short period you have been in power that you did not mean what you said when you appealed to the electors last July.

Mr. SAUVE: I thank the ex-Minister of Labour for the attention that he has devoted to me during this debate. He cited an extract from one of my supposed speeches, reported in the Winnipeg Free Press, not in the Montreal Star, as he said previously. My attitude on this question of old age pensions was defined in the legislative assembly of Quebec in 1929, as recorded in the Journals of the legislative assembly at page 315, as follows:

Mr. Sauvé moved, seconded by Mr. Duplessis, and the question being proposed, that it be resolved, that whereas one of the members of the government has declared that he held the "Old Age Pension Act" to be anti-social—

That was the law of the King government; and the member of the provincial government here referred to was the Hon. Mr. David, the provincial secretary, a Liberal, and a friend of the leader of the opposition:

—and that certain jurists who were consulted by the government—

Those jurists were Mr. Geoffrion and others:

—have decided it is unconstitutional, this house is of opinion that:

(a) it is expedient to seek for and to find what method could best be followed to protect our indigent old people, without any injustice and without affecting the economic system of the province;

(b) that it is opportune to entrust the study of this entire question to a special committee composed of representatives of the government, of the opposition, of the universities, of the School of Higher Commercial Studies, and of the labour and agricultural unions:

(c) that this committee, authorized to meet even during the parliamentary recess, be instructed to inquire into the different systems adopted or suggested elsewhere, to study the consequences thereof and to report at the opening of the next session of the legislature.

The resolution was defeated. The year following the same government, that of Mr. Taschereau, appointed a committee to study the question. I believe, Mr. Chairman, that my resolution speaks for itself. Since 1929 I have been studying the question, and as a result I am prepared to support the measure now before the committee.

Mr. MACKENZIE KING: Mr. Chairman, if my remarks at this time were likely to cause further controversy I should hesitate to make them. I feel, however, that they may tend to remove what misunderstanding there may have been concerning my statements in the maritime provinces.

Just before six o'clock the Prime Minister referred to statements I had made when speaking in Prince Edward Island, which he spoke of as a Liberal province, and then proceeded to compare those remarks with my statements in Nova Scotia, which was spoken of as a Conservative province. I gathered that the comments by my right hon. friend were based on a speech made in the course of the debate on the budget a few days ago by the present Minister of Fisheries (Mr. Rhodes), who I am glad to see in his seat at the moment. On that occasion the minister said he had heard my statements over the radio and for that reason he was quite sure he was giving a correct report of my remarks. May I say to him that his statement as to what he heard over the radio was right. I contend, however, that the inference he sought to convey was wrong. The statement made is that while in Charlottetown I said I was not averse to a 100 per cent old age pension scheme but that I thought in the first place there should be an accounting with the provinces so that we might learn the respective obligations of the federal and provincial authorities. According to my hon. friend that was the statement I made in Prince Edward Island and I now state that he has correctly repeated what he heard.

The Prime Minister sought to leave the impression that my statement was intended to win votes in the smallest eastern province, that it was an appeal to that province to support a 100 per cent old age pension scheme. On the other hand in Nova Scotia it is alleged I put matters in such a way that the Liberal party might, through a different representation, gain at the expense of the Conservative party. I made, to all intent and purposes, the same statements in Prince Edward Island with respect to old age pensions that I made in Nova Scotia, and in all other provinces in which I spoke on the subject.

I have before me a report of my speech in Prince Edward Island as it appears in the Charlottetown Guardian of June 23, 1930. Apparently my words were taken down by a shorthand reporter, and I ask the committee, when listening to my words, to judge whether my statements were calculated to win votes by promises in connection with old age pensions. I shall now read the report of my speech because it emphasizes the point I have been trying to make concerning provincial grants. From the point of view of winning support I admit the criticizing of the giving of provincial grants is not popular, but I do believe that careful consideration of the view I have expressed is essential to save our country from a very serious condition with respect to future taxation, something to which we ought now to be giving much more attention than we really are. Of my speech delivered on June 22 in Charlottetown, the report in the Charlottetown Guardian of June 23, 1930, is as follows:

May I say this, I am not averse to the idea of taking over the old age pensions law as federal obligation, but I think before we take over any more obligations at the present time, we had better have a pretty careful accounting of what the total amounts are of those things that we are contributing to, and what the total expenditures are, both provincially and federally. This is all bound up with the constitution of our country. When the provinces came into confederation they gave up certain rights of taxation. For that they were given in consideration; they were given an agreement to get so much in the way of subsidy. That means that they would be handed out of the federal treasury certain grants of money which the federal government would have to raise in the form of taxes. Under that arrangement Prince Edward Island got so much. The intention of confederation was that each of us—the provinces and the Dominion—would work in our own fields. Now I think the time has come when those arrangements, especially with regard to subsidy should be revised even more than they have been. When we had a Dominion-provincial conference at Ottawa, I found that the premiers of the different provinces and their ministers all took the view that whatever is being given to them from the federal treasury should be given in a lump sum and that the provinces be allowed to spend that money as they think best. They stated in so many words: We don't like this contribution for highways, etc. Give us the money and let us do what we think best! I think that is a fair way to go on. Let us make the subsidies fair and let each province expend the money as it thinks advisable.

I am quite prepared at the appropriate time to go very carefully into this whole question of the matter of subsidy and what should be given, and if in this connection it may seem advisable for the Dominion government to take over the old age pensions we can get our British North America Act amended to take over that particular charge, and we can write off against that expenditure what we propose to give in the way of subsidy. But a matter of this kind that relates to the Dominion as a whole, in relation to the several provinces should not be made a matter of party politics, but should be made a matter of straight business and good government.

That was the statement I made in the maritime provinces and which I made repeatedly in this house during the last parliament. I have made a similar statement frequently this session and it is one I should like to repeat at this moment.

I do submit that however well intentioned the Prime Minister may be when he makes additional grants for old age pensions, when he proposes additional grants for technical education and binds future governments for fifteen years by a bill now before the house, when he pledges further grants of very considerable amounts for unemployment, when he proposes to make a grant running into many millions of dollars to meet a great emergency existing in another part of the country—I say that when my hon. friends consider that they have had at this session so considerally to increase taxation, when they know that at the close of the fiscal year they will be far behind in revenues and will have enormous deficits and that there will be necessity for imposing additional taxation, they ought to be giving more in the way of thought to the additional burdens of taxation they are loading on the backs of the people.

I suggest that they call these grants by their right names. Call them additional taxation of the people made for this, that or some other purpose. All the grants out of the federal treasury for the provinces are under provincial administration, notwithstanding the fact that the moneys are raised by the federal government for federal purposes. I say that the government ought to think twice before it continues to increase expenditures right and left. My proposal during the general election campaign, and my suggestion of the government's present duty is: Before they throw away what bargaining power they have in dealing with the provinces—and I submit that members of the Dominion government have an obligation to the Dominion; the provinces will look after themselves and their obligations, and when its comes to making an agreement with the provinces you need all your bargaining strength—I say before throwing away what real bargaining power they have in negotiating with the provinces, members of the Dominion government should convene a Dominion-provincial conference, at which the Dominion and provincial authorities should go very fully into

their respective obligations. Let the Dominion decide, if it so desires, to take over altogether the control and administration of certain of these social services that to-day are being divided between the Dominion and the provinces. For example, let the Dominion say: "We will take over and administer the whole scheme of old age pensions." Let them with respect to other matters, if they deem it right so, to do, say: "We will also take over and administer these, but we will leave to you the complete control and administration of such and such other services." Having thus arranged a division of services between them, they might then go on to say: "Now a balance for purposes of adjustment will be struck betwen us in respect of what shall be paid further to the provinces by way of subsidies according to the principle underlying the British North America Act." In this way, you will be giving to the provinces what is justly due to them, and you will be allowing them the utmost freedom in expending those subsidies in the way they think best." Any other method of dealing with these matters is to a certain extent an interference with the autonomy of the provinces. I am not taking exception to any of the very worthy purposes that these grants are intended to serve; least of all do I take exception to a federal old age pension scheme, because I think where more than 50 per cent of the cost is met by the government at Ottawa, it should be an old age pension scheme administered by the federal government. I say when you are about to relieve the provinces of a burden such as is now being proposed in connection with old age pensions, there is no reason why the Dominion government, as a means of adjusting financial relations between the governments of the provinces and itself, should not have had to its credit the fact that it is assuming this further obligation.

That was the whole point I was making. I submit it was not the kind of appeal that would win votes. I venture to say that I lost thousands of votes all over the country—

An hon. MEMBER: You sure did.

Mr. MACKENZIE KING: —through being perfectly honest in stating the position—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: —through being perfectly honest with the electors in stating the position as to what in difficult times a government that was charged with great responsibilities could hope to be able to do. I told the people very frankly that these obligations meant additional taxation—taxation which I did not feel the federal government would be justified in adding to existing burdens until at least there has been this Dominion-provincial conference to adjust financial arrangements. I shall wait and see what the outcome of all this legislation is going to be in terms of taxation and increase of the public debt. That is what the country will be interested in more than anything else. The country will watch with a great deal of anxiety the increased burdens of taxation put upon its shoulders year by year by the present administration. It will be no excuse after two or three years have run by and each year there continues to be an additional deficit and a further increase in the public debt and in taxation for hon. gentlemen opposite to say: We were seeking to carry out certain promises we made in the thick of a general election for the sake of gaining political power.

As I say, I do think there should be greater care with regard to the expenditure of public money.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: Especially when under an arrangement such as I have proposed, the whole object can be attained quite satisfactorily, and I submit, more to the interests of the provinces as well as the Dominion itself.

My hon. friend the Minister of Trade and Commerce (Mr. Stevens) said a moment ago that the previous government had entered into contracts for a period of ten years under an existing statute, and that was one reason why 100 per cent legislation could not be introduced at once. Why, those very contracts will have to be changed under this legislation. If you can change contracts with the provinces to give them 25 per cent more money, surely you can do so when you are giving them 50 per cent more. I am surprised that my hon. friend would think anybody was guillible enough to to be taken in by a ruse of that kind, notwithstanding the fervid manner in which it was put forward by him.

May I say one other word? I believe experience has shown that many of our municipalities are being driven into bankruptcy by the burdens which are being put upon them by the federal government in connection with the various conditional grants to the provinces. Throughout Ontario at the present time the government of the province does not meet 50 per cent of the old age pensions, as was the understanding with the province

at the start, but it has passed along, I understand, 20 per cent to the municipalities, and something similar is true of the other provinces as well. I am told by the hon. member for Provencher (Mr. Beaubien) that the province of Manitoba has passed on the whole of the burden to the municipalities. At any rate the point I am making is this: By legislation of this kind, conditional as it is upon amounts being raised in the provinces, there is a certain pressure—it is an economic pressure, but nevertheless a very real pressure, and to that extent an interference with the autonomy of the province—there is an economic pressure upon the provinces to make them raise more revenue for the purposes here set forth. They in their turn pass on that economic pressure to the municipalities, and the municipalities being the weakest of the three classes of authority find themselves in a condition of bankruptcy in the course of a short time. Throughout this Dominion to-day municipality after municipality is making the plea to the government that it has become bankrupt, and can no longer meet the condition that is required, either for old age pensions or for unemployment relief, and the like. These three or four measures that are coming before us within the last three or four days of the session—grants in connection with pensions, in connection with technical education and in connection with unemployment, and then a very large expenditure in connection with the very distressing circumstances in the west—all these are in the nature of substantial grants from the federal treasury to the provinces. I submit they all mean additional taxation, not only for this year, but for several years to come, for most of these grants are being made for a series of years. With the increased burden of taxation what it has become this session, with trade falling off week by week and month by month, I really do not know what is going to be the ultimate fate of the taxpayer if this policy is continued indefinitely.

That is the protest I wish to make—not against the object, but against the method of providing money and the lack of foresight in arranging these matters by a Dominion-provincial conference before it is too late for a conference to be of any effect.

Mr. ROBITAILLE (Translation): Mr. Chairman, I shall not delay the house in discussing the legal aspect of this legislation. I think that the committee is well aware of the views of our leaders: that the act is ultra vires in its principle. Even the hon. Postmaster General (Mr. Sauvé) quoted to-

day the views of the Hon. Mr. David, who had stated that this was anti-social legislation. I understand the views of the Hon. Mr. David because I know his patriotic zeal for our charitable institutions.

Mr. DUPRE (Translation): You cannot wiggle out, he said it was anti-social. There is but one interpretation to the word anti-social.

Mr. ROBITAILLE (Translation): That is also what we contend. Moreover, we state that this act is ultra vires. Our leaders hold the act to be so in its very principle because it encroaches on provincial rights. However, the right hon. Prime Minister (Mr. Bennett) after having admitted that it was ultra vires, came to the province of Quebec to visit the beautiful county of Maisonneuve, where at a large meeting he made all kinds of promises: immediate relief of unemployment, free ports for Halifax, St. John, etc., including old age pensions in full. If we have the authority of offering 50 per cent to provinces, why not 100 per cent, or 99 per cent, he stated? He did not fulfil this pledge. But he did fulfil one; when an old lady asked him: "How are you going to fulfil all these pledges?" He answered: "By taxation." That is the only pledge which he kept. I submit, sir, that this legislation is not equitable. There are provinces which avail themselves of it, others do not. Those which do not avail themselves of it contribute by taxes to meet the expenditure entailed by such legislation, without any benefit to them. You may say that they are free to accept it or not. That is true, and as the right hon. leader of the opposition has stated, it was suggested at the conference of prime ministers of the provinces, that the Dominion government should give a round sum to each province. I also suggest that the government should do something for the provinces which do not avail themselves of this act. The government should allow them a grant either proportionate to their population or proportionate to their subsidies or again based upon the census of their old people. This would be a very equitable and justifiable measure. I understand that the hon. Minister of Trade and Commerce (Mr. Stevens) stated just now that all the provinces could not adopt this act—I must state that Quebec is the most important province from a financial viewpoint. It is the only province whose budget showed a large surplus.

Mr. DUGUAY (Translation): It is a fictitious surplus.

Mr. CASGRAIN (Translation): Who says so?

Mr. ROBITAILLE (Translation): The hon. member should have an auditing of the books of the province before making that statement. Auditors more competent than the hon. member have examined the books and have found that the statement of such a surplus was a truthful one.

Mr. POULIOT (Translation): As truthful as a tooth drawer.

Mr. ROBITAILLE (Translation): Quebec has the means from a financial viewpoint to avail itself of this act. However, we have in Quebec special institutions to help the old people and the provincial government generously contribute to their upkeep. I therefore suggest, sir, that the Dominion government should vote a fixed amount to the provinces which do not avail themselves of this act.

Mr. RHODES: It is not my desire to be a party to the delaying of this resolution, because it has been under consideration now for some time, but I feel it essential that I should say a word in view of the remarks of my right hon. friend the leader of the opposition (Mr. Mackenzie King). If I remain silent my silence may be construed as accepting his statement of the position he took with regard to this question while touring the maritime provinces.

I do not know why my right hon. friend went out of his way to protest his qualities of virtue and to announce so vehemently that he was speaking with the utmost frankness to the people of the maritime provinces. In fact, he said, he was so frank that while making his statement he expected he would lose votes. We all know that my right hon. friend did not expect to win any votes on that occasion; that was far from his thought in addressing audiences in the maritime provinces. He just came down to pay us a sort of friendly visit, and he was so anxious to pay that visit that he came to the maritime provinces in spite of the fact that he expected to lose votes. As a matter of fact my right hon. friend might as well admit very frankly that in discussing this question he did not expect to lose any votes at all; he was trying to deal with a very difficult question under difficult and different conditions.

My right hon. friend read a statement which purports to be, and may be, part of the report of a speech delivered by him in Charlottetown, as quoted in a Charlottetown newspaper, but he went on to say that this was the statement he made in the maritime provinces. On that statement I wish to take direct issue with him. The clear impression which my hon. friend left with his audiences in Prince Edward Island was that he was prepared to consider a scheme which involved the payment of old age pensions by the federal government. In Charlottetown my right hon. friend did not raise the constitutional question at all, nor did he place upon the premier of that province the responsibility because the people of Prince Edward Island at that moment did not enjoy the benefit of old age pensions. On the other hand, speaking in Sydney, Nova Scotia, the very next night, my right hon. friend brought up the constitutional question as an impassable barrier over which he could not jump; he said that was the bar to his government giving 100 per cent old age pensions. There, in contrast with his attitude of the night before, my right hon. friend said to the audience in plain words, "The reason you have not old age pensions in this province is because Premier Rhodes has not given them to you."

Having said so much merely for the purpose of keeping the record accurate, I do not propose to labour that point very much further. However, before I resume my seat I must take exception to one other statement made by the right hon. gentleman. He complains that the municipalities to-day are being burdened almost to the point of bankruptcy because of the burdens imposed upon them in turn by the provinces because of this contributory scheme of old age pensions. Who but my right hon. friend brought in that contributory scheme? It was brought in not after a conference with the provinces but in defiance of the fact that the provinces, through their premiers, had stated in terms that they would not accept any part of a contributory scheme. That point should be made very clear indeed. To-night, if you please, the right hon. gentleman criticizes this government and protests our action because he says we had not the foresight to consult with the provinces before bringing down this bill. Those protests come from the right hon. gentleman who is himself responsible for having introduced the principle in the face of the opposition of the provinces. Is it necessary that this government, now that they find this bill in being and this principle established, should consult the provinces as to whether they should ameliorate their troubles to the extent of one-half the gap between 50 per cent and 100 per cent? I think not.

There are other angles and other phases of the matter which I shall not discuss at this

time. I could not remain quiet in my seat and allow my right hon. friend to leave the impression with the committee and with the country that the report of his speech in Charlottetown contained the statement he made throughout the maritime provinces.

Mr. MACKENZIE KING: I am sorry I have sent to Hansard the copy of my speech from which I quoted. My hon. friend who has just taken his seat says I did not raise the constitutional question at all in Charlottetown.

Mr. RHODES: That is right.

Mr. MACKENZIE KING: If my hon. friend will look at Hansard to-morrow he will see that in the course of what I read this evening I stated that the constitutional matter would have to be considered before there could be any 100 per cent old age pension scheme; that is the very thing I said in Charlottetown. My hon. friend is quite right in another point; I did say that the people of Nova Scotia would have to look to Premier Rhodes. Perhaps I drew a little more attention to my hon. friend in his own province because he was taking a very active part in the campaign, especially in connection with the question of old age pensions. But may I ask my hon. friend if the statement which I made was not literally and absolutely correct, when I said that if the electors of Nova Scotia wished to have the benefit of the old age pension scheme, as it was than in force, they would have first to look to the then Premier Rhodes. Was that not literally true?

Mr. RHODES: Certainly.

Mr. MACKENZIE KING: My hon. friend says "certainly."

Mr. RHODES: Yes.

Mr. MACKENZIE KING: The Prime Minister is now increasing this grant from the federal treasury to 75 per cent; and I would say this, that before the electors of Nova Scotia can get the benefit of that increase and of the original amount they will have to look to the premier of that province to introduce an old age pension law, agreeing to contribute 25 per cent. Is not that true? I ask my hon. friend.

Mr. RHODES: I will speak when the right hon. gentleman has done.

Mr. MACKENZIE KING: Then I will make the statement perfectly plain. Until the province of Nova Scotia enacts an old age pension law, agreeing to pay at least twenty-five per cent towards old age pensions, they cannot get a single dollar in the way of pensions from the legislation which the Prime Minister is now introducing. That was the position I took in Nova Scotia, and I was right. My hon. friend said I was right in what I stated on the question when he was premier of Nova Scotia, and I am equally right in regard to the position as it affects the present premier of that province. The hon. member suggests that I was not seeking votes in the maritimes.

Mr. RHODES: We all know that.

Mr. MACKENZIE KING: I do not say that for a moment. I most decidedly was seeking votes in my appeals through the maritime provinces. But in those parts of my speeches in which I discussed old age pensions I was losing votes every time I referred to the matter. I was placed in this position. My hon. friends opposite had promised the electors that they would pay 100 per cent of old age pensions; I was obliged to explain why we were not prepared to follow them in, shall I say, an appeal of that kind—I will use the mild term.

Mr. BENNETT: The ex-Minister of Labour (Mr. Heenan) said that was what you were going to do if returned.

Mr. MACKENZIE KING: Oh no; he did not.

Mr. BENNETT: Yes, to-night.

Mr. MACKENZIE KING: He said that we should first have a conference with the provinces. If he made that statement I did not hear him.

Mr. BENNETT: I thought you were listening to him.

Mr. MACKENZIE KING: What I said was that there would be a conference between the provinces and the Dominion, at which time we would put forward a proposal to take over old age pensions 100 per cent, but that we would make it part of a final arrangement, adjusting between the Dominion and the provinces their respective burdens. That was our position. The Prime Minister had taken the position that, if returned, he would pay 100 per cent. Had I been indifferent to what became of the public treasury, and to what the proposal would mean to the people in the way of additional taxation, I could easily have told the electors that we would do precisely the same thing. And I might have done that not only in regard to old age pensions but in regard to technical educa-

tion, highways, unemployment relief and many other proposals on which hon. members opposite made their appeal. I submit that when an appeal is made to the electorate in that way it is simply an effort through vast outlays from the federal treasury to gain the support of an entire province. I hesitate to describe what that sort of thing really amounts to in public life, but I submit that it is not a practice that can be long followed without bringing the nation into bankruptcy.

Mr. RHODES: My right hon. friend takes an extraordinary position. In the latter part of his speech he said, "We were prepared to consider a 100 per cent old age pension scheme after a conference with the provinces." This is to say, having forced upon the provinces a scheme which they refused to accept in advance, in virtue of which they had to pay one-half—

Mr. MACKENZIE KING: Where did they refuse to do it?

Mr. RHODES: Through their premiers, the Hon. Mr. Taschereau and the Hon. Mr. Ferguson. And the premier of Nova Scotia wrote here in response to communications sent him by the hon. member for Winnipeg North Centre, saying that the province would have no part in such a scheme as was proposed. The right hon. gentleman forces this scheme upon the provinces without a conference, a scheme in virtue of which they must pay half, and then, if you please, he says, "I will have a conference with the provinces to ascertain whether they will consent to our paying the whole of it." That position is manifestly too absurd for words.

The right hon. gentleman put to me a query as to whether it would not be necessary under this legislation for the present government of Nova Scotia to pay 25 cents on every dollar. It will. I raise the point, however, not on its merits but merely to contrast the position taken by my right hon. friend in two different provinces in the maritimes. In Sydney he emphasized the constitutional issue to the point that it was a barrier to his paying 100 per cent, and he took the position that it was the fault of Premier Rhodes that the aged person of the province did not receive old age pensions; whereas the night before he had taken a different position. When I spoke the other day I did so from notes which I had taken over the radio at the time the right hon. gentleman addressed the electorate, and I can quote him almost exactly. He said, "Our Conservative friends say they are prepared to pay 100 per cent old age pensions. I am prepared to consider that proposal, subject to an accounting with the provinces." Those were his exact words, interlarded, of course, and overburdened with a multiplicity of words which would enable him on any subsequent occasion to explain his position. But he did not say in Prince Edward Island, on a Liberal platform with a Liberal premier, "If you want old age pensions in this province you must look to Premier Saunders." Not at all. And my purpose in rising now is to point out the clear distinction. Of course, he was not appealing for votes there; we all know that. He had taken high ground, with that same uniformity on general principles which is befitting the leader of a great party. Nevertheless there is that juxtaposition, which is most striking and typical of my right hon. friend and his method of dealing with public questions, even where he is not appealing for public support, and where he is so frank, as he always is.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 136, to amend the Old Age Pensions Act.

Motion agreed to and bill read the first time.

SUPPLY

IMMIGRATION AND COLONIZATION

The house in committee of supply, Mr. MacDonald (Cape Breton) in the chair.

Immigration, salaries and contingencies, including grants to immigration societies, women's hostels, provinces, and loans for stock, equipment, etc., for Canadian boys, as may be authorized by the governor general in council, $1,905,000.

Mr. LUCAS: Will the minister be good enough to give a detailed statement as to how this money is divided up amongst immigration societies, women's hostels and so forth?

Hon. W. A. GORDON (Minister of Immigration and Colonization): The outside salaries amount to $1,055,000. This item is divided into various districts as follows:

Eastern district	$564,330
Western district	164,975
Pacific district	76,090
United States	22,320
Retiring allowance	8,000
British Isles and Irish Free State	145,800
Continent	29,210
Women's division in Canada, but not including staff at Ottawa	25,695
Juvenile immigrants division	12,270
Unforeseen	6,310

The contingencies amount to $850,000. The details are as follows:

Publicity	$ 78,500
Printing and stationery	29,000
Salaries of temporary employees at head office, also contingencies	40,000
Postage, telegrams, telephones, express and freight	15,000
Inspection British immigrant children	20,000
Seaport agencies, detention hospitals and catering	45,000
Inland agencies and immigration halls	65,000
Deportation	100,000
Boundary inspection expenses and temporary inspectors	150,000
Provision for overtime rates	20,000
Contingencies and general expenses, United States	50,000
Contingencies and general expenses in Great Britain	110,000
Contingencies and general expenses on the continent	25,000
Colonization expenses	54,000
Women's division including grants to hostels	35,000
Grants to provinces and societies	8,000
Motor car expenses at Ottawa	300
Unforeseen expenses	5,200

Mr. LUCAS: What societies are receiving grants?

Mr. GORDON: At the present time no societies are receiving any grants. These estimates were of course made up earlier in the year, in fact in January if my recollection serves me correctly, and at that time the picture was changing with a good deal of rapidity. I doubt whether any of this vote will be used. At the same time I do not think it should be disturbed in the event of our having to use it before the end of the fiscal year.

Mr. LUCAS: What amount is paid to the provinces?

Mr. GORDON: The only payments made were on juvenile immigration, but this year that immigration is of course practically nil and I doubt if we will be called upon to pay anything.

Mr. LUCAS: Is part of this vote used for repatriation in the provinces?

Mr. GORDON: That comes under this vote. The arrangement, as the hon. member knows, was open for acceptance by all the provinces, but it was taken advantage of only by Quebec. Last year they received $50,000 and I suppose they will be expecting it again this year.

Mr. SPEAKMAN: The minister mentioned an item of $78,500 for publicity. Just what form does that publicity take and what is its object, considering that at the present time we are not endeavouring to attract immigrants to this country?

Mr. GORDON: That is another item that unquestionably will not be fully used. I do not think more than half of it will be used. At the time these estimates were prepared we were maintaining offices in the United States, and also some on the continent. Some have been discontinued, but on the other hand there will be an increase of publicity within Canada. That is following the plan that was adopted by the government last fall to try out something that I think has not been given a trial, namely colonization at home. We have plenty of people to work on who have come into the country in the last few years, ostensibly to go on the land, but who have drifted into industry. Now they are finding themselves cast adrift from industry and the effort of the government is to give those people who can carry on farming operations in such a way as to sustain themselves an opportunity, at the least possible expense to the government, to go on the land. Any publicity this year and possibly next year will be confined to such as is necessary within Canada itself, in the hope that that effort will contribute to relieving distress in industrial and mining sections. No publicity of a major kind will be carried on in Great Britain, and none at all in Europe. By that I mean the kind of publicity that is calculated to bring into Canada at the present time people who are not equipped to take care of themselves financially and otherwise. We cannot, of course, dissociate ourselves entirely from contact with Great Britain with respect to the migration of people, but the British government and the Overseas Settlement Department know very well—we have had many communications on the subject with them—that the time is not opportune to encourage any considerable movement of people. For myself, and I speak probably for every member of this house, I hope the time will very shortly come when conditions will improve and we shall be able to absorb British and other desirable peoples in larger numbers. I can assure hon. members that when that time does come it will be my most earnest effort to see that that movement of people takes place under some disciplined plan where there will be fewer failures than there have been in the past, and under which people will be placed in Canada where they are best able to get along.

Mr. SPEAKMAN: Information was given some weeks ago—I am speaking from memory—as to a plan which had been worked out between the two great railway companies and the head of the department to place people on the land in order to relieve the unemployment situation. I think it was stated that some thousands of single men and over one thousand families had been placed in that way and that the movement had been quite successful in that a very small percentage of the men had gone back to the cities. I would ask the minister just what was the basis of that plan. Were families placed on the farms with the object of purchasing them eventually, or were they simply placed on abandoned farms to relieve them for the time being, perhaps with a garden or something of that sort to help them carry along?

Mr. GORDON: The operation of the plan commenced last fall, after several interviews with the colonization departments of the railways and after it had been approved by the presidents of the two roads. It was generally agreed between the government and the railways that the combined colonization effort should be directed first towards taking desirable single men out of the ranks of the unemployed and placing them with farmers who could give them work and probably some pay. Well qualified men, of course, got more pay than those less qualified. Instructions were given by the railways to their agents to survey the various districts throughout Canada and ascertain the number of men the farmers could absorb, and the same instructions were given to the land settlement branch and the field supervisors of the soldier settlement board. They were instructed to survey the situation with care so that men who were taken from the ranks of the unemployed would be of a type likely to give satisfaction to the farmers who employed them. That plan is now being worked out; it is being pressed with a good deal of vigour, and it is meeting, I think, with a very large measure of success. The figures are returned to me monthly. I have not under my hand the latest figures, but if I remember aright somewhere in the neighbourhood of ten thousand single men have been placed on the farms with farmers. I was rather surprised to note how many farmers like to have a good hired man around the place. It was extremely encouraging from our standpoint to find that there were quite a large number of farmers in Canada who were doing pretty well. They are absorbing a great number of the unemployed and this, remember, without any extra cost to the government, for we are using the same staff which heretofore had been engaged in outside immigration work taking care of the men coming into this country.

With respect to the families, this picture presented itself to the railways and to myself. There were many families who, during the last few years, attracted no doubt by the apparently prosperous position of industry, had come into the industrial centres seeking jobs in industry. They had accumulated some hundreds, and in some cases some thousands of dollars, and then they found themselves out of work, with their savings gradually dwindling for rent and taxes. We found a desire among them to go back to the land if they could get a farm suited to their purpose and within their means. We have found that many families, just such as I have described, are very anxious to go back to the land and to be sure at least that they have something to support them. The last figure I got as to the number of families placed upon the land in that way—I am speaking from memory—was in the neighbourhood of 2,700. I intend, in conjunction with the railways—and I hope as time goes on to be able to enlist other organizations which heretofore have been engaged solely in bringing people outside of Canada into this country—to concentrate our efforts in a way best calculated to ensure success in that work until the time shall have arrived, and I hope it will not be so very long, when Canada will be able to take a more comprehensive view of inducing people to come here. But when they do come, it will be my effort to see that they come under some disciplined plan so that there will be the least possible number of failures.

Mr. SPEAKMAN: Is it hoped that these family settlements will be permanent, that they will purchase farms?

Mr. GORDON: Yes.

Mr. SPEAKMAN: Are these abandoned farms held by the soldier settlement board or by the railways, or by both?

Mr. GORDON: Both.

Mr. SPEAKMAN: I notice an item for loans to boys. Is there anything being done in that respect now? Is free passage still being given to boys, and are many taking advantage of it?

Mr. GORDON: We are not carrying on that work now.

Mr. LUCAS: Do I understand the minister to say that free pasage is not being given to boys of from 14 to 19 years of age, from the old land at the present time?

Mr. GORDON: None now. Some boys were coming out to the provinces under agreement with us, but they have already arrived, and no more boys are being brought out.

Mr. LUCAS: When was that discontinued?

Mr. GORDON: Some of the provinces discontinued it at the beginning of last year. Others brought out a few this year—Ontario, for instance. Saskatchewan brought out about forty, and Nova Scotia about fifty.

Mr. LUCAS: Some of the railway companies were still advertising along this line in the old land as late as March 5 of this year. I have here an old country paper that was sent to me containing an advertisement headed, "Free Passage to Canada for Boys, 14-19." It reads:

On Monday, March 9th, at 7.15 p.m., Mr. J. G. Moxley, of the Canadian Pacific Railway Company, will give a lecture on Canada, at the Carlton Hall, Carlton Club, Victoria Arcade, Southend-on-Sea.

Films of life in Canada will be shown, explaining how boys can secure a free passage with no repayment whatever, and the chance of a loan of £500 at the age of twenty-one. Parents who have sons between the ages of 14 and 19 are kindly asked to attend. Particulars can be obtained from: Charles Dale, Gold Star Tours, 5 Clarence Street, Southend-on-Sea.

I should like to ask the minister if the railways are still carrying on these advertisements.

Mr. GORDON: No; that matter was brought to my attention some time ago and in communication with the railways I learned that such advertising had been discontinued. Boys coming out under various schemes by agreement with the provinces have already arrived, and no more are coming.

Mr. SPENCER: When were such advertisements discontinued? Only last week I received a letter from the old country informing me that the Canadian Pacific Railway Company is still advertising for people to come out to go on farms in the maritime provinces.

Mr. GORDON: The hon. member is not referring to boys?

Mr. SPENCER: No.

[Mr. Speakman.]

Mr. GORDON: Nova Scotia and New Brunswick, so far as I know, have always maintained that they could take care of selected families. Nova Scotia asked for one hundred families, and New Brunswick for a similar number. Requests were made particularly for British and Scandinavian races. We agreed to admit that number of people, and I believe it was stipulated that each family must have $1,000. Undoubtedly the railroads knew about the coming of those families, and the fact that they were keen for business accounts for the advertisements. I expect however that this year only about one-quarter the number will come out to the maritime provinces.

Mr. LUCAS Does the minister think it advisable under present conditions to spend large sums of money in repatriation work?

Mr. GORDON The only money spent at the present time for repatriation is $50,000 to the province of Quebec, and that province is spending an equal amount. While it may seem rather paradoxical to spend money on repatriation at this time, I think there is justification for it. We ought to be pleased to know that a large number of Canadians are returning. Although in the past we had hoped for their return we did not expect that it would be for the reasons which prompt some of them to come. Under any circumstances, however, they are welcome.

Mr. LUCAS: Surely we should not have to pay for their coming.

Mr. GORDON: That may be the view of the hon. member, but I am inclined to think that this money is being very well spent by the province of Quebec, and I should be reluctant to see such expenditures disturbed.

Mr. NEILL: I wonder if that statement applies to the repatriation of orientals in British Columbia? Would the minister spend $50,000 for the repatriation of orientals from British Columbia?

Mr. GORDON: Where to?

Mr. NEILL: To the orient.

Mr. GORDON: I think the hon. member has his gears in reverse, has he not?

Mr. NEILL: No, it would be highly desirable to repatriate them to the orient on the condition that they stayed away.

In vote No. 124 there is provision "for loans for stock, equipment, etc., for Canadians boys." I have always been in favour of such loans rather than bringing people from overseas. Do

those boys have to have money to begin with? Are they given land, or what are the general conditions?

While the minister is getting that information I might save time by asking another simple question. Under an order in council regarding immigration there is a clause that Americans may come in provided they have sufficient funds to maintain them until they secure work, or words to that effect. I should like to have an idea from the minister as to what sum might reasonably be expected to keep such an immigrant until he obtained work, especially under present conditions when work is very much at a premium. A man out of work at present may be in a similar position twelve months from now, and under such circumstances I am wondering what sum might be considered sufficient.

Mr. GORDON: There is no fixed sum.

Mr. NEILL: How is it arrived at? The order in council says that such men shall have sufficient money to keep them until they get work. Is it possible to tell by looking at a man, by knowing his name or by any other external evidence when he may expect work?

Mr. GORDON: Such decisions are left to the judgment of the officers at the ports of entry. They have to size up the men and make decisions. Some men may have $10,000 in their pockets and I might refuse to let them in; other men may have only 50 cents and might be allowed in. A great deal depends on the judgment of the officers at the border ports of entry.

Mr. NEILL: Such practice is not without some merit. We all know that a man's character is his best asset. At the same time, however, to tell all subordinate officers simply to use their judgment is not a good system. An officer may say, "Oh yes, come in" to almost any person. In these days when we are asked to pay large sums to relieve unemployment we should have a most definite plan. Such men ought at least to have $200 in their pockets.

Mr. GORDON: They have to have more than that.

Mr. NEILL: A minute ago the minister said only 50 cents might be required.

Mr. GORDON: A man would not be allowed to come in here with any amount of money and simply look around until he secured work we are trying to provide for our own people. He would have to assure the officer at the port of entry that he had means sufficient to provide for himself for some time. I have taken the stand that a man should have funds sufficient to carry him over the next winter. That attitude has been passed on to the officers at the ports of entry and has been adopted as a principle. The officers are instructed always to use their own judgment, leaning slightly towards rigidity in the enforcement of the law.

Mr. NEILL: Those are the instructions sent out, are they?

Mr. GORDON: Yes, instructions very much along that line.

Mr. SPENCER: I think those instructions are enforced on the other side of the line and not when the immigrant gets to Canada.

Mr. GORDON: Yes.

Mr. SPEAKMAN: Reverting to the matter of the families who at the present time are going on land, some of whom are purchasing land in the hands of the soldier settlement board, may I ask upon what principle the price of that land is based? Is it based upon the amount against a particular farm, or is the land appraised quite regardless of any debts which may have been accumulated against it by its former occupant?

Mr. GORDON: If my hon. friend will let the matter stand until we come to the soldier and general land settlement votes I shall be pleased to answer him.

Mr. SPEAKMAN: Very well.

Mr. NEILL: Have you any information about the Canadian boys?

Mr. GORDON: There is about $30,000 in that item but we do not anticipate we will spend any of it this year.

Mr. NEILL: You are not encouraging the Canadian boys to go on the land any more?

Mr. GORDON: The provinces at the conference did not care to join with us in that effort this year; therefore we are advancing no money.

Mr. NEILL: Why the vote if you are not going to spend it? I do not think it could be better spent than in encouraging our own boys to go on the land.

Mr. GORDON: We are not advancing the money this year because we are directing our whole effort in another direction, that is, to getting people who are able to go on the land themselves with their families without expense to the government. I am of opinion that a halt must be made on advances by this government to people to go on the land until at

least I have had a further opportunity of considering the policy. Sometimes I doubt the wisdom of making advances to put people on the land, because in my judgment at least it has not been a very great success.

Mr. NEILL: That is a matter of policy for consideration by the minister. If he is not going to spend the money why put it in the estimates?

Mr. GORDON: It is a small amount.

Item agreed to.

Empire settlement scheme, including grants to immigration societies, provinces, women's hostels, etc., as may be authorized by the governor general in council, $200,000.

Mr. SPEAKMAN: What is the difference between the women's hostels mentioned in this item and the women's hostels mentioned in the preceding item? There seems to be a duplication of phraseology, if not of activity.

Mr. GORDON: The words "women's hostels" should not be in the previous item at all, because no grants are made to institutions of that kind. I expect the wording has been carried forward from other years. The hostels under the British empire settlement agreement do get some grants.

Mr. LUCAS: What societies are getting assistance under this vote?

Mr. GORDON: None; but the grants will be continued to the women's hostels.

Mr. NEILL: They will not get the $200,000, will they?

Mr. GORDON: That is the total amount

Mr. NEILL: It seems to me we are passing these votes just because they were passed last year.

Mr. GORDON: There is a reduction of $350,000.

Mr. NEILL: Yes, but we have discontinued the empire settlement scheme, yet we are continuing the grants. The empire settlement scheme is at an end, is it not?

Mr. GORDON: No.

Mr. NEILL: Are people still coming out under it?

Mr. GORDON: There are a few people coming out.

Mr. VENIOT: In New Brunswick there are some.

Mr. GORDON: New Brunswick and Nova Scotia.

Mr. NEILL: That is where the provinces take care of it, is it not?

[Mr. Gordon.]

Mr. GORDON: The empire settlement takes care of it under the agreement.

Mr. NEILL: I think if that vote were cut in half the minister would have sufficient so far as he can explain.

Mr. GORDON: We will not spend that amount.

Mr. NEILL: Then why vote it? Just because it has always been voted?

Mr. GORDON: No. At the time these estimates were made up we reduced the amount by $350,000, and it was anticipated that it would be spent this year. It is quite true that we will not spend this amount, but nobody will be hurt by the passing of the item so far as I can see.

Mr. GARDINER: May I take the opportunity of bringing to the attention of the minister the unsatisfactory condition of the empire settlers in western Canada. Frequently we make a reduction of the indebtedness of our soldier settlers to the extent of 30 per cent of their land and equipment. If you make inquiry among the empire settlers you will find that usually they have paid for their land a price equal to the price paid by the original settler. The situation is simply this, —under present conditions the empire settlers carrying that load of liability find it impossible to succeed. I suggest to the minister that he take into consideration in cases where the prices paid were excessive the question of reducing those prices.

Mr. GORDON: The situation of the empire settlers in western Canada—that is the three thousand family scheme?

Mr. GARDINER: Yes.

Mr. GORDON: That has given me a great deal of concern. There is no doubt those men bought land at prices very much higher than they are to-day, and having regard to the setback in connection with the crop failures, it is obvious that many of them are not only unable to pay their instalments, but are having great difficulty in holding their farms. I do not propose to see any of those men have their contracts rescinded. The whole situation in respect to those settlers is under consideration, and I hope some equitable adjustment may be arrived at, although it is going to be very difficult because so many other people are in the same position with the mortgage and trust companies.

Item agreed to.

Chinese immigration—salaries and contingencies, $50,000.

Mr. REID: Will the minister furnish particulars of this item?

Mr. GORDON: These are the particulars:

This amount is to provide for salaries and expenses of officers and employees engaged in connection with the administration of the Chinese Immigration Act. These expenses consist of:

(1) Salaries, permanent staff.. ..	28,560
Temporary employees..	3,500
	$32,150

(2) Travelling expenses of officers doing Chinese investigation work and inspection of boats carrying Chinese crews; legal expenses re prosecution and deportation of Chinese; printing and stationery; uniforms; telegrams; telephone, cablegrams, etc.. .. .. . $13,850

(3) Hong Kong office contingencies:

Living expenses of D. F. Warren.	$ 2,000
Office rent..	1,500
Travelling expenses..	100
Printing and stationery..	100
Cables, postage, light..	200
Miscellaneous office expenses.. ..	100
	$ 4,000
	$50,000

Item agreed to.

Soldier and general land settlement, $1,960,000.

Mr. SPEAKMAN: In view of the fact that this service is to be reorganized and that the cost of administration will be reduced, would the minister explain the decrease in this item?

Mr. GORDON: There is a total decrease of $657,000, with an increase on the other side of the ledger of $302,000 leaving a general decrease of $355,000. That is purely a change of bookkeeping. Farms which were administered formerly under the general land settlement vote now will be administered under the soldier land settlement vote, which shows an apparent increase of $302,000 for that reason. On the other hand, the administration of general land settlement is decreased by $657,000, showing a net decrease of $355,000 for the year.

Mr. SPEAKMAN: Could the minister tell me in a general way how the price now arrived at compares with the price for which the land was sold originally?

Mr. GORDON: I imagine a great deal would depend upon the year in which it was sold. I think it would be a fair statement to say that to-day valuations are considerably decreased from the original price; there will be a loss in almost every case.

Mr. NEILL: I agree with the minister that it is right and proper that the land should be sold to-day at its actual value, but that puts us in this position: What about the empire settlers who are on the land; can you justly refuse them a revaluation? You cannot put yourself in the position of forcing off these men and then selling the land to someone else at a much lower price. If you are willing to take your loss, as you must, and sell to the newcomer at 50 per cent less than the other man paid, why not do justice and keep the empire settler on the land and give him a rebate?

Mr. GORDON: It does seem an anomaly.

Mr. NEILL: You cannot get out of that position once you do the proper thing and sell the land at its present value; why should you turn off the man originally put there?

Mr. LUCAS: I think something will have to be done with regard to the British empire settlers. As I understand it, most of these men were settled on abandoned soldier settlement land without a reduction. The soldier settlers proper were granted a reduction of 30 per cent last year, and some of these people coming out at the present time are being placed on these lands at their present value. Under present conditions it is hopeless to expect these empire settlers to pay for their lands at the prices for which they were sold a few years ago, and in order to keep them on the land some revaluation will have to be made. I trust that the minister will give this matter his very serious consideration. I have had a number of representations made to me by these men, and I promised to bring the matter to the attention of the minister. Then there is another point with regard to which I should like to ask a question. I refer to what is known as the tripartite agreement.

Mr. GORDON: The New Brunswick agreement?

Mr. LUCAS: No, it applies in the west. Here is the situation; A soldier settler takes over land from another soldier settler; that transfer is endorsed by the board, but since the second man was not originally a bona-fide soldier settler, to-day he does not get that 30 per cent reduction. I have in mind the case of a soldier settler who was settled in 1921 by the board. Later on, because of ill health, he was advised to give up farming, so he sold his farm to another soldier settler. After being away for a couple of years he

came back again and repurchased the land. Now he is refused the 30 per cent reduction, whereas had he remained on the land continually he would have been entitled to it.

Mr. GORDON: That would require a change in the statute.

Mr. LUCAS: I understand so, but I should like to ask the minister to give this matter his careful consideration.

Mr. GORDON: I am aware of some cases such as the hon. member has described. There is an apparent hardship, and I have the matter under consideration to see if some method cannot be evolved which will overcome that hardship. Fortunately there are not many of those cases.

Mr. SPEAKMAN: As a matter of fact, Mr. Chairman, both when the revaluation was permitted and the 30 per cent reduction was granted it was in the mind of the committee that those genuine cases of tripartite agreements were covered by the act. That was the intention of the committee, but it turns out that according to the phraseology of the act they are not covered.

Then I should like to say just one word in support of what has been said already as to the position of empire settlers and other civilian purchasers of soldier settlement lands. I am not going to bring forward any individual cases, because I think that is more or less a waste of time since they cannot be considered at a time like this. But I have a case in mind which is typical of a great many cases. It is the case of a man who moved from the dry area of southern Alberta into my riding in central Alberta, and who purchased an abandoned farm through the board. Up to about 1930 he did keep up his payments, but of course he is utterly unable to do so this year. I appreciate, and most of the settlers are begininng to appreciate, the fact that the minister has no intention of either putting them off the land or permitting them to be forced off at the present time. Naturally however, their debt is accumulating, the arrears becoming quite a burden; and while they are confident that the minister intends to safeguard them at the moment, they are looking to the future without much hope. The suggestion made by a number of them was that during this year, at least at a time when they do not expect payments to be made on a number of these farms, current interest be cancelled so that their arrears may not increase to a hopeless point. I realize that the minister has just taken charge of his department and is now reorganizing it, but I have no doubt he has the whole situation in mind. As regards these empire settlers; the soldiers who became settlers, not having been originally soldier settlers; and those civilians who purchased land abandoned by soldiers, none of whom have received the benefit of the reduction, I hope their cases will all be taken into the minister's careful consideration at his leisure, when he is relieved of his responsibilities in connection with the Beauharnois committee. I should like to see something done for these people, not merely from motives of generosity but on a business basis, so that they may be able to pay for the land and retain their self respect.

Mr. LUCAS: Perhaps the minister will make a statement in regard to the Burch case which I have discussed with him privately several times. Is he still prepared to give consideration to this case?

Mr. GORDON: It is the case of the carpenter; I know it very well. I may tell my hon. friend frankly that I have been struggling with the case, because while there is a good deal of equity on the side of the claimant, there is so little that I can do. However, I have it still under review and I hope to find some means whereby he can be compensated legally.

Mr. LUCAS: I am glad to hear the minister say that, because the soldier settlement board has certainly benefited to a considerable extent through this man. He is a carpenter, and returned soldier, and when so much has been done for others I think his case should be given consideration.

Mr. GORDON: It is a meritorious case.

Item agreed to.

DEPARTMENT OF LABOUR

Combines Investigation Act, $30,000.

Mr. REID: Why the reduction in this vote?

Mr. BENNETT: This is due to the duties placed upon the tariff board.

Mr. GORDON: Last year's expenditure was abnormal on account of the investigation in Toronto and the appeal to the judicial committee.

Item agreed to.

Administration, Employment Offices' Coordination Act, $17,000.

Mr. VENIOT: Shall we have an opportunity anywhere in the estimates of discussing the expenditures under the Department of Labour of the relief money last year? When can we discuss that matter?

Mr. GORDON: There is no item in these estimates under which it can be discussed.

Mr. VENIOT: There will be an unemployment vote?

Mr. BENNETT: There will be an opportunity for discussion when the bill is under consideration.

Item agreed to.

Progress reported.

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

Tuesday, July 21, 1931.

The house met at three o'clock.

INDUSTRIAL AND INTERNATIONAL RELATIONS

CONCURRENCE IN SECOND REPORT OF SELECT STANDING COMMITTEE

Mr. F. W. TURNBULL (Regina) moved concurrence in the second report of the select standing committee on industrial and international relations.

Mr. MACKENZIE KING: Would my hon. friend mind informing us just what the recommendations are?

Mr. TURNBULL: The report of the committee appears in the votes and proceedings. Briefly, the committee did not agree that there was any money spent in Canada on war, that the expenditures of the Department of National Defence were not war expenditures. Secondly, the committee was of the opinion that professorships and scholarships were not practicable to establish, first by reason of the expense entailed, and second by reason of difficulties of legislative jurisdiction as between the provinces and the Dominion. The third recommendation of the committee is that books on inter-imperial and international relations should be added from time to time to the library in the Department of External Affairs, and the fourth recommendation commends the League of Nations Society in Canada to members of parliament and to the people of Canada generally, and suggests continued support thereof.

Miss AGNES MACPHAIL (Southeast Grey): I do not agree, Mr. Speaker, with the first two recommendations of the committee. I do not agree with the statement of the committee that expenditure for national defence and cadet training is not money spent on war, because I think that defence when there is no war is really war in an inactive period or a native war. I do not agree with those two recommendations, and I shall say no more about them.

The committee also is of the opinion that scholarships and chairs on international relationships are not feasible partly because of the expense necessary for the establishment of the chairs, and partly by reason of the question of legislative jurisdiction as between the provinces and the Dominion. If scholarships and a chair in even one university would do anything at all to prevent war, I think we could very well afford it because we have spent huge sums and are still spending very considerable sums on defence. I do not agree that we cannot afford to spend the money necessary for the establishment of international professorships and scholarships. The other reason against such establishment given by the committee is the constitutional difficulties in the way. So long as we have a Royal Military college the money for which is voted by this parliament, the college being under federal jurisdiction, so long as the federal parliament is voting sums of money for technical education and cadet training or military education in schools, I do not and will not agree that there is a constitutional difficulty. Besides that we have the Minister of Justice in the late government (Mr. Lapointe) and the Minister of Justice (Mr. Guthrie) in this government, as well as eminent professors of international law at McGill and Toronto universities, all saying that the constitutional difficulty can be got around. I think, therefore, we can conclude that whatever the reason is that we do not go forward with scholarships at the moment, it is not the reason given in the report. My opinion is that we are not interested enough, and the moment that we are, we shall find ways of spending money for scholarships on international relations.

The third recommendation of the committee deals with the extension of the library of the Department of External Affairs and the making of that library available to research students. That recommendation is an admirable one, and I think it may be the beginning of a sort of summer school to which students of this particular subject can come and study. It may be that in the near future they may have the help of a librarian or professor, or someone who knows the work there.

The fourth clause of the committee's report is a pious wish for the success of the League of Nations Society in Canada. That is possibly better than nothing, but I am not so sure that it is much better than nothing, though I agree with it as far as it goes. That is all I care to say at the moment.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): As one who supported the motion of the hon. member for Southeast Grey (Miss Macphail), and also as a member of the committee I should like to add a few words to what has been said.

It seems to me that the committee has quite sidestepped the resolution which was submitted to it. It is all very well to say that it is a good thing to have an extension of the library of the Department of External Affairs and an extension of the work of the League of Nations Society in Canada, but these were not the matters referred to the committee. The committee had a definite reference, that for every one hundred dollars spent for war one dollar should be spent to promote peace. That resolution passed this house, and I do not think it is good parliamentary practice that a committee should simply waive aside a resolution that has been referred to it by the house itself.

Clause one of the committee's report states that the committee does not believe that money spent on the maintenance of the army or on cadet training and so on, is money spent for war, but that was very clearly the meaning of the resolution as understood by the house, and even if the phrasing were a little defective, it would seem to me that whilst the committee might call attention to the desirability of better phrasing, it ought not to have set aside the substance of the reference itself. I do think it is more or less of a quibble to say that money spent on our militia and on our standing army, on our ships and on our air force, does not constitute preparation for war. We have all along been told that armaments were an assurance against war. But the committee itself took new ground altogether when it said that, after all, our military force was simply a police force and was not to be used against outside nations, but rather for police purposes within Canada. If the viewpoint of the committee is correct, I think the public of this country ought to know that. I ventured to suggest something of that kind myself when the military estimates were up, and now I find my opinion endorsed by the committee, the members of which stated very clearly that they believe that our standing army is a police force to be used against certain sections of our people in Canada and not against foreigners outside.

The committee also state that the establishment of international professorships and scholarships is not practicable by reason of the expense. The committee was not asked to give that opinion. The house referred the question to the committee. In any case it is rather absurd for the committee to state that the expenditure of one dollar for peace out of one hundred for war is not a practicable thing. If that is in reality true, then I would say that the one hundred dollar expenditure ought to be wiped out at once. If we cannot afford to spend one dollar to promote peace and thus live up to our obligations under the Paris peace pact, it does not seem to me that we are financially in a position to spend one hundred dollars on our army and ships and air force. It is not merely the one hundred dollars that is spent in that way, but members of the house will recall that almost half the entire revenues of this country are now being spent on past wars. As I have said before, we are largely a debt-collecting agency, collecting from our people and turning over nearly half our entire revenues to pay for past wars. If wars have cost this country so much, it would seem that it is indeed economy to spend a few dollars in the effort to prevent wars in the future.

Again, I join with the hon. member for Southeast Grey in protesting that the committee ought not to constitute itself a court to say just where legislative jurisdiction lies. So long as we are actually giving money for cadet purposes, and thus far entering into educational matters within the provinces, I do not think that it can be argued that there is any very serious question of legislative jurisdiction entering into this matter. I regret that the committee has taken the stand indicated by the report. I hope that in the future the house will accept a motion along this line more favourably than it has done in the past. If we are really in earnest about the disarmament conference to be held next February it seems to me that instead of spending the few dollars proposed we ought to spend thousands, yes hundreds of thousands of dollars, in an effort to educate our own people so that they may be in the forefront of the disarmament movement.

Motion agreed to.

RAILWAYS AND SHIPPING

MOTION FOR CONCURRENCE IN THIRD REPORT OF SELECT STANDING COMMITTEE

Hon. J. D. CHAPLIN (Lincoln) moved for concurrence in the third and final report of the select standing committee on railways and shipping, owned, operated and controlled by the government.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, before this document is relegated to the limbo of things futile I should like to say a few words about its subject matter. The Canadian government is engaged in a rather large way in the business of transportation both on land and sea. On land the Canadian National Railways own and operate 23,668 miles of first track steam mileage in which are included 3,342 miles of eastern lines. Eastern lines are defined by the Maritime Freight Rates Act of 1927 as those lines lying east of Levis, Quebec. From July 1, 1927, the rates on those lines have been reduced by 20 per cent, and the government has made up the difference. The Canadian National Railways also operate 187 miles of electric lines. At sea they operate a coastal service on the Pacific coast of six vessels; three of them in the triangular service between Vancouver, Victoria and Seattle; two other ships are in the island service; two ships, the Dalhousie City and the Northumberland, on lake Ontario are operated under the name of the Niagara, St. Catharines and Toronto Navigation Company. They operate also two vessels plying between Chicago and Depot Harbour, a car ferry between Chicago and Milwaukee, a car ferry between Pictou and Mulgrave and two car ferries between Borden and Tormentine. The Canadian Government Merchant Marine owns a fleet of thirty vessels; a few years ago there were 60 vessels. The total tonnage at the present time is 239,170 tons. The Canadian National (West Indies) Steamships Limited operate twelve ships between Canada and the West Indies with a total tonnage of 60,592 tons. The government owns and will soon operate the Hudson Bay railway with a mileage of 510 miles.

My purpose in reciting these facts is to acquaint the country with this great enterprise and its cost during the last twelve years. The amounts which I shall give are disbursements which have been made either in cash or credit by the Canadian people since April 1, 1919. I may say that at the moment those disbursements amount to $1,663,675,517.61. I have before me the details of this sum. In cash we advanced to the Canadian National Railways between April 1, 1919, and March 31, 1923, $389,743,789.34. From April 1, 1923, to December 31, 1930, we advanced $57,482,652.91, making a total of $447,226,442.25. We guaranteed the bonds of the Canadian National Railways to the extent of $569,609,027. Included in that amount are $77,000,000 of retirements. In addition to this new capital we have secured to the railways $216,207,141.67, by guaranteeing the interest in perpetuity on the Grand Trunk railway guaranteed and debenture stock. Moreover we have guaranteed as to capital and interest Canadian National Railways debenture stock, of which there now remains outstanding $30,559,114. There has also been purchased equipment, for which equipment trust notes have been issued and remain outstanding to the amount of $94,680,000. These notes are not guaranteed, but the conditions under which they were issued make the country entirely responsible for them if the railways continue to operate. Under the Maritime Freight Rates Act there has been paid to the Canadian National Railways $7,897,360. The requirements of the Canadian National Railways for deficits, acquisitions and betterments for the present year are $120,000,000. I wish to say on that score that the amount estimated was $104,000,000. It was admitted, however, by the railway management when before the committee that although the estimates were prepared in April they were already $13,000,000 short. I think in view of present conditions it is a conservative estimate to place those requirements for the present year at $120,000,000. Furthermore we are pledged for $48,250,000 after this year's program of construction is completed; that includes branch lines, terminals at Montreal and the hotels at Saskatoon, Jasper and Vancouver.

With regard to the Canadian Government Merchant Marine, we were told that if this business were wound up to-day it would have cost the people of Canada $81,222,769.90, without allowing anything for interest. The deficit on the Canadian Government Merchant Marine, if we assume that it will be this year what it was last year, will be $588,500. We invested in the Canadian National (West Indies) Steamship Company $9,804,715. The deficit on that service last year was $523,136.98, and it is fair to assume it will not be less this year. This makes no allowance for interest.

Our investment in the Hudson Bay railway is something like $45,000,000, but since 1919 we have put into the Hudson Bay railway and terminals $31,756,417.

Mr. SPENCER: Does the hon. member think the last item should be debited against the Canadian National Railways?

Mr. HACKETT: If the hon. gentleman were listening he would not ask the question. There also has been spent on the car ferry at Prince Edward Island $2,500,000. Under the Maritime Freight Rates Act there has also been paid $2,922,891 to railways other than the Canadian National. These different items make a total of $166,367,551,761.

Now, Mr. Speaker, I do not think these figures can be controverted; in fact I have culled them from the records of the company and of the department. But it is one thing to hear and quite another thing to comprehend them. We all know that there comes a time when language utterly fails us. We know that the symbols of speech when used to express either facts or phenomena that are beyond our personal experience do not convey very much to us. It will be recalled that after the Franco-Prussian war when France, the richest nation of Europe, was condemned to pay to Germany $1,000,000,000, or 5,000,000,000 francs, it did not mean very much to anybody, because 5,000,000,000, or even 1,000,000 francs, was so far beyond the experience of the ordinary individual that it conveyed no definite idea. But when the gold began to move from France to Germany in carload lots, then the people understood what it meant, a carload was something within their grasp; then they realized the enormous indemnity which their country was called upon to pay.

This is the difficulty which confronts one when he attempts to explain something that is beyond the experience of his audience; it is the difficulty of the schoolmaster; it is particularly the difficulty of the clergyman. Who has not listened to laboured efforts on the part of clergymen attempting to describe the celestial sphere, or the beatific vision, or the deity or something else that has never been heard or seen? I recall once hearing a clergyman say in an attempt to describe the endlessness of eternity, that if a mountain which rose high above the plain were worn down level with it by the brush of a swallow's wing which passed over it once in a thousand years, then eternity would only have begun.

I think the Canadian people find themselves in a somewhat similar difficulty when attempting to comprehend, to understand, to grasp the full meaning of the indebtedness that has been placed upon them in the last twelve years. When one is confronted by this difficulty he resorts to indirect and possibly to inadequate means; he resorts to comparison, to anything that may illustrate, even indirectly, the point which he is trying to make. With that end in view may I point out that in the first forty years of confederation we added to our national debt at the rate of only $7,000,000 a year, so that on the fortieth anniversary of confederation we had added but $280,000,000 odd to the original obligation. Yet during the last thirteen years we have added to our national liabilities something like $130,000,000 a year for the purposes of transportation alone. For the last year of which the record has been completed the total expenditure of the government of Canada for all services was but $383,000,000, including something over $25,000,000 of capital expenditures. Yet the Canadian National Railways alone—and I may say to the hon. member for Battle River (Mr. Spencer) that a few moments ago I was not speaking exclusively of the Canadian National Railways, I was speaking of the venture in transportation on land and on sea, of the Canadian government—yet the Canadian National Railways alone spent last year, not $380,000,000 which the nation spent to carry on its work, but $421,071,409. The total pay-roll of the government of Canada in all services was but $90,808,425.71, whereas the Canadian National Railways paid out in Canada alone $159,675,000 for wages. The total number of employees of the Canadian government last year was 44,000, of the Canadian National Railways 100,678. The carrying charges in the form of interest on the funded debt due from the Canadian National Railways to the public at the end of this year will be $60,000,000, and in 1919 it was but an insignificant figure. On the eve of the war the total expenditure of the government reached the unprecedented figure of $144,000,000 a year. Yet the railways required from this country in new capital in 1929, $144,670,459 and $148,000,000 in 1930. I have cited these figures not for the purpose of arguing that any or all of these amounts have been improperly spent. I am attempting merely to make the point that the business of transportation as carried on by the Canadian National Railways is a far greater business in dollars and cents, in enterprise, in salary and in number of employees than is the business of administering Canada itself. And what precautions have we taken, as a people and as a parliament, that this administration be carried on as it should be? When moneys are spent by governments they are very carefully scrutinized; estimates come before the committee of the whole and sometimes hours are spent in discussing just how a few hundred dollars should be spent. Very frequently one avails himself of that opportunity to discuss how a few hundred dollars have been spent. When ways and means reso-

lutions come before parliament they are debated very carefully, yet when we called into existence the Canadian National Railways the very first thing we did was to kill the watch dog. By the statute which brought the Canadian National into existence we eliminated any interference or supervision by the auditor general, who is sent into every department of government to scrutinize, to check up and to certify as to the exactitude and propriety of every cent of expenditure. Yet when it came to the Canadian National Railways; in which we have billions of dollars invested, we utterly failed to exercise the most elementary prudence.

When we created this vast corporation, which constitutes the greatest mass of property brought under centralized control in Canada, and one of the greatest masses of property subject to unified control in the world, what precautions did we take? We put it into the hands of a manager, and over that manager we put a board of directors. Who constitute that board of directors? Honest gentlemen? That is conceded. Honourable gentlemen? Oh, yes. Good railway men? I am not certain how many of them know a hay rake from a hand car. What qualifications have they for the high office which they hold? There may be some exceptions but many of them have not, either by experience, by training or by aptitude the necessary capacity or opportunity to protect the country's purse. In my humble estimation if there is one thing more futile than the board of directors of the Canadian National Railways—more futile, be it understood, for the purpose for which directors are supposed to exist, which is to direct, to control, to supervise and to safeguard the interests of the shareholders, who are the people of Canada—it is this select committee on railways and shipping which, in a few short sittings, is supposed to check up the millions of dollars annually spent and make a report on the actions of the management and the board. If it were not so tragic it would be amusing. That a people who pride themselves on their enterprise and who have taken their place in the sun should, in a matter of business, be so absolutely lacking in the elements of common sense is beyond comprehension.

Mr. BEAUBIEN: May I ask the hon. gentleman a question? Was he restricted in any way before that special committee, either in asking questions or in making any inquiry he desired to make, even though he was not a member of the committee?

Mr. HACKETT: We have gone on with this noble experiment, as it has been called by some of its protagonists, for nearly thirteen years, and I submit that there are two or three facts which are absolutely incontrovertible. The first fact is that there is not in Canada sufficient business to maintain these railways in the state of efficiency in which they are operated at the present time. The second is that we cannot go on paying into the coffers of this company, to make up deficits, to acquire betterments and build extensions, a hundred to a hundred and fifty million dollars a year. The third is that the management has failed in the task which was allotted to it. The management was set up for what purpose? It came here to solve our railway problem. Has it done so?

An hon. MEMBER: Yes.

Mr. HACKETT: Yes? Any hon. gentleman who thinks our railway problem has been solved may select for himself a place in either category, that of the innocent or the ignorant. Any man who has seen our debt increased by $1,600,000,000 in the last twelve or thirteen years; any man who has seen the dead weight imposed upon the people increased to $60,000,000 a year in the payment of interest on funded debt alone and who thinks a solution has been found does not commend himself, I submit, to the good judgment of the people of the country.

I admit that the service provided by these railways is good; I admit that the personnel, the equipment and the road bed have all been carried to a high point of efficiency. But I consider that the capital expenditures and some of the administrative charges have been injudicious, lavish and incurred without any regard to our needs or our capacity to pay. Show me a single venture in the Canadian National enterprise that has succeeded according to the rule of profit and loss. There has not been a single venture, be it the hotels, the triangular or the coastal service on the Pacific, the Canadian Government merchant marine, or the Canadian National West Indies service, that has yielded one cent of profit.

I know that my hon. friend who sits opposite, the hon. member for North Waterloo (Mr. Euler), has said forsooth that public ownership of public utilities has a greater and higher purpose than that of profit: it is service, and service at cost. I ask, at what cost? The hon. gentleman possesses a serenity which I admire; but he is also capable of talking with his tongue in his cheek; when he asserted the other day that he wanted service at cost, and then proceeded to throw the cost out of the window—

Mr. SPEAKER: I do not think the hon. member is justified in making such a remark with reference to the hon. member for North Waterloo—

An hon. MEMBER: Let him go on.

Mr. SPEAKER: —and I must ask him to withdraw the statement that the hon. member "is capable of talking with his tongue in his cheek."

Mr. HACKETT: I withdraw anything I have said that may be thought to be offensive.

Mr. BRADETTE: Let him go the limit.

Mr. HACKETT: An amount of $604,000,000 in cash was put into this enterprise, all with the exception of $157,000,000 after the bankruptcy, every dollar of which was used by the company; and the hon. gentleman has argued that this should not form a part of the capital of the railways.

Now what is going to be done? The management has offered this solution: it suggests that we scrap the merchant marine. I have no objection to that, it is probably unfortunate for the taxpayer that this course was not pursued some years ago. Then the suggestion is made with regard to the railway itself, that we appoint a commission to investigate the condition of transportation in Canada. I take that to mean, Mr. Speaker, that the management feels that its effort of the last eight years has been unproductive and that it is incapable of finding a solution to our problem. It means that if it means anything.

I am not sure that it was possible to find a solution in the circumstances in which the management found itself. Commissions in the past have been a haven for those who were perplexed, and have furnished fodder for pigeon holes. However, commissions, like governments, are good, bad or indifferent as the men who comprise them are competent or otherwise. If a commission of men, judiciously selected and competent, cared to undertake the solution of this problem, I daresay it might yield to their treatment. I consider that the government is better able than any commission to deal with this situation; it is more capable of dealing with it, especially from the financial point of view. There is a limit quite regardless of what may have happened in the last thirteen years to the credit of the country. It is necessary, when we decide upon the future policy of this transportation system, that we realize that our treasury is not inexhaustible. I believe that the government, with such assistance as it can commandeer from the railways, and possibly from some outside sources, is in a better position than any other body of men to deal with this problem promptly and effectively.

Mr. POULIOT: What outside sources?

Mr. HACKETT: Rivière du Loup. But while we are dealing with this question, it seems to me that there are some aspects of it which are more urgent than others. In the first place, whatever may have been the success of the management in its administration of the properties there is one field in which it is absolutely supreme. It has outshone all its rivals in the gentle art of publicity. The Canadian National Railways have monopolized the agencies for disseminating news. They have their own publications which in no way minimize either the virtue or the achievements of those who form part of that organization.

An hon. MEMBER: What is wrong with that?

Mr. HACKETT: They control the radio service; they have a telegraph service; and they have so demeaned themselves towards the press of the country that, with a few rare exceptions, any copy which is not laudatory of the Canadian National is not good and fit copy to go to the public of Canada. I say, Mr. Speaker, that so long as this method obtains, this method of suppression which withholds news and which prevents public opinion from being formed, there hangs over the Canadian National system and over this country a peril which shortly will do it great harm. I submit, Mr. Speaker, that the great public of the country should be acquainted with the Railway situation. They should be acquainted with all its details; the people whose road this is—an institution which is of the people and for the people—should be thoroughly known to the public in all of its activities.

Another aspect of the situation which in my view requires immediate attention is the curtailment of all non-productive expenditures. I am of those who believe that steam traction ultimately will come back into its own, but at the present time it is challenged as it never has been challenged before. It is challenged on land by the auto truck and by the passenger automobile. It is challenged by the ocean; the Panama canal has done much to minimize the transcontinental movement of freight. The Hudson Bay railway was built for that very purpose. It is challenged by the deep waterways, that projected system of transportation

which has emerged from the realm of theoretical discussion and is rapidly becoming one of practical politics. If it becomes a reality, it must of necessity take much freight from the railways of Canada. It is even challenged from the air. Until we know what success awaits our steam roads, until we know they are going to withstand these challenges, and resist the inroads which are being made on their earnings, it behooves us to go slowly and discontinue these large capital expenditures, it behooves us to exercise some element of control. Whether this control can be exercised by appointing directors who know something about railroading, men who can give their full time to this work and who will not be selected because of some accident of political stripe or residence, men who will know something about the problems to be solved and who will be able to render useful service, or by naming some official of the government to direct and check expenditures, I know not, but it is abundantly apparent from the events of the last few months that such an element of control is needed.

I suggest that these publicly owned roads be made to pay their way and that future deficits be paid out of taxes. It is only by this means that the public will have an opportunity of becoming acquainted with these roads and knowing whether or not the benefits they confer are worth the price which they cost. We have been charging deficits to capital account and thus saddling the future with a heavy burden. The full cost of railway transport must be paid either by the classes served, by the taxpayers of the time, or, with compound interest, by posterity. To spread this cost over a long period in the name of constructive benevolence is to dull the instrument of financial criticism by which all well-ordered communities locate and analyze their financial weaknesses. Worse than that, Mr. Speaker, it is a direct invitation to posterity to indulge in that all-shattering denial—repudiation. Something should be done and done now. Every way we have turned during the last six months in an effort to curtail expenditure we have been told that we were too late. We were too late because a contract had been signed here, a sod turned there, or a statute passed here. The mocking spectre of "Too late" has dogged our steps for the last six months. I ask that something be done now to preclude further commitments before it is too late, not only for the roads but for Canada.

Mr. EULER: Mr. Speaker—

Mr. DENIS: Mr. Speaker, I have a question to ask.

Mr. SPEAKER: The hon. member for North Waterloo (Mr. Euler) has the floor.

Mr. DENIS: I desired only to ask a question.

Mr. SPEAKER: The hon. member for Stanstead (Mr. Hackett) has been speaking for forty minutes, and the hon. member should have asked his question during that period.

Mr. DENIS (Translation): Would the hon. member allow me to ask him whether the Canadian Pacific Railway would be willing to purchase the Canadian National Railways, at its actual value; moreover, would the hon. member accept the presidency of the Board of Directors of the Canadian National Railways, at a lower salary than that of Sir Henry Thornton?

Mr. HACKETT (Translation): As regards the Canadian Pacific Railway's intentions, I am unable to give any information, so far as the second question, it is not a serious one—

An hon. MEMBER (Translation): You must consider it.

Mr. HACKETT (Translation): —and I prefer not to answer it.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I fear I am not at all qualified to follow the hon. member for Stanstead (Mr. Hackett) in the melodramatic type of eloquence which he has employed; being but a practical man I cannot soar into the heights of imagination and eloquence to which he has resorted. The extravagant statements—I say this advisedly and I think I am within the rules of order—which he made, especially with regard to the attitude taken by myself, cannot do me any particular harm and I am sure they do not do his cause any particular good. When he refers to me as speaking on a previous occasion with my tongue in my cheek, that does not offend me particularly, although I might say that the same might not be true of the hon. member. I was just wondering whether it is the hon. member's own tongue that speaks or whether it is the tongue of somebody else.

An hon. MEMBER: That is pretty unfair.

Mr. EULER: I am just giving back a little of that given to me by the hon. member. The speech made by the hon. member on the address in reply to the speech from the throne has been practically repeated today, and for that reason I do not intend to take up the time of the house in replying because to do so would necessitate my using practically the same language as I did when speaking on the budget when replying to him. In fact, I had not intended to speak at all.

The report has been presented and it is stated to be a unanimous report and I am willing to accept it as such. In some respects the report was not exactly as I would have desired, but no legislation, committee work and so forth can be carried on entirely unanimously. We must give and take and so far as I am concerned there was a bit of compromise in that report. I did not desire to create friction and for that reason I was quite willing to allow it to be presented as a unanimous report.

I am at a loss to understand just what motive—I have no desire to impute wrongful motives—is behind the hon. member's speech. It is not a speech friendly to the Canadian National Railways, and I do not think my hon. friend would contend that it is that sort of a speech. I am at a loss to know just what good will be done by this speech. I intend to deal with only a few criticisms made by my hon. friend. I will not take up the financial structure of the railways, as this matter has been discussed and the charges of extravagance made by my hon. friend have been answered.

The hon. member for Stanstead was a welcome visitor at the sessions of the committee, and in fact I think he took just as much part in its deliberations as if he had been a member. I make no complaint in that regard, but the hon. member had every opportunity and seemed to avail himself of those opportunities to make the criticisms he has made to-day. As I followed the hon. member, his one criticism was that there was no audit made of the transactions of the board.

Mr. HACKETT: I did not intend to convey that impression.

Mr. EULER: I gathered that the hon. member contended that there was not a sufficient audit made of the expenditures.

Mr. HACKETT: Sufficient control.

Mr. EULER: I will accept that. As is well known, the Minister of Railways and Canals (Mr. Manion) has authority under the act to send in an auditor at his pleasure.

The hon. member says that the board is practically a useless body—I am giving the spirit of his remarks—and if its uselessness could be excelled it would be by the committee which has made this report. I will not say a great deal about that statement because I was a member of that committee. I will not say much about that board because it is a creature of the present government and in so far as the hon. member criticizes the personnel of the board, he is criticizing the government which he supports. I would say in passing—and the matter was discussed in committee—that I believe it would be possible to appoint a board which would be more efficient than the present board or the one constituted before the present one. Perhaps I am speaking of an ideal impossible of attainment, but if it were possible to appoint a board of directors of the Canadian National Railways, having only one qualification in view, namely that of fitness for the position and no regard whatever for political leanings, we would be going a long way in the right direction.

Mr. STEVENS: What about geography?

Mr. EULER: My right hon. friend brings up the matter of geography. I think he might find that even in the province of British Columbia there are men who would be absolutely competent and well qualified to serve as members of the board. May I say quite sincerely that if I were so fortunate, or so unfortunate as to have to attend to the appointment of members of the board of the Canadian National Railways I would not make my choice with any view to provincial allotment at all. I would try to obtain five, six, or eight, or whatever the proper number may be, men qualified for the work they would have to do. I would say further that we cannot expect the members of that board to give a considerable part of their time to the work of the board for the miserable pittance of $2,000 a year. True, there may be many men in Canada who possess a great degree of public spirit and are willing to give up their time and services for the public good. As a general rule however a man will generally do what he is paid to do. I make the suggestion, even if in a measure it may be a criticism of past governments, that in the appointment of members to the board of the Canadian National Railways consideration be given only to one matter, namely qualification for the work. There should be higher salaries paid so that it may be worth while for men to give their time and attention to the work of the board. So that we would not lose the benefit of the experience of men who have attained knowledge and ability in the management of the railways, it might be well if the terms of office did not terminate at the same time. Members might be appointed for two or three years, or five years, and at intervals as some members retire from the board some experienced men would remain so as to eliminate the possibility of

an entirely new board, none of the members of which would be familiar with railway practice.

That is a responsibility of the present government, and I should like to remind my hon. friend from Stanstead (Mr. Hackett) of that fact. He made one or two further criticisms, and another one which I shall leave to the last. He blamed the management, and in that connection I am not going to speak at length. I know there have been many rumours and charges about which I am going to say nothing. I believe the report of the committee might be accepted by parliament as speaking for itself. There have been charges of extravagance; something has been said about the building of hotels, and so on. If I so desired I could make comparisons, but I do not intend to enter into that phase of the discussion at all because, as I say, comparisons are odious and would lead only to discussions of no practical value. If there is extravagance I would say that it is a matter entirely within the control of the present government and the board appointed by it. If there is one statement I might make—and I do not wish my remarks to be construed as a criticism of the committee—if there is one thing in connection with which we may have gone a little farther afield than at times I thought we should go, it is that to some extent we were trying to do the work which properly belongs to the board of directors enjoying the confidence of this government.

Then my hon. friend made a further significant statement. He said that there is not enough business for the two railways. Perhaps he is right, but I wonder what inference he wishes the house to draw from that remark. When he makes that statement I think it is due to hon. members that he tell what the remedy should be. He says the railway has not been placed on its feet. I would say to him—and this statement applies to both railways, which are in the same position, although he has seen fit to criticize one and not the other—that those railways are bound by the laws of Canada to charge certain freight and passenger rates. I believe I am stating a fact when I say that if the freight rates in Canada had been as high as they are in the United States the Canadian National Railways would not be registering deficits but would be showing profits. Those lower rates have been for the good of the Canadian people; we have enjoyed lower rates in Canada, although we live in a less thickly populated country than do our neighbours to the south.

I have nothing further to say except that I think my hon. friend from Stanstead did not complete his speech. From beginning to end his words have been full of criticism, and I wonder what good they will do. I do not believe his speech will have a great deal of effect in destroying the confidence of the Canadian people in their National railway system. He has made the statement that the Canadian National Railways control the press—a statement which I regard as an insult to the responsible and respectable press of this country. I do not believe his statement that the Canadian National Railways control the press is founded on fact. I do not believe however that his criticism will have any greater tangible result than had the flight of the swallow against the mountain, of which he spoke. If there is anything in my hon. friend's statement that there is not enough business for the two railway campanies, which railway does he wish to survive. If my hon. friend and the people of Quebec do not know it, I think I am speaking for the people of the province of Ontario and the members on both sides of this house from that province when I say that we have a real confidence and belief in the principle of public ownership so far as the Canadian National railways are concerned.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker one day the member for Témiscouata asked the Minister of Railways:

Is the minister aware that the station at Riviere du Loup is in a deplorable condition and entirely unsuited to the requirements of the officials compelled to remain there?

The minister answered:

The minister is aware that the station is requiring certain repairs. Plans are prepared, and it is proposed to proceed with the work of improvement.

This answer was given by Mr. Blair, the then Minister of Railways and Canals, to a question put by my predecessor, the late Mr. Gauvreau, on February 26, 1900, at page 1006 of Hansard. The station was remodelled and enlarged in 1900, and for thirty-one years there have been no repairs.

Photographs were taken and shown to hon. members on June 10, 1931. It was impossible to take photographs of the inside of the station because of the extreme darkness. That very respectable Conservative paper the Toronto Mail and Empire contained the following statement on June 11:

The photographs were taken with a view to showing proof of Mr. Pouliot's complaints. On the set filed with the clerk, he has marked out what he terms the rats' entrance to the station, the manner in which the roof is warped and the ease with which rain water can—and does, he says—flood the station cellar every time Riviere du Loup has one of its frequent storms.

I wish to thank my hon. friend from York-Sunbury (Mr. Hanson) for the following statement which he made in the railways and shipping committee on June 17:

I have often had to get out at Riviere du Loup in the middle of the night. I have a great deal of sympathy for Mr. Pouliot.

My colleague from Hull (Mr. Fournier) told me that not long ago he visited Riviere du Loup by motor car, and while there he heard a noise on the top of the car. At first he did not know what the trouble was, but eventually learned that the shingles from Riviere du Loup station were dropping on the top of his car.

When the Prime Minister came to Riviere du Loup on July 15, there was a shower, and while standing on the covered platform shaking hands with his friends one of his associates had to hold an umbrella over his head so that he would not be injured by the rain. When His Excellency came to Riviere du Loup, they tried to raise the flag on the station flag-pole, but unfortunately as the pole was broken the flag seemed to be hanging half mast.

Let me now answer some of the objections that have been made by my hon. friend the Minister of Railways (Mr. Manion). On March 31, 1931, he said on page 484 of Hansard:

This station was dealt with as were other matters in the constituencies of other hon. members on both sides of the house, as a building program which could not be gone on with because of the decreased earnings of the Canadian National Railways and because of the large amount of money which this government had to raise for the purposes of the railway.

The same statement was repeated on May 12, 1931. Besides what has been paid for the Montreal terminals in 1930-31, parilament has voted $131,510,400 for capital expenditure of the Canadian National Railways. From September 16 to December 2, 1930, $1,296,-483.34 had been approved for new stations by this government. That is 15 times more than $83,271, which was the amount of the lowest tender. The difference between the appropriation and the lowest tender, $6,135, was 94 times or $575,348.34 less than the amount approved by this government for stations not in the Canadian National Railways budget. (Reference No. 314; Hansard, June 25 and June 29).

The second objection of the Minister of Railways was this, at page 1536 of Hansard of May 12, 1931:

My hon. friend seems to have the impression that the station at Riviere du Loup is the only station or the only railway building of any kind which was not built as originally proposed. Such, however, is not the case.

[Mr. Pouliot.]

Of six new stations included in the approved Canadian National Railways 1930-31 budget, it is the only one the construction of which the Department of Railways has refused to sanction, although the same department afterwards approved the construction or completion of five new stations not originally in the approved Canadian National Railways budget. (Reference No. 314, page 4).

The third objection of the Minister of Railways was this. He said, on April 15, 1931, on page 618 of Hansard:

What condition was that cellar in during the five years of the Liberal regime when my hon. friend was sitting behind the cabinet? Why did not my hon. friend have things fixed up during that five years?

In 1925, the first year I was elected, I sent a memorandum to Sir Henry Thornton asking for the building of that station, and I renewed my request every year, but each year Mr Appleton, the general manager at Moncton, replied that the management had to cut expenditures. In 1928 I succeeded in having an amendment made to the law in order to put the old government railways, especially the Intercolonial, under the control of the Board of Railway Commissioners. That is reported in Hansard of April 12, 1928, and of April 23, 1931, at pages 996 and 997. I wish again to thank Hon. Mr. Dunning for the change he made in that respect.

In December, 1928, the Riviere du Loup station was inspected by the provincial board of health, and their report will be found in Hansard of March 31 and of April 15 of this year. The recommendation of the board of health was endorsed in April, 1929, by the chamber of commerce and the city council of Riviere du Loup, as will be found in Hansard of April 15, 1931, at page 614.

On May 1, 1929, Mr. Appleton wrote to the secretary of the chamber of commerce to tell him that it was agreed that the Canadian National Railways would put an item in their budget of 1930 for building a station at Riviere du Loup. In May of 1930 an appropriation of $77,136 was voted in that connection. That will be found in return 313, and in Hansard of September 19, 1930. Tenders were called for in July, 1930, and I quote from the instructions given in connection with the tendering for the station building at Riviere du Loup, as will be found in reference 425, Hansard, June 22, 1931:

The work covered by this contract shall be commenced immediately the contract is awarded, and all the work shall be fully completed not later than February 28, 1931.

On April 23, 1931, I told the Minister of Railways:

If my hon. friend the Minister of Railways were the cleverest lawyer in Canada; if he were as good a lawyer as he is a doctor, I should nevertheless say to him that he has a very bad case.

I was referring to his defence of the decision that had been made.

On April 23 of this year, at page 932 of Hansard, the Minister of Railways said:

So far as I know there is no political patronage in regard to the Canadian National Railways.

I will tell the minister what happened in his absence and in the absence of the Prime Minister. I will give the details of the killing of the proposal to build a station at Riviere du Loup, which is just as interesting as a murder case. At a banquet which took place at Riviere du Loup on December 29, I said:

I am credibly informed that the defeated Tory candidate was in Ottawa on the day when the Department of Railways refused to sanction the construction of the new station at Riviere du Loup. He must have seen the Acting Minister of Railways (Sir George Perley) or communicated directly or indirectly with that department through the Minister of Marine. Either he did not have enough influence to force the minister to reconsider his decision, or he has instigated it. In the first case he is a useless being; in the second case, he is a noxious being.

On January 8, 1931, his companion, Mr. Leo Berube, stated publicly that I should either prove that statement or retract it. Mr. Berube is a lawyer of note, although he has been successively defeated in both the counties of Témiscouata and Kamouraska. He took the stand that the Témiscouata Tories were above reproach. I felt sure that I should be allowed at least to see Mr. Dube's correspondence with the Canadian National Railways and the government, and my surprise was indeed great when it was refused me because Mr. Dube was one of those who said that I should either prove or retract my statement. Instead of giving me a chance to get my evidence, he had that correspondence concealed by marking it personal. Is that good sportsmanship?

Now I come to the personal, private and confidential correspondence. On May 7, June 1 and June 15 I was refused the tabling of the correspondence between Mr. Dube and the Canadian National Railways. On June 5 and June 9 the Minister of Railways and the chairman of the railways and shipping committee told me that the answers to my questions would be given in the House of Commons. That will be found in the report of the railways and shipping committee at pages 5 and 25. On June 10, 1931, at page 2481 of Hansard, the Prime Minister said:

As the matter to which my hon. friend referred originated last year, it might be considered by the special committee.

The hon. member for Rimouski (Sir Eugène Fiset) replied:

The chairman of the committee has already ruled that as those questions are on the order paper they cannot be discussed in committee.

I observe by reference No. 355 that the Deputy Minister of Railways wrote to the under Secretary of State on June 8, 1931, as follows:

As the correspondence received from Mayor Dube is marked personal it is not brought down.

I personally objected to the non-production of the personal correspondence of that gentleman with the government. Why did he mark personal even letters that had been partly published in the press? In order to learn why, I had to ask numerous questions. With reference to no member of this house, may I be allowed to quote Job, chapter 34, verse 21:

There is no darkness, nor shadow of death, where the workers of iniquity may hide themselves.

The production of that correspondence would have saved lots of time. On August 23 Mr. Dube wrote to Mr. Appleton that the contract should be given to the local contractors, etcetera. That "etcetera" means a lot. There were two tenderers. Dumont & Damours, and Jos. Collin. On March 26 he wires to Mr. Dupre:

Dumont and Damours are Pouliot's strongest followers and friends.

That is in reference number 352. There was only another tender from Riviere du Loup, the tender by Mr. Jos. Collin.

On August 30th he wrote to Mr. Appleton asking for the name of the contractor to get in touch with him.

An hon. MEMBER: Who is that?

Mr. POULIOT: Mr. Jos. Collin, a good Tory from my county. He is advised that the tenders have been sent to Montreal for final decision. Then he is not any more successful in writing to the Minister of Railways (Mr. Manion), who had declared in the house it was not in the interest of the country nor of the railway to divulge the amount of each tender, and apparently he has not further satisfied his morbid curiosity. I congratulate the Minister of Railways on his discretion in that respect.

On September 4, last year, that gentleman wrote to the Solicitor General:

I will perhaps go to Ottawa during the last week of the special session.

He waited until the Minister of Railways left for Churchill before he came here, for the reason which I have just given.

At what date did Mr. Dubé come to Ottawa? According to Hansard of May 28, pages 2040 and 2041.

The Minister of Railways left for Fort Churchill Wednesday, October 1st, returned to Ottawa Saturday, October 11.

In Le Saint Laurent of November 27 the gentleman in question said that while in Ottawa he had had an interview with the Postmaster General, the Minister of Marine and the Minister of Public Works. On the fifteenth of this month the hon. Minister of Marine wrote me as follows—I translate his letter for the benefit of the house:

Mr. Dubé reminded me that in effect he had come to Ottawa in the company of Mr. Bérubé and that these two gentlemen met me, October 6, a Monday, on the train between Montreal and Ottawa. I remember the occasion well.

In our conversation on the train we discussed general topics. There even may have been mention made of the Riviere du Loup station but not in a way to change what Mr. Dubé wrote me on October 2nd. I did not see Mr. Dubé and Mr. Bérubé again—during their stay in Ottawa.

On October 2nd Mr. Dubé wrote the Minister of Marine insisting on a new building. He was then favourable to the proposal provided that Mr. Collin was the contractor. The Minister of Marine was at his office in Ottawa on October 6 as will be seen on page 3561 of Hansard of July 9. Then Messrs. Dubé and Bérubé came with him on the noon train to Ottawa.

What was their purpose in coming here? On August 20 Mr. Dubé wrote the Board of Railway Commissioners:

We are very anxious that this station shall be constructed immediately.

The same day he wrote to the Minister of Labour (Senator Robertson):

Authorization shall be given at once to Canadian National Railways to award contract as soon as possible in order that the work should be started without delay.

And naturally he was recommending a local contractor. He sent a copy of that letter to the Prime Minister, the Postmaster General, the Minister of Marine and the Solicitor General. On September 12 he wrote to the Prime Minister:

The contract shall be awarded without delay.

Collin! Collin!

An hon. MEMBER: Who is Mr. Collin?

[Mr. Pouliot.]

Mr. POULIOT: Mr. Collin is the gentleman who did not get the contract, and because he did not get the contract the station was not built. On October 2nd he wrote to the Minister of Marine:

Nothing shall delay the starting of the work.

On October 4th he wrote to Sir Henry Thornton:

Do all you can to rush that construction.

The travellers suffered a sunstroke on the way to Damascus. Before October 6, everything was going well. On August 9th the Board of Railway Commissioners had issued order No. 45205, reference No. 296, approving plans for the building of the new station. Proposed contracts were forwarded for the consideration of the department after they had been recommended by the board of directors or by the executive committee of the board of directors. My reference is Hansard of June 22, 1931. What was the resolution? There was a meeting of the executive committee of the Canadian National Railways at Montreal on September 2, 1930. Let me quote:

Submitted to the meeting a memorandum dated August 29 from Mr. Hungerford recommending that a contract be placed with the Stewart Construction Company Limited of Sherbrooke for $83,271—the lowest tenderer—for the construction of station building at Riviere du Loup.

It was unanimously recommended that such a contract be made.

It was declared that the immediate carrying out of the above resolution is required. (Reference No. 449.)

Messrs. Dumont and Damours were not recommended, but an outside firm at Sherbrooke—the same firm that two days later was awarded the contract for the station at Levis. This resolution recommending acceptance was forwarded on September 4th by Mr. Fairweather to the Department of Railways and Canals.

Speaking at Brandon, Manitoba, in June, 1930, the present Prime Minister is reported in the Winnipeg Evening Tribune of June 23, 1930, as follows:

I want to say that the Conservatives in power will give the Canadian National management a stronger support and a more disinterested support than they have had under the King administration. There will be less log-rolling and interference. The management will be better able to carry out their policies without politicians butting in and trying to stop them.

Everything was O.K. The only thing the travellers had to do was to stay at home to assure the building of a new station at Riviere du Loup, because the plan had been approved by the railway board and the accept-

ance of the lowest tender had been recommended by the board of directors; and as the policy of the right hon. Prime Minister was not to interfere with the management of the railway, the station was to be built.

The absent are not always wrong, and I am not putting the blame on the right hon. Prime Minister nor on the Solicitor General because at that time they were at the Imperial conference; the Secretary of State was in Berlin, Germany; the Postmaster General says he has no correspondence in that regard; the Minister of Marine in the letter of July 15 says he did not meet those travellers during their stay in Ottawa; my hon. friend the Minister of Railways was in Churchill. But there was one minister in Ottawa from the province of Quebec—the Acting Prime Minister, who on the 8th of this month said—I am quoting from Hansard, page 3505:

I was not absent from Ottawa a single day during the time the Prime Minister was away from Ottawa last autumn.

Now we come to the second part. While the delegation was in Ottawa on October 6, the matter was before council, although the Minister of Railways was absent from October 1 to 11, as we have seen. In Hansard of May 12, 1931, at page 1538, the Minister of Railways said:

The hon. gentleman has pointed out in this house on a number of occasions that I was up at Fort Churchill when the matter went through council.

In Hansard of June 22, at page 2865, will be found the following:

The matter was still before council when the Minister of Railways and Canals left for Fort Churchill.

According to reference No. 303:

No record can be found of such order in council as referred to by the Minister of Railways and Canals on May 12, 1931, relating to the proposal to build a new station at Riviere du Loup.

On July 16 I put this question on the order paper:

Was the proposal to build a new railway station at Riviere du Loup put before council?

To which the Prime Minister said:

Mr. Speaker, it has been held that this is an improper question.

Thereupon the Speaker declared the question out of order. The matter was important enough to be submitted to council. Therefore could it be decided otherwise than by order in council? On September 24, Mr. Bérubé, one of the travellers, wrote to my friend from Dorchester, (Mr. Gagnon):

We must act quickly—Il faut faire vite!

On the same day that the travellers arrived in Ottawa the secretary of the Department of Railways and Canals wrote to the Canadian National Railways to the effect that the department had refused to sanction the building of the station. Mr. Pugsley wrote to Mr. Fairweather on October 6:

I am to advise that it has been decided by the department—

I ask hon. members to note those words "by the department."

—not to award a contract for the construction of the proposed new station at Riviere du Loup, but to make repairs, etc.

That is reference No. 295. On October 6 the secretary of the Department of Railways and Canals, "acting upon instructions of the acting deputy minister," notified the Canadian National Railways by letter that the department had refused to sanction the construction of a new station at Rivière du Loup. That is reference No. 315, and Hansard, May 28, 1931. Before leaving for Churchill the Minister of Railways said the matter was still before council and that he did not communicate with anyone during his trip. This will be found at page 3048 of the French Hansard of June 22 and Hansard of May 28, He was accompanied by the deputy minister. It is strange that the acting deputy minister takes, proprio motu, such a step. Is it possible that a matter submitted to council was decided not by council not by the minister in charge, not by the deputy minister, but by the acting deputy minister? On June 22, I asked this question:

Under the authority of what minister, acting minister or person did the Department of Railways and Canals make a decision . . . .

The minister said he did not think the question was proper, and it was dropped.

What was the meaning of the refusal of October 6? On October 6 the plans had been approved by the Board of Railway Commissioners and the directors of the Canadian National had unanimously recommended the acceptance of the tender, in accordance with Mr. Hungerford's memorandum. On April 23 the minister said "the directors of the railway work in association with the management." Did the management decide to change their views? In reference No. 314 we find the following:

The Riviere du Loup station is the only one that the department refused to sanction the construction of as, it was alleged, there was no necessity for constructing a new station as with proper repairs, additions and improvements the existing accommodation could be made satisfactory.

On June 29 I asked if someone had reported after September 4, 1930, that it would be improper to build a new station. The answer was: Reference No. 314 contains no reference to any such report. See Hansard of June 29, page 3134. The first report from the railway is dated December 9, 1930; it is a letter from the assistant chief engineer to Mr. Alastair Fraser as follows:

It is quite correct that the railway called for tenders for a new station at Riviere du Loup, but these were entirely too high and it has therefore been decided to thoroughly renovate the present structure in order to meet the requirements of the travelling public.

It was written two months after the decision was made on October 6. The whole amount of each section of vote No. 323, 1930, totalling $51,600,0000 was not spent until three months later on December 31, 1930 (Reference No. 322); it was not spent on October 6. The assistant chief engineer says the tenders were too high. The lowest tender was nearly $7,000 less than the engineer's estimate, while at Levis a contract was approved having to do with a tender which was more than $6,000 over the engineer's estimate.

At last the cat comes out of the bag. Who made a decision so absurd and so diametrically opposed to the policy preached by the Prime Minister at Brandon? Was it an architect, an engineer or at least a foreman? No, it was the boss, the acting Prime Minister. The following appears at page 3561 of Hansard under date of July 9:

Mr. Pouliot: Who was the minister or the acting minister in charge of the Department of Railways and Canals on October 4, 1930?

Mr. Manion: The acting Prime Minister. Between October 1 and October 7 there was no acting minister in charge of the Department of Railways, but the acting Prime Minister could act for any minister, at any time, during the absence of the minister, without an order in council being required.

That is in Hansard for June 22, of this year. I asked if the same thing had been done by the same hon. gentleman (Sir George Perley) in other departments, but the question was ruled out of order. I asked how many times the same gentleman had been appointed acting minister, and that question was also ruled out of order.

In Hansard for June 22 I find the following:

Proposed contracts are forwarded for consideration of the department after they have been recommended by the board of directors or by the executive committee of the board of directors.

Tenders were received at Moncton on August 26, and were submitted by the company to the department, the approval of the department being required because such construction involved a capital expenditure by the Canadian government railways. That is from reference No. 317.

Now I should like to discuss the illegality of such unwarranted intrusion by the acting Prime Minister. According to Halsbury, seventh volume, page 46, the Prime Minister acts as the medium of communication between the cabinet and the crown. This means no administrative duties. He is the first amongst equals. In the revised statutes of 1927, chapter 1, section 31 (f) I find the following:

If a power is conferred or a duty imposed on the holder of any office as such, the power may be exercised and the duty shall be performed by the holder for the time being of the office.

Subsection (1) of the same chapter reads:

Words directing or empowering a minister of the crown to do any act or thing, or otherwise applying to him by his name of office, include a minister acting for, or, if the office is vacant, in the place of such minister, under the authority of an order in council, and also his successors in such office, and his or their lawful deputy.

Chapter 171, section 3, of the revised statutes of 1927 is as follows:

There shall be a department of the government of Canada which shall be called the Department of Railways and Canals, over which the Minister of Railways and Canals for the time being, appointed by commission under the great seal of Canada, shall preside.

(2) The minister shall have the management and direction of the department, and shall hold office during pleasure.

Section 7 of the same chapter is as follows:

The minister shall have the management, charge and direction of all government railways and canals.

The day after October 6 the acting Prime Minister was appointed by order in council P.C. 2349 as acting Minister of Railways and Canals, and acted as such from October 7 to October 11. Perhaps this was done because the banks refused to finance any corporation which had a contract unless the gentleman who had to approve same was appointed acting minister of that department. In the meantime he submitted to council only one order. On October 8, 1930, P.C. 2370 was passed having to do with orders for additions to the station at Levis. See Hansard, June 1, page 2197. Then, at page 482 of Hansard for March 31, of this year I asked the following question:

Mr. Pouliot: Was he appointed acting Minister of Railways and Canals in order to refuse to sanction the construction work at Riviere du Loup?

Mr. Manion: Certainly not.

This is no joke; if an order in council was necessary for the station at Levis how could the acting Prime Minister decide the case of Riviere du Loup in the absence of the minister, and without consulting him? The acting Prime Minister was not in charge of the department, according to the law of the land. The person who was in charge of the department was the Minister of Railways; he was not in Ottawa but he was in charge of the office, and the action of the acting Prime Minister was an unwarranted intrusion. May I repeat here what I have already said this session, that the right hon. Prime Minister and the Minister of Railways never would have done such a thing or made such a decision, if they had been here at the time.

Let me add that the Prime Minister has only the right of supervision over departments, and I contend that that decision of the acting Prime Minister was illegal and void. The province of Quebec has been kind to my hon. friend (Sir George Perley); he has been elected six times in Argenteuil and I regret that in the sunset of his life he has done such injury to a little town of the province which has done so well for him.

On May 22 the minister of railways said:

I do not intend to be bulldozed by the hon. member.

He forgot that the word "bulldoze", according to Webster, means the intimidation of negro voters in Louisiana. Was there a negro in the wood-pile? No contractor but Collin was to be allowed to build the station. His tender was for $44,864 more than the appropriation, for $38,729 more than the lowest tender and for $31,756 more than the railway estimate. He was "the local contractor" who had been recommended so often by Mr. Dubé to the Canadian National and to the government. On October 11, Mr. C. E. Dubé sent to the deputy minister of railways a copy of the letter which every contractor tendering on the Riviere du Loup station received. The letter was dated October 7 and was addressed to "Mr. Jos. . . . . ., general contractor, Riviere du Loup station." The Canadian National were returning his deposit cheque for $2,500 and his employers' liability bond amounting to $10,000. (Reference No. 300). It would be highly interesting to know who were Collin's bondsmen, but at any rate, according to reference No. 466, the bond was returned to Mr. Collin on October 7 last. This person was the highest tenderer, he was guaranteed by bondsmen and Mr. Dubé and Mr. Bérubé argued his case here, but it was impossible even for the Acting Prime Minister to recommend the acceptance of such an extravagant tender. The conclusion was reached, however, that the station should not be built by anyone else, because the profiteers could not have their chance.

According to reference 314, a decision was arrived at on October 4. I had asked whether on that date any letter, memorandum, note or other document had been sent by or had emanated from the member for Argenteuil, in the absence of the Minister of Railways, to the acting deputy minister or to the secretary of the Department of Railways and Canals, with reference to awarding the contract for the construction of the proposed new station at Riviere du Loup. This will be found in Hansard of June 29, 1931, at page 3135. The answer was that there was no such document. On July 8 the right hon. member for Argenteuil said: "I do not keep a diary." On July 13 I inquired whether there had been a sitting of the council on October 4, and the Prime Minister objected to the question. On July 15 the question was ruled out of order. The 4th was a Saturday and the 6th a Monday, and it is improbable that there was a sitting of council on either of those days. No record can be found of such an order in council as referred to by the Minister of Railways in Hansard of May 12, 1931. relating to the proposal to build a new station. (Reference No. 303). There is no written evidence to prove that the decision was made on October 4. Is there not a clerical error in this? It reminds me of the old puzzle: What looks like an egg, is round, like an egg, has a yolk and a shell, and barks? The fellow to whom this puzzle was put replied, of course, "I don't know"; whereupon the answer came, "Why, it is an egg." The other fellow objected that an egg does not bark and the man who proposed the puzzle explained that that was added to make the puzzle more difficult.

May I say that Mr. Dubé and Mr. Bérubé were still in Ottawa on October 7, when the tenders and deposit cheques were returned. On January 8 Mr. Dubé published a letter bearing no date and with the signature of the then Acting Prime Minister, in which it was stated that the writer had not met him for six months. When I asked for the date of the letter the question was ruled out of order. The same ruling was made on July 15, with regard to the request for the production of the entire correspondence between these two parties.

After the delegation had come here the sum of $475,000 was included in the unemployment scheme for a station at Saint John, New

Brunswick, and the gentleman of whom I spoke said that, as he had not been elected, he had no promise to fulfil, although his correspondence had been referred by the private secretary of the Prime Minister to the Minister of Labour.

There were protests from the chamber of commerce of Rivière du Loup on November 27, as well as from the board of health. These references can be found in Hansard of March 31 and May 22. On March 27, according to a return, reference 4676, which can be found in Hansard of April 15, the railway board reported to the effect that they had rescinded their first order, approving only the plans for repairs. This is the only matter in respect to which I think the Minister of Railways is at fault, for it could not have been decided without his knowledge. I regret this, inasmuch as I do not blame him for some venial sins of inaccuracy. On May 22, at page 1906, the minister said:

> If the government requests the Board of Railway Commissioners to give Montreal and other interested districts an opportunity to appear in this matter, the Board of Railway Commissioners would hardly dare take any other course.

The present budget of the Canadian National Railways includes $15,000 for repairs. This is absolutely inadequate, because specifications attached to the approved plan of repairs do not comply with the recommendations of the board of health, nor do they contain any provisions for the building of a cellar, the solidifying of the foundations, and the making of a new roof. There was a new protest by the city of Rivière du Loup, on April 13, as will be seen in Hansard of April 23, page 914, Mr. G. Spencer, chief operating officer of the railway board, reported on March 23, 1931, that the matter of a new station might reasonably be deferred for the present. But he cannot state that a new station is not necessary.

When discussing generalities, Mr. Speaker, one seldom comes to a definite conclusion. I have studied a concrete case to learn what had been the relations of the government with the Canadian National Railways in the absence of the Prime Minister and the minister in charge. I regret very much not to have been as pleasant to the acting Prime Minister as was the South American brass band. On May 23, 1931, the correspondent of the Montreal Star wrote:

> In tribute to Mr. Pouliot it should be recognized that, while his persistence may not have succeeded in convincing parliament that the Riviere du Loup station is a national issue, it has resulted in directing attention to other important matters to which the discussion has led.

[Mr. Pouliot.]

I suggest to the government that they should cover the illegality of the decision of October 6, 1930, by removing the injustice which has been done to a small centre in the province of Quebec. If not, I will come back again session after session, and when I am asked whether I am downhearted, my answer will be, no.

Sir GEORGE PERLEY (Argenteuil): I wish to congratulate the hon. member for Témiscouata (Mr. Pouliot) on having occupied a great deal of the time of the house in discussing Rivière du Loup station. I shall not comment at any length on his remarks, because I am sure that there is not a member who is not absolutely tired of the hon. gentleman's discussion of this subject. If I had not always found him so genial I should think he was really in earnest in his tirade against me to-day; but my own impression is that he simply wishes to get the matter on record for political purposes.

Mr. POULIOT: No, no.

Sir GEORGE PERLEY: He has made a great mystery of the matter—

Mr. POULIOT: The mystery was yours.

Sir GEORGE PERLEY: I did not interrupt the hon. gentleman when he was speaking and I would ask him to show me the same courtesy. Now, he has accused me of unwarranted intrusion in regard to this decision about the Rivière du Loup station. I resent that imputation as strongly as I possibly can. I do not think I have ever been known, either in this house or outside, to have intruded into anything with which I had no concern.

This matter which he has discussed at such length is very simple and plain. Hon. gentlemen who are privy councillors know that members of the government frequently have meetings at which no orders in council are passed, but at which various matters of interest at the time are discussed by everyone present with a view to arriving at the best decision in the public interest. This question of the Rivière du Loup station was brought up in that way before the Minister of Railways left for Churchill. At the same time we had before us other proposals for expenditures by the Canadian National Railways, and in regard to a number of these, including the Rivière du Loup station, it was decided that it was unwise to proceed at that time. For that reason no recommendation to council, as far as I know, was ever brought in. But it was decided after discussion among ourselves that it was not advisable to authorize

the construction at that time; so that all that happened was that there was no order in council to confirm the proposal of the directors of the Canadian National Railways in regard to the building of this station.

I am quite prepared, as I always am, to take my share of any criticism, and if necessary a little more than my share. In this instance, however, the action taken was that of the members of the government who were present in Ottawa at that time, including the Minister of Railways and myself and others who were there on that occasion. We took the responsibility as a government.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I do not know whether it is possible to get back from Riviere du Loup station to the discussion of the general principles contained in the report which is before us. The hon. member for Stanstead (Mr. Hackett) gave us the impression that he had made his speech because he wished us to love and not to despise our own railroad. If the hon. member was sincere in that desire it seems to me that he took a very strange way of trying to effect the result. It appears to me that his criticism was most unfair. He took this great public enterprise, the Canadian National Railways, and denounced many of its departments and activities without making any comparison with similar departments and activities of its private competitor. I do not know that any blame can be attached to the Canadian National because it has its own publications. As a matter of fact the Canadian Pacific has its own publications which are very carefully edited and distributed. I do not know that any particular blame can be placed upon the Canadian National for having its own telegraph system; the private road has its own telegraph system. I do not know that there is anything reprehensible in the Canadian National operating its own radio. As far as the question of hotels is concerned, it may be that it has built too largely and has catered to a certain element in the community more than it should have, but if it has done that it is because of the influence of big business in the sphere of private competition. If the hon. member had really intended that we should come to love our own national system he would have offered some constructive criticisms by which we could improve the present method of carrying on the work of the road.

The hon. member criticized the scrutiny made by a committee of this house of the estimates of the Canadian National Railways. It seems to me that the work of this committee is one of the finest pieces of work done by the house. I was very much interested a few years ago when the government went so far as to set up a committee of this character. It seems to me that we would be well advised to have similar committees discussing the estimates of the other departments. If the estimates of the Canadian National Railways were discussed in the committee of the whole as are the estimates of the other departments, we would be here until next fall. I think it is an excellent idea that hon. members should be given an opportunity to meet the president and higher officials and discuss in detail the expenditures and policies of the company.

We all recognize that public ownership on a scale such as we have in the Canadian National Railways is altogether new in the history of our country. A fair trial should be given to this organization. What does the hon. member for Stanstead propose as an alternative to existing arrangements? Would he bring back the old patronage system which existed in the days of the Intercolonial railway? I do not think any hon. member would seriously consider that that is the best way to conduct our business. Does the hon. member mean that we should turn over our own road to a private corporation? If he does, why does not he come out and say so instead of trying to persuade this house that he is trying to get us to love our own road? If I have any criticism to make of the Canadian National road and its management, it is that we copy too closely the methods in vogue in private corporations. It is well known that we took over private companies which had become bankrupt. If we had built from the ground up things might have been different, but we all know that it was to save what was left from private enterprise in which there had been multiplications of all sorts that the Canadian National was organized, and gradually developed into the present system.

The hon. member for Stanstead states that those charged with the management of the road know nothing about railroads, they would not know a hay rake from a handcar. That may be a catchy phrase which may be picked up by the press but—

Mr. HANBURY: The hon. member was speaking about the directors, not the management.

Mr. WOODSWORTH: Yes. The hon. member stated that they did not know anything about railroading, that they would not know a hay rake from a handcar. I suggest that that is not constructive criticism. If the board of directors is not what it should be, let us have a change. We had one change not so long ago; if desirable, let us have

another. It has been thought best that men should be brought in from different professions and businesses and from different geographical points; if that is not a good policy, let us alter our policy. This matter is in the hands of the government. One wonders why a government which has discouraged any adverse criticism from the back benches permits an assault to be made upon the Canadian National Railways by a back bencher. I hope the government is not sympathetic with the viewpoint expressed by the hon. member for Stanstead.

Mr. MANION: I would suggest to my hon. friend that the hon. member for Stanstead has as much right to speak in the house as he has.

Mr. WOODSWORTH: I admit that.

Mr. QUINN: The hon. member is the champion of free speech.

Mr. WOODSWORTH: I should be very glad to think that the hon. member for Stanstead is on his own and is defying the government. I should be glad to find that that is the case, but my contention is that in a great many instances the supporters of the government do not get up and criticize the policies of the government.

Mr. QUINN: We can if we want to.

Mr. WOODSWORTH: But you do not.

Mr. QUINN: We can do that when it is necessary, but in this case it is not necessary.

Mr. WOODSWORTH: It seems to be necessary in this case.

An hon. MEMBER: The hon. member makes a speech every day, that is enough.

Mr. WOODSWORTH: The hon. member for Stanstead would have us believe that the Canadian National had a strangle hold on the press of this country. I do not think that suggestion can be taken very seriously especially when one considers the number of newspapers denouncing the Canadian National Railways. Evidently some papers have not come under the control of the Canadian National.

The hon. member pointed out a fact which I think is evident to everyone, that there is not sufficient business to maintain the road up to its present standard. That is equally true in the case of the Canadian Pacific Railway, but it was not pointed out that in either case the charges must be borne by the people of this country. The idea is so often expressed that it is only in the case of the Canadian National that the taxpayer has to pay when, as a matter of fact, it is equally true of the Canadian Pacific. That railway managed to store away large reserves, some of them hidden, and now in a time of crisis they bring forth those reserves in order to continue partly to pay their regular dividends. That may be legitimate business, but none the less those dividends are being taken out of the pockets of the people who use the railroad. It is a charge on the industry of this country. It is all very well to say that the railroads should pay their way, but they have never done so. If the Canadian Pacific had been left to finance and push through its road, I do not suppose it ever would have been pushed through to completion. We know that enormous grants in land and money were made to the Canadian Pacific, and we know that at that time there was a Pacific scandal comparable to the Beauharnois scandal of the present day. We are inclined to pass over these things because they are so far in the past.

An hon. MEMBER: It does not compare with the present scandal.

Mr. WOODSWORTH: It was serious enough in those days. I do not minimize the seriousness of the present scandal; they are both bad. When we say that our railroad should pay its way we forget that in the earlier stages the Canadian Pacific did not pay its way. It is paying its way to-day because of the high freight rates which were charged. If it is desired that the Canadian National should pay its way, the only fair thing to do is to cut down the enormous capitalization which bears no relation whatever to the physical assets. If we would cut out that part of the capitalization that represents the graft which occurred in the earlier days, perhaps the Canadian National would come nearer to paying its way.

Mention was made, for example, of the enormous load that we carry in the Canadian Government Merchant Marine. This is one unit of the system which undoubtedly has led to very heavy losses. The report of the committee states:

> In this respect we wish to point out that the total original cost of this enterprise, which was undertaken solely as the result of the exigencies of the war, was approximately $80,000,000.

In addition to that, throughout the whole period a deficit of over $57,000,000 has accumulated, and this does not include the depreciation on the present boats, which amounts to $17,000,000. I think the members of the committee are to be commended because of so definitely placing this responsibility where it really lies. This big expendi-

ture was undertaken, in the words of the committee, solely as a result of the exigencies of the war. That item should be put in as part of the war expenditure. It should never have been included as a part of the cost of the public services of this country. So again it seems to me that a good deal of criticism is beside the mark when we consider the actual facts underlying the development of the Canadian National railway system.

Mr. CHAPLIN: None of that is chargeable to the Canadian National Railway.

Mr. WOODSWORTH: No, but it was criticized by the hon. member for Stanstead when he was criticizing the publicly owned services. Most of the criticism I think does not bear fairly on the principle of public ownership. It may be that much is to be desired in the management of the Canadian National. Undoubtedly the report reveals that. The recommendations of the committee advocate some very great changes. It seems to me that this is a frank recognition that there is much improvement to be desired in the management of the Canadian National Railway as we have had it in the past. There is one thing that has not been mentioned by way of criticism, on which I venture to interject a few words at this point. I have never liked the idea that the president of the Canadian National Railway, Sir Henry Thornton, should become a bank director, a director of the Royal bank. I know that some differ from me in that regard and consider such a move as essential to the successful carrying on of the road.

Mr. QUINN: He is financially qualified, is he not?

Mr. WOODSWORTH: Possibly, and there may be certain advantages about it, but there are also serious liabilities, and with a road that is government-owned I do not think it is well for us to ally ourselves with a particular financial group in this country. It is too dangerous.

After reading the report and hearing something of the discussion, it seems to me that one of our chief difficulties lies in this, that because of the competition of the government road with the private road a great many expenditures have been forced upon the public road. Then, again, there is another reason for this large expenditure. I think that to too large an extent the public-owned road has been copying the practices that are prevalent among private corporations. That is undoubtedly true, so that if there is criticism along that line it applies equally, if not more so, to most of our private corporations.

I note that among the recommendations of the committee there is one that, where possible, we should reduce the expenditure on operation and maintenance. We will all agree with that, stated in such general terms, but I hope the committee did not have in mind a reduction in wages; that is the wrong end at which to begin. All our economists to-day are telling us that one of the difficulties in our modern economic structure is that we have given too little in the way of wages and services, and allowed too much in the form of capital expenditure.

Mr. ARTHURS: Does the hon. member refer to wages or salaries?

Mr. WOODSWORTH: I would include both. As a general principle I say that too little has been given in that form. The hon. gentleman has referred to salaries. He has anticipated what I wanted to say. It seems to me that there is altogether too great a discrepancy between the higher paid and the lower paid, and if we are going to have a reduction of wages and salaries I say let us begin at the top and let the percentage cut be bigger at the top.

Mr. CHAPLIN: If the hon. member will examine the report, he will find that special reference was made to salaries, and nothing was said about wages at all.

Mr. WOODSWORTH: Quite so.

Mr. CHAPLIN: But we did say specifically that salaries should be reduced. Surely that covers the ground.

Mr. WOODSWORTH: I am quite in sympathy with that recommendation.

Mr. SHORT: Then why bring in the question of wages at all? It was not referred to.

Mr. WOODSWORTH: I am bringing it in simply because it was not referred to. It might well have been referred to, with a suggestion that wages should not be cut.

Mr. CHAPLIN: There was no intimation of cutting wages.

Mr. WOODSWORTH: I know there was none, but there has been a pretty general drive to cut wages, and I think the Canadian National Railways have maintained an excellent attitude in that regard. It has reduced wages to a very small extent, and it has not cut off its employees to nearly like the same extent as the privately owned road. On the part of some that policy has been the ground of criticism against the Canadian National Railway.

In reviewing this report may I urge then that while in a general way we ought to try

to reduce expenditures, we ought not to permit a reduction of wages. The chairman of the committee has referred to the special section dealing with salaries. Perhaps I might be permitted to read that:

In view of the decreased revenues of the company, and the economies being made in other branches of the service, your committee are of opinion that the executive committee of the board of directors should immediately consider the whole question of salaries, allowances, disbursements, pensions and retirement provisions for executive officers and officials of the company receiving salaries of $5,000 and over, in order that every reasonable and proper economy should be effected.

I agree absolutely with that clause in the committee's report.

Mr. McGIBBON: Are there any clauses the hon. member does not agree with?

Mr. WOODSWORTH: I was mentioning just now what I thought was one omission. There are two clauses to which I should like to call attention, if only to underline them. Some of us from the west, and I should like to speak for some of the members from the west as the hon. member for North Waterloo (Mr. Euler) has spoken for some of the people in Ontario, feel very strongly on this matter of public ownership. Some of us do feel that there has been some slackness in the expenditures of the Canadian National. Some of us feel that there have been expenditures which were not justified, although in fairness it may be said that comparatively only a short time ago we were passing through almost boom times when no expenditure was considered too great. There were these large expenditures on hotels, and so forth, which in my judgment were quite unjustified, and which catered to one particular section of the community rather than to the masses of the people. There are two brief sections in the report which I have marked. One reads:

Your committee while of opinion that many of the salaries are much too generous, and in some instances excessive, accede to the expressed wish of the president that the list be not published for the reasons given by him.

If I understand it aright, the reason for not publishing the list is the reason usually advanced by private companies, that it is a matter of private business and ought not to be given out to the general public. Now, as most hon. members know, I am decidedly in favour of publicity in such matters; I do not think that publicity is dangerous. I can quite well see, however, the difficulties in this particular matter because we are dealing only with our own road. It might very well be that with no basis for comparison the mere publication of certain figures might be misunderstood or misinterpreted. I can understand the viewpoint which was held by a considerable number of members in committee. I cannot however see why the time should not come when the higher salaries in the Canadian Pacific Railway ought not to be published just as much as those in the Canadian National Railway. After all when a road receives so much from the public as does the Canadian Pacific Railway, when it can go to the railway board and ask that freight rates be maintained in order that it may keep up its dividends, I say that the details of the business of the road should no longer be private. There is no good reason why the larger salaries on the Canadian Pacific Railway should not be published side by side with those of the Canadian National Railways.

Then there is the further sentence:

Your committee strongly condemn the practice which has grown up under which the Canadian National Railways are chargeable with large amounts for payment of the social entertainment and other activities of officials on other than official business.

Again let me say that in that regard I should like to endorse the findings of the committee. It seems to me that the practice described in the sentence I have just read is most reprehensible. We are all aware that practices of that sort are commonly indulged in by other great corporations, and the excuse is often made that under our present competitive system unless our road did that sort of thing it might lose business. I do not know if that argument is sound but I do know it is often advanced as one reason why our road in competition with others should resort to such practices. Be that as it may, since the road is government owned, surely scrutiny cannot be too careful or detailed.

I should like to express my hearty concurrence in the recommendations by the committee. My hope is that we may lop off those things which are inimical to the best interests of the road. If housecleaning has to be done, we will have to do that housecleaning, but we must not endanger the general principle underlying the great public utilities of which we are justly proud.

Right Hon. R. B. BENNETT (Prime Minister): The observations of the hon. member for Stanstead (Mr. Hackett), to which the house listened this afternoon, reflect only his own personal views. It is the privilege, I take it, of any hon. member when the report of a committee is presented to make such observations as he may desire to make concerning any particular public matter.

In conformity with that practice the hon member for Stanstead has expressed his opinions. They were stated in terms which represented his own views, and his own views only so far as this government is concerned, with respect to the matters about which he spoke.

I do not purpose to discuss the report or to say more than this, that since I have had the responsibilities of office no matter has given me more concern or pressed more heavily upon me than has the railway situation in Canada. I do think, as I have so frequently said, that it is time hon. members studied the situation in all its ramifications; for we are a people only 10,000,000 in number with railway facilities far beyond our requirements. We have an enterprise owned by the people of Canada who acquired it under circumstances to which I shall not refer this afternoon. In competition with a privately owned road they have endeavoured to maintain that railway system. They have placed money into its operation with great freedom and willingness; they have backed it with a courage and determination which I think at least has satisfied those who had to administer the railroad that nothing any government has done in this country has stood in the way of every reasonable effort being made to advance the fortunes of the railroad When the opportunity comes to discuss the affairs of the railway company I am sorry to find that there is a group which thinks that any criticism constitutes adverse criticism of the ownership of the road. That has not been so. Surely, however, for the same reasons that hon. members criticize expenditures by departments and estimates submitted by ministers, in the very nature of things there should be free criticism with respect to every matter connected with the administration of our own property. If the hon. member for Stanstead expressed his personal views I can only say that he has not expressed the views of the government or those I hold personally. For instance, the board of directors may be all that he says they are. For my part I think they are a reasonable cross-section of the Dominion of Canada, and that in every reasonable way, taking them man for man, they represent the whole of Canada. They are men from every walk of life, men experienced in corporate management, professional men or farmers. If one were to take the trouble to analyze their records he would find that those directors represent in a general way the people of Canada.

Traffic conditions are bad—very bad. Those conditions however are not confined to our own road but exist as well in respect to other roads. It is unfortunate that the mere discussion of a situation should resolve itself into recriminations between individuals. I think the hon. member for North Waterloo (Mr. Euler) was correct when he said that the report of the committee represents a compromise of conflicting opinions. The fact that it was unanimous was to me a matter of great personal gratification, because I had followed the proceedings of the committee only in a casual way, and when I saw that a unanimous opinion had been arrived at I thought the members of the committee were to be congratulated, and the country was to be congratulated upon the fact that it was possible for the committee to arrive at a unanimous opinion. In fact what has been said to-day has only strengthened my personal views.

I think if the house will take the trouble to analyze what has been done since the present government came into office and the effort it has made to maintain the integrity of the property consistently with the obligations which in the end must be borne by the Canadian people, hon. members will be satisfied that no step has been taken other than for the purpose of advancing its well being and proper management. It does not follow, however, that in so doing, hon. members will agree wholly with everything that has been done; for certainly there are many hon. members who will join in the criticisms urged in the report with respect to those three steamships on the Pacific coast. The answer is, however, that this parliament agreed to their operation. It is much to be regretted that we have those three vessels losing such tremendous sums of money and serving no useful purpose. My only difficulty has been to understand how it was possible that they should have been constructed. They are there, however, and we have to deal with the situation as it exists.

I fancy the hon. member for North Waterloo realizes that criticism of that nature is sound and constructive. At the same time there is some force in what was said by the hon. member for Stanstead, that it is pathetic to think we must always be too late. All the thinking in the world will not unscramble that situation. It is there, and our business is to try to meet it. I put it to the members of this house fairly that it is rather an intolerable burden, isn't it, when in addition to trying to provide for the financial situation of the country you have to carry a load with respect to the railways, and find yourself saddled from month to month and from day

to day with enormous deficits with respect to the operation of something which a committee of the house think never should have had being? That is a reflection upon all of us, upon this parliament and every hon. member who was in it when the arrangements were made, and upon every government which has had to do with it. There is no doubt that thoughtful people are beginning to realize that fact and to ask questions about it. I realize that in the very nature of things you must expect mistakes to be made; $6,000,000 or $7,000,000 is a big mistake and it takes a lot of money, it takes an enormous amount of traffic to pay the interest on it. When you realize that the boats are not earning their operating costs, not enough to pay for the fuel, the oil, the wages of the crew and the upkeep, it becomes a serious matter. If criticism of that kind is made in a committee of this house—as it was—and that committee arrives at a unanimous opinion —as it did—I think the committee is to be commended for the action it has taken.

I did not intend to make such a lengthy statement because I am not going to discuss the merits or the demerits of the many matters referred to this afternoon. It suffices for my purposes that a committee of this house, representing all parties, having considered thoughtfully and carefully—in so far as it is possible in a limited time thoughtfully and carefully to consider an undertaking of such magnitude with activities which extend not only throughout every province but also into several of the states of the American union—having so considered these matters, have arrived at a report which is unanimous, and I hope it will be unanimously adopted by the house. For no change in policy can ever take place in respect to this publicly owned property unless the people of Canada, speaking through this parliament, so determine, and there has been no evidence of that so far as I have seen.

But I should like to remind those who, like the hon. gentleman who has just taken his seat (Mr. Woodsworth), talk strongly about a certain policy with respect to the ownership of property, that they must never forget that the true test which in the end will determine the success or failure of the venture is the efficiency and effectiveness of the management; and unless we can get the same efficiency and effectiveness in the management of our own property that private enterprises command in theirs, we cannot succeed. The hon. member for North Waterloo put that very fairly the other day, it struck me. I think that is true. We must get it in our minds that the stake we are playing for is really the success or failure of the great undertaking upon which the Canadian people embarked some years ago, and which succeeding governments have been endeavouring to maintain in a successful manner. If there are differences of viewpoint by successive administrations, I am sure the common sense of the Canadian people will realize that it is not because one party is viewing the undertaking from one angle and another from another; but that the method of approach as to efficiency and economy on the one hand differs from the method of approach as to efficiency and economy on the other hand. That this house must exercise increasing control with respect to expenditures is only axiomatic when you come to contemplate what vast sums are involved, and how they concern every taxpayer in this Dominion. The success of the whole venture rests upon the efficiency of its management; and the efficiency of its management is reflected by the attitude of this parliament, whose members represent the shareholders; for it is an unfortunate fact—I directed the attention of this house to it many years ago—that the only place where the shareholders of this great enterprise can make themselves vocal is in this chamber. That is, we, two hundred and forty-five members, are the shareholders' spokesmen, their proxies and representatives, at the only form of annual meeting that counts so far as this enterprise is concerned. If, seized of that sense of responsibility, we approach the matter from that angle, I think we shall appreciate that the committee did attempt to reconcile divers opinions and opposing views with the purpose of arriving at constructive suggestions and recommendations, and then present a unanimous report. In that sense I think it is an achievement of which the committee can well be proud, and I commend the report to the consideration of every member. But I would not deny to any member on this side or the other the right to express any opinion he feels, but I should like it clearly understood that in so doing he represents his own opinion and not the opinion of myself or of any member of this administration.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Perhaps my hon. friend from Bow River (Mr. Garland) would permit me to follow the Prime Minister?

Mr. GARLAND (Bow River): Mr Speaker, I shall be very glad to do so if the house will rise at six o'clock, for I wish to make some extended remarks on the hoped-for work of the Canadian National Railways.

Mr. MACKENZIE KING: I thank my hon. friend. I have but a few remarks to make. The Prime Minister has referred to the anxiety he has experienced since coming into office with respect to this great railway problem. I am sure he could not feel that his anxiety on that score was any greater than was my own at the time, nearly ten years ago, when the Liberal administration assumed office and was confronted with the railway problem that existed at that time. There were then three different railroads or systems, each of which was in considerable difficulties, but all of which have since been combined into the one great Canadian National Railway system. We found that the Grand Trunk Railway system, because of its being in a state of bankruptcy, had been taken over as a government railway by the preceding administration. It was under its old management and control. We found the Canadian Northern Railway, then a part of the government railway system, also under separate management. We found the Grand Trunk Pacific Railway, also a part of the government railway system, in the hands of a receiver. The task which confronted the then administration was to bring those three systems—including the old Intercolonial—into one great national system, to find a president who would be a competent executive, and to arrange for a board of directors.

The problem, in a word, was a choice between a monopoly on the one hand or government ownership competing with private ownership on the other. That was the alternative which had to be faced at the outset—whether we should seek to bring about a combination of all the railways in Canada in one great monopoly, and whether that monopoly should be privately owned or government owned. To the government of the day it seemed that the wisest course was to avoid monopoly and to have competition between the privately owned company and the publicly owned company; we believed that as a matter of fact competition would be good for both, that government ownership would have its best trial were it placed in a position of competition with an efficiently run, privately owned system, and that a privately owned system such as the Canadian Pacific Railway would find itself also aided through the force of competition with an efficiently run government owned system.

The decision being to establish of the three railway systems first mentioned a government owned railway system, the next problem to be considered was whether that system should be run by the government under political influence or control, or whether it should as far as possible be removed from such influence and control. The decision reached was to remove the system from government control just as far as was consistent with the circumstances mentioned by my right hon. friend, namely that the people of the country themselves were the shareholders of the system. In establishing the government owned system the object of the government was to give government ownership a fair trial. That was the way in which the policy of the government of the day was presented to the country, and we felt that it would not have a fair trial if there were government interference in the management of the road.

Once it had made up its mind as to the policy to be pursued, the government sought to secure as president and executive head of the new system the best executive that it might be possible to find. It took some little time to discover a competent executive head, but I venture to say that the people of Canada to-day will agree that, having searched a great part of the world as we did, had we searched the world over we could not have found anyone who, in the period of years which has since elapsed, would have given more satisfaction than Sir Henry Thornton has given in the management of the affairs of the road. With Sir Henry Thornton we associated a board of directors, and in order that the system might be free from government control the president and board of directors were given to understand that it was their business to run the Canadian National Railways just as Mr. Beatty and his directors ran the Canadian Pacific Railway. That was the ground on which the position was accepted by Sir Henry and it was the declared policy of the government, the purpose being, as I have said, to give government ownership the fairest trial possible, altogether free from political interference.

Now may I say that it was not without some misgivings that the government entrusted to any group the complete management and control of this great system, misgivings as to the expenditures which might be made, and as to the improvements, extensions and the like which might be requested. There was the further difficulty with respect to any program of railway construction and the like, that not only did the board have to determine its own policy but the administration of the day had to be relied upon to get that policy through this parliament. On more than one occasion, as hon. gentlemen will remember, the board did submit to parliament a plan which they believed to be necessary and which they thought would be most

effective. There was for instance the branch line program, which we succeeded in passing through this house but which was defeated in another house. Thereby the railway was prevented from carrying out, at the time thought most desirable, some of the improvements and extensions which the management believed would have advanced the system.

The point I wish to make at the moment is that the government gave to the president and board of directors a free hand; we sought to keep them free from any attempt at political control, and I have yet to hear mention of any influence the government of the day sought to bring to bear upon Sir Henry Thornton and his board of directors other than that of restriction with respect to some of the expenditures they wished to make. It may be, as my right hon. friend has said, that some expenditures have been indulged in that could have been prevented. Some things may have gone a little further than might have been the case if this house had been controlling affairs. No matter who might have been in control there would have been room for criticism. The main point is that the railways have had a chance under government ownership, free from political control, and now we have before us an object lesson as to the possibilities of government ownership on a large scale, as contrasted with the possibilities of private ownership.

May I say that with the greater part of what my right hon. friend has said this afternoon in relation to the report now before the house I am in entire agreement. Personally I am pleased that the committee have found it possible to make a unanimous report; personally I do not regret any criticism which they may have made of what seemed to them extravagance, or of what they have felt to be necessary in the way of cutting down certain expenditures. I know that personally so far as the merchant marine was concerned, I often felt it was very questionable whether those ships should be continued in service year after year at a loss. But it was pointed out to the administration that the Canadian Pacific Railway had vessels afloat which connected its land transportation system with other countries by water routes, and that for the Canadian National Railways to be denied a similar right would be to restrict and handicap that line to the benefit of its great competitor. Arguments of the kind prevailed. If the committee have come to the conclusion, after the experiment has been tried and it has been made apparent that in these particulars the cost is too great, that it will be the part of wisdom to discontinue these services, personally I am inclined to feel that they have given the matter very careful and full consideration, and that their report in that regard should be adopted. As the Prime Minister has said, the committee have gone into the matter in a more detailed manner than is possible in this house at this time. Studying the report as I have, in the light of such knowledge as I have gained in watching the developments of the last ten years, I am inclined to feel that the note of caution which the committee have sounded to the Canadian National Railways, in the matter of limiting its outlays, is very wise. In saying this, I should also say that had there been any attempt on the part of the administration of that day to interfere with the views of the president, and board of directors as to what was most in the interests of the road, the criticism at the time, or today would not have been directed against the Canadian National Railways, but would have been levelled very directly at the late government for having interfered with a government owned system.

Mr. GARLAND (Bow River): Mr. Speaker, as it will not be possible for me to conclude my remarks before six o'clock I would ask you to call it six o'clock now.

Some hon. MEMBERS: Go ahead.

Mr. GARLAND: I regret that hon. gentlemen opposite do not see fit to grant me a courtesy which on many occasions we have granted hon. gentlemen opposite. If they insist on my proceeding at this untimely hour of course I must bow to their decision in the matter.

Mr. MACKENZIE KING: I suggest that my hon. friend was courteous enough to allow me to follow the Prime Minister, and probably it was in his mind that the house would grant him the courtesy of beginning his remarks after recess if that were necessary.

Mr. BENNETT: It is not usual to call it six o'clock at 5.45, but if it is the will of the house there is no reason why it should not be done.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SERVICE LOAN AND FINANCE CORPORATION

The house resumed from Friday, July 17, the debate on the motion of Mr. Lawson for the consideration of Bill No. 118, to incorporate Service Loan and Finance Corporation.

Mr. J. E. LAWSON (West York): There seem to have been more misstatements with respect to this bill than there have been with regard to any other bill that has been before this house since I have been here.

Mr. BROWN: Mr. Speaker, is the hon. member closing the debate?

Mr. SPEAKER: I take it he is. If any other hon. members wish to speak they should do so now.

Mr. MICHAEL LUCHKOVICH (Vegreville): I am very sorry that the hon. member for West York (Mr. Lawson) had not the opportunity of explaining this bill, which I think needs a good deal of explaining. Possibly after he had explained the bill I might have changed my opinion with respect to the way I would vote on it should the question come up for a vote to-day. An hon. member, in expressing his opinion on this bill which is now before the house, spoke to me privately of the odious odour cast off by a vicious rodent which he thought was hidden somewhere among its objectionable sections. I asked him what he thought of the principle of the bill and his answer was, "Principle? There is no principle in this bill; but I smell a rat and I think it should be destroyed."

Now, Mr. Speaker, I do not know what rats smell like, nor should I care to smell one even if I did suddenly discover its presence in this bill. So far as I am concerned, rats, Al Capone and exorbitant money lenders all smell alike. There is, however, one service which the rat could perform by virtue of its presence in this bill: it could chew the bill up holus bolus, preamble, principle, sections and all, and then make a hasty retreat from this house down Parliament hill, ending its own hideous life as well as the life of the bill at the bottom of the Ottawa river. I think that by this time I have made myself quite plain where I stand on the bill.

Now I have said that I am not aware of the presence of any rat, nor have my nostrils communicated to my mind any inkling of the nature of the beast. But I do see in my mind's eye drops of blood trickling from a pound of flesh held aloft in the hands of those people who would profit by this bill should hon. members present to-day allow it to pass this house. I do not smell a rat, but I do see clots of blood and pieces of flesh smeared and dangling everywhere, the nauseous odour of which even now emanates so strongly from the bill that has been sponsored by the hon. member for West York.

The bill, on the face of it, looks innocent enough; but it is said that the devil is not so bad to look upon if he has a definite place to go and is dressed up in his holiday clothes. The sponsor of this bill would have us believe that the trouble with those who oppose it is that they do not understand it. That is exactly what the woman said when she could not get along with her supposedly worse half —"my husband does not understand me." The hon. member for West York would also have us believe that the bill calls for a paltry seven per cent. That looks lean enough at first sight, but there is more than seven per cent in the bill. To tell the truth, I do not like the bill's hungry look. It looks too ominous to me. It is not so much what this bill says as what it leaves unsaid. The bill does not say, for instance, that a possible seventeen per cent might be charged, but we have the word of the superintendent of insurance as to that potentiality.

May I for a moment digress to ask who the sponsor of the bill may be. I am informed that he is one of nature's noblemen from West York. Look at his kind and genial face, the intelligent features, the broad and noble brow, the light and graceful figure. Can it be that the hon. member who sits over yonder, who has been destined to sit with the mighty, would lend the powers of his intellect to a scrap of paper that is not worth his fettle and that has neither truth nor poetry in it? Is it possible, Mr. Speaker, that the hon. member for West York does not realize the real import of the bill?

I am still very sorry that the hon. member had no opportunity to give us any further explanation that he might have with respect to the sections of this bill. It is therefore with reluctance in my mind and with alacrity in my heart that I am forced to admit that another promising young member of this house has gone astray. If the hon. member for West York has not yet seen the error of his ways, I would beseech him to repent before it is too late; and if he has any tears to shed I hope he prepares to shed them now. For what the hon. member for West York is doing by sponsoring this bill is virtually putting himself in the place of the rest of

the would-be Shylocks behind it who are seeking to obtain the sanction and authority of law, and who, having obtained it must now needs whet their knives to cut the forfeiture from the inevitable bankrupts that would be rendered thereby.

I invite hon. members again to turn their gaze to yonder end of the chamber, in the direction of yonder sponsor of the bill, and try to conjure in their minds a picture of said member whetting his knife on the sole of his shoe and testing its sharpness with one of his long scraggly hairs. Like myself I think you would find it very hard to visualize the dapper young man from West York in any other shape or form than can be seen right now with the naked eye. However, wittingly or unwittingly his support of this bill clothes him with a character which he does not and should not possess. This bill is like the Irishman, it does not know when it is licked. It has been beaten to death and thrown out of the select standing committee on banking and commerce and now it is sneaking back into this chamber virtually asking hon. members to subject it to another annihilation. I wonder whether this bill has as many lives as a cat? If I knew that it had more I would be constrained to speak a little bit longer than I originally intended. It has been killed already but thanks to the serum injected into it by its sponsor, it has come back to life again. It is like the bad penny, always turning up.

It is like the notorious gentleman across the line, Al Capone, full of scars and other bad features, seeking the protection of law in order to carry on his nefarious work. Al Capone got rid of his enemies by mowing them down with machine guns. By means of powder, lead and gun, Capone rid himself of One-Eyed Ike, the killer, Snaky Joe the blackmailer and Bugs Moran the would-be bootlegger king. If I have not named the gentlemen correctly I hope some hon. member will put me right because I am not an authority on these matters. However, suffice it to say, that they were done away with because they stood in the way of Capone's ascension to power as chief cook and bottle washer in his own neck of the woods. Likewise Bill No. 118 does not intend to tolerate any rivals because in paragraph (b) of subsection 1 of section 5 we read the following:

> The company may throughout Canada—
> (b) notwithstanding anything contained in the Interest Act, or in the Money Lenders Act, or in paragraph (c) of section sixty-three of the Loan Companies Act—
> (i) lend money secured by assignment of choses-in-action, chattel mortgages or such other evidence of indebtedness as the company may require, and may charge interest thereon at the rate of not more than seven per centum per annum, and may on all loans deduct the interest in advance and provide for repayments in weekly, monthly or other uniform repayments: Provided that the borrower shall have the right to repay the loan at any time before the due date, and, on such repayment being made, to receive a refund of such portion of the interest paid in advance as has not been earned, except a sum equal to the interest for three months,
> (ii) charge, in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company in making or renewing a loan authorized by the next preceding subparagraph (i), including all expenses for inquiry and investigation into the character and circumstances of the borrower, his endorsers, co-makers or sureties, for taxes, correspondence and professional advice, and for all necessary documents and papers, two per centum upon the principal sum loaned,

This bill would first get rid of its enemies. Enemy No. 1 is the Interest Act; enemy No. 2 is the Money Lenders Act, and enemy No. 3 is the Loan Companies Act. In justice to this bill it must be said that it does not murder these acts, it merely ignores them contemptuously. Al Capone puts his enemies on the spot and then snuffs them out forever more; this bill just takes them off the spot and renders them impotent. It adds insult to injury by saying to the aforementioned acts: You're only a trio of palookas, deadbeats and has-beens who do not mean a thing in my life. To all this the hon. member for West York chants "Amen." After taking its enemies, as it were, for a ride, the bill then goes on to state how it is going to hold up the public. It starts out innocently enough with the statement that all that will be asked is a measly seven per cent, but as we go on we see the said sum swelling up like the pumped flat tire of a tourist's bus. This bill has contracted another old Capone custom, that of collecting toll. It has contracted the disease of the gimmes; it has "gimme this," "gimme that" and "gimme the other thing."

Mr. FACTOR: I rise to a point of order. I submit that the hon. member has no right to compare legislation sponsored by another hon. member to the methods used by Al Capone.

Mr. SPEAKER: The house has no information as to what Al Capone is.

Mr. LUCHKOVICH: I am merely trying to convey to the house the nefarious character of the legislation we are asked to pass. The reason I have compared it to Al Capone is

because he is the best parallel of which I know. I have just as little use for Al Capone as has the hon. gentleman who just interrupted me. I have said that this bill has contracted the disease of the gimmes. In other words it would do exactly what Al Capone is doing in Chicago. The charges permitted by this bill seem to be unlimited. I might point out that the company behind this bill is operating already under a provincial charter but it wants to extend its tentacles to the rest of Canada. That is just another old Capone custom; he, not being satisfied with his native haunts of Cicero, must extend his operations to the other wards of Chicago. The seven per cent mentioned in this bill is too much like the old ditty of the spider and the fly to be genuine. The company, being the spider, virtually says to the people, who are flies, what is exemplified by the following verse:

Will you walk into my parlour
Said the spider to the fly,
'Tis the prettiest little parlour
That ever you did spy.

My advice to the people of Canada and to hon. members of this house is:

But if the fly is wise
He never would go in;
He would know very well
There was nothing there for him.

That just about expresses my opinion with respect to the bill that is now before the house. Another hon. member on Friday last said that this company would lend only to endorsers and that the main security on which it would lend money was simply that of two co-signers. But how about section 5 of the bill which reads:

The company may throughout Canada:—
(a) buy, sell, deal in and lend money on the security of conditional sales agreements, lien notes, hire purchase agreements, chattel mortgages, trade paper, bills of lading, warehouse receipts, bills of exchange and choses-in-action; and may receive and accept from the makers, vendors or transferors thereof guarantees or other security for the performance and payment thereof and may enforce such guarantees and realize on such security;

Does that section which I have just read justify the supposed innocence which the hon. member for West York, the hon. member for Souris (Mr. Willis), and some other hon. members who spoke on Friday night would attribute to this bill? Not if the inevitable word means anything.

This bill has already been killed in the banking and commerce committee. It now comes stalking back into this chamber like a ghost to haunt hon. members and to call forth nightmares in what otherwise would have been their more or less peaceful sleep. I repeat, I do not like this bill's lean and hungry look. I like neither its principle nor its provisions. Furthermore, I do not think this is an opportune time to pass a bill of this kind. When the majority of the people of Canada are clamouring for cheaper credit, for the nationalization of our banks, for an equalization of agriculture with other industries, for the suspension of the redemption of Dominion notes in gold, for the depreciation of our currency, and consequently for increased purchasing power, it seems to me that it is the height of audacity to ask parliament at this time to pass legislation the only result of which can be to fatten the pocketbooks of a small group of shareholders at the expense of a duped and unsuspecting public. It is said that these three acts, the Interest Act, the Moneylenders Act, and the Loan Companies Act, are somewhat in the nature of a financial bible. We will call the Interest Act the Bible, the Money Lenders Act the Koran, and the Loan Companies Act the Talmud. Surely nobody but the devil would like to get rid of three such books as those, and I think it is very devilish for this act to try to get rid of such noble acts as we have passed in parliament in times gone by. At a time like this, the house should not countenance a bill of this nature. It is not so long ago that one of the ablest men in the House of Commons, a very brilliant minister on the other side of the house, had a great deal to say about credit. I quoted from a report in one of the newspapers:

In the meantime Hon. Robert Weir, federal minister of agriculture, has been engaging with the banks in a debate over credits to farmers who have still substantial equities in their farms, own stock and implements and buildings, but who have because of low prices run out of ready cash for winter supplies and spring operations. The strength of Mr. Weir's position is that he was recently out west and while there was given authenticated cases of refusal by banks to loan money even where the security was of a high type.

The banks have answered him by challenging him to produce the evidence of what he alleged, but that does not embarrass Mr. Weir, because he has the goods in his office here.

I wish he would show the goods to the hon. member for West York:

He is taking his time in answering the banks because he has been invited to speak in Montreal to the Canadian Club next Monday on the western situation, and to the business men of that city he will quote verse and chapter to prove his assertions.

I hope he will quote verse and chapter also to the hon. member for West York:

Mr. Weir's object is not that of developing sectional feeling or of castigating the banks, but of taking away a weapon which he feels may otherwise become a powerful one in the

hands of professional western agitators, who are making hay while the sun of prosperity is in temporary eclipse. The federal minister is determined to see that the western farmer who is reasonably entitled to help gets it, and has warned that if the banks will not provide such assistance, someone else will.

Does that jibe with what the hon. member for West York would have us believe to-day in respect of the bill now under consideration? I do not think it does. I think that he could take a good lead from one of the most billiant ministers on the other side of the house.

I wish to quote from another newspaper about what happened to a farmer out west, because I think it is relevant to the question under consideration, and I wonder how this bill would help a farmer such as the one I am going to read about. I believe that hon. members are already acquainted with this story, but it is so powerful in its influence upon the argument I am advancing that I cannot refrain from quoting it again:

The story concerns a farmer in the Vegreville district of northern Alberta, who was required to make immediate delivery of certain grain which had been assigned to the bank as security for a past-due note. Obedient to the banker's instructions, the farmer forthwith hauled the first load to the elevator, but it was pronounced of low grade and rejected on account of its moisture condition.

The farmer was in a quandary both as to what he should do about his rejected grain and his past-due note, when suddenly an inspiration struck him. He had assigned the grain to the bank. The bank had demanded settlement of his note and, since the elevator had refused to accept the grain for storage, the logical thing to do was to deliver it to the bank.

Accordingly he drove over to the bank, backed up to the rear door, and before police arrived he had succeeded in shovelling the bulk of the grain in on the bank floor. He still has the past-due note and is $25 poorer, this being the penalty exacted for illegal tender.

There is a sequel, however, even to this. Having reloaded the grain, Mr. Farmer was still at a loss as to how he should dispose of it. This problem he solved by dumping it by the roadside as he proceeded back to his farm. Thus the episode would have closed, but for the fact that a neighbour's horse spied the wheat, ate it, swelled up and died. Now the hero of the story faces a suit for damages.

I wonder to what extent a farmer in that situation would be benefited by the bill now before us? It is hard enough to-day for any farmer in the west to get a loan from a mortgage company or bank, let alone a company like this which is going to charge, not 7, but 17 per cent, according to the evidence of the superintendent of insurance before the banking and commerce committee. I think hon. members would like also to know the view of the farmers with respect to the matter of credit. Let me read from a resolution passed in the city of Calgary on July 23, 1931:

That we as delegates assembled recognizing the inadequacy of the existent credit system in meeting present economic stringency and believing that adequate distribution of credit is absolutely essential to the carrying on of the agricultural industry recommends:

(1) That this organization continue to advocate at all times the complete nationalization of our credit system.

(2) That as an immediate measure the federal government take steps to organize a federal reserve bank of issue and discount which bank shall be entirely under government control and shall provide credit at a reasonable rate of interest for all necessary productive and commercial enterprises.

We are convinced that the above proposal is imperative in order to get away from the present intolerable position in which the credit requirements of the public in general are sacrificed to the professed necessity of the charter banks to protect to the utmost their savings deposits.

(3) We specifically recommend that the directors of the wheat pool should thoroughly canvass the possibility of their financing the marketing of their grain through utilization and extension of our present finance act.

A further resolution was passed relevant to the matter of interest:

Interest: In view of the present prices of farm products this convention recognizes that the accumulation of interest at the rates charged by many credit organizations constitute an intolerable burden and will greatly delay the return of agriculture to normal conditions and urges

(1) That the federal government by appropriate legislation definitely fix a maximum legal rate of interest which may be collected in any proceedings with adequate penalties for non-compliance.

(2) That as soon after this convention as possible the executive confer with the various organizations of creditor interests with a view to effecting voluntary reductions or remission of interest rates on overdue accounts.

(3) That in the event of the failure of these negotiations the government concerned be urged to pass such measures as may be necessary to meet this situation by way of compulsory adjustment.

(4) That this convention protest against the prevailing practice of the charter bank charging higher rate of interest for doing business in western Canada than in eastern Canada, and that every effort be taken by the organization both by conference with the banks and by recommendations to the government to remove this inequality.

Notwithstanding this resolution, if the bill now before us were allowed to pass the company would be in a position to extend its tentacles out of the poorer sections of Alberta.

Some hon. MEMBERS: Carried.

Mr. LUCHKOVICH: Not yet. This bill is a hold-up bill. It starts out in true Al Capone fashion by trying to shelve three

legislative measures which might stand in its way, and then there is set forth a well laid plan to fleece the Canadian public. I do not think the house would be well advised to emulate any of the methods of Al Capone. There is one ruse however that we might be justified in adopting, and that would forever react to the credit of this house, namely to put Bill No. 118 on the spot and kill it deader than a door nail.

I move Mr. Speaker, seconded by the hon. member for Wetaskiwin (Mr. Irvine):

That the motion be amended by deleting all the words after the word "be" and substituting the following "referred to the committee of the whole."

Mr. J. EARL LAWSON (West York): Mr. Speaker, in spite of the fact that apparently the hon. member for Vegreville (Mr. Luchkovich) intended to compliment me upon my intellectual powers I regret that I am not sufficiently nimble witted to follow through the maze of his mixed metaphors the ideas which in the main he was endeavouring to express in connection with the bill.

I shall not ask the house to consider the bill either from the standpoint of my intellect or my personal appearance but rather on the merits of the bill itself. I had endeavoured to avoid taking up the time of the house in a discussion of the bill by moving that it be recommitted to the select standing committee on banking and commerce where I think its provisions might have been more properly and readily discussed than in the house. But as my hon. friends either by the use of vituperous language or strong statements and allegations have seen fit to cause a discussion in the house on the bill I crave the indulgence of hon. members for a few moments in order that I may lay before them what I conceive to be the intention and purposes of the proposed legislation.

In so doing may I at the outset ask hon. members to bear in mind that the bill now before them is in terms almost identical with those of two or three bills of incorporation which were previously passed by this parliament. In one case legislation was passed in the year 1928 and an amendment passed thereto in the following year to increase the rate of interest that particular company was entitled to charge.

Mr. SPENCER: Shame.

Mr. LAWSON: I cannot hear my hon. friend. Before proceeding to deal with the actual terms of the bill, in view of the gratuitously insulting remark offered me by the hon. member for Winnipeg North Centre (Mr. Woodsworth) I feel constrained to advise hon. members of this house that I have not any interest of any nature or kind, professional or financial, in this bill. I sponsored the bill merely at the request of a fellow practitioner, the Ottawa agent of the solicitor for this particular company. That, Mr. Speaker, is the only connection I have with the bill.

To illustrate to this house the extent to which some hon. gentlemen have gone in opposing the bill, I would ask hon. members to recall the argument made the other night by the hon. member for Comox-Alberni (Mr. Neill). He dilated at great length upon section 8 and endeavoured to make it appear that because the section provided that certain sections of the Loan Companies Act were not applicable to this company, therefore this company was being given some special pivilege or special concession. Nothing could be more misleading. Do not misunderstand me. I do not allege that the hon. gentleman deliberately misled the house; I think rather his statement was made in ignorance of the Loan Companies Act, because every single section of that act which by section 8 of this bill is not made applicable to this particular company confers some special privileges upon companies to whom that act applies. And so the effect of section 8 is not to amplify the powers of this particular company, but to take from it some of the powers which may be exercised by any loan company.

Mr. NEILL: Does that apply to the other acts that I also mentioned, a large number of the sections of which are eliminated?

Mr. LAWSON: I will deal with them in a moment; I am taking one part of his speech at a time. Then my hon. friend from Battle River (Mr. Spencer) had a special theme for the speech which he delivered in opposition to the bill. I ask hon. members to recall the number of times that that hon. gentleman has stood in his place and related to those of us who were within hearing the terrrible atrocities that were being perpetrated by the banks upon the farmers of western Canada. How well do we recollect his telling us that in spite of the ample security which his constituents had to offer, the banks would not make them loans. How often have I lent a sympathetic ear to him and to his colleagues in their appeal for the establishment of an intermediate credit institution because the banks were utterly failing to meet the credit situation in this country, particularly in the western provinces. In view of these statements made by the hon. member, I would ask the house to listen to

this gem which fell from his lips the other night as the theme of his speech, when he said:

> If anyone wanting to borrow money has any security at all to offer and is a good risk, our present banking facilities are available.

Then my hon. friend from Wetaskiwin (Mr. Irvine) appeared to work himself into a state of frenzy over the fact that although this bill provides that notwithstanding anything contained in the Interest Act, or in the Money Lenders Act, or in paragraph (c) of the Loan Companies Act, and that in certain hypothetical circumstances which were stated to the superintendent of insurance, he answered to the effect that in such a hypothetical case, but one not likely to occur in actual practice, it would be possible for the total charges for interest, services, collections, and so on, in the event of the debtor defaulting, to amount to the equivalent of 17 per cent interest. Let me ask my hon. friend if he has read the provisions of the Interest Act? I would call his attention to section 2:

> Except as otherwise provided by this or by any other act of the parliament of Canada, any person may stipulate for, allow and exact on any contract or agreement whatsoever any rate of interest or of discount which is agreed upon.

That is one of the provisions which would be beneficial to this company if it had as its objective the exacting of usurious rates as alleged by my hon. friend. But that power is taken away from the company by this bill.

Now, Mr. Speaker, let me be very frank and say to the house that this bill has as its objects of incorporation: (1) to permit the acquisition by this dominion company, what is in effect an amalgamation, of two provincial corporations now carrying on business in the province of Ontario; (2) to overcome the provision of the Money Lenders Act which stipulates that on loans of less than $500 a certain limitation is put upon the charges wihch may be imposed for interest, and so on. I make that statement very frankly. This bill proposes that in substitution for that provision there shall be imposed upon this company the several limitations which are set out in the bill, including government inspection of its operations by the superintendent of insurance. May I ask hon. members to bear in mind that, subject to the provision of the Money Lenders Act which I have outlined, individuals may on loans in excess of $500 charge any rate of interest that they may desire provided it is stipulated in writing; but by this bill this company is restrained from exercising that privilege. By the way, that provision in the Interest Act has no relation to real estate mortgages.

[Mr. Lawson.]

Again I come back to another point raised by my hon. friend from Comox-Alberni. He seemed to think that it was a terribly iniquitous thing that the rate of interest prescribed by this bill should be allowed by way of discount on the amount loaned. May I point out to him that for years and years and years money has been borrowed and loaned on second mortgages, and many of us—including myself—have been glad to borrow money on second mortgage and accept from 20 to 25 per cent less than the face value of the mortgage, repaying the principal by quarterly instalments spread over a period of five years, and paying interest, not upon the actual amount advanced but upon the amount specified in the mortgage deed. There has not been any great howl or any loud complaint, so far as I have heard, from those who have raised money by way of second mortgage, or from those builders who discount their second mortgages in order to get capital with which to continue their operations.

In conclusion, Mr. Speaker, may I point out that this bill is in almost the exact terms of bills incorporating other companies. If my hon. friends feel that there are not sufficient safeguards in the bill to protect the interests of the public who may wish to deal with this company surely the proper course is to raise these objections before the banking and commerce committee; let us amend the bill so that it will protect the public, if protection is required, and do not let us capriciously refuse this company incorporation.

My hon. friends have made a great deal of the fact that before the banking and commerce committee the superintendent of insurance said, in reply to a hypothetical question, that it might be possible for this company to collect an amount which would be equivalent to 16 per cent or 17 per cent interest. I think in fairness to this house those hon. gentlemen should have advised the house that the superintendent of insurance approved of this bill; that the superintendent of insurance advised the committee that two similar companies were already operating, that his inspection of one company disclosed that it had on loan some $600,000 but up to date had not paid one cent of profit to the shareholders, because none was available; that the superintendent of insurance said that from his inspection he found everything in order and that the department had not received a single complaint from any person.

I am quite free to confess that there may be those holding the view that it is not in the public interest to encourage the borrowing of

money by those who have not such securities to offer as would be accepted by banks or loan companies, but it must be remembered that, under the Loan Companies Act, loan companies can loan only up to sixty per cent of the value of the security offered. To those hon. members who hold this view I do not attempt to advance an argument in favour of this bill, except to say this: If other similar companies are in operation; if they have been successful in meeting a public need; if there has not been public complaint, why discriminate against this particular bill?

Mr. H. A. MULLINS (Marquette): As a member of the banking and commerce committee I am somewhat surprised to see this bill coming before the house. I thought it was killed for all time; if it is not it ought to be. We on the western prairies do not want a bill of this kind; we are looking for cheaper money. This bill bears every resemblance to a sign I have seen hanging in front of some offices in the larger cities, consisting of three brass balls. The farmers of western Canada do not want to pay 17 per cent; they do not want to have chattel mortgages or other indebtedness, and I cannot understand the hon. member sponsoring a bill of this kind. I wonder why the hon. member did not state what would be the fee for drawing the documents in connection with the loan of money.

Mr. LAWSON: I can give my hon. friend that information now. The fee is limited to $10 by the bill.

Mr. MULLINS: I do not know what the limit would be going in, but I remember that in the old days it was plenty coming out. I remember in the pioneer days paying 20 per cent for the loan of money from the same sort of outfit, and we struggled and worked to get out of the clutches of those people. We will not have them back on the prairies if I have any say as a member of parliament.

I am not going to take up very much of the time of the house. I would not like to couple up this bill with Al Capone; I do not know anything about him, but I will say I am absolutely opposed to this legislation in any shape or form. On the prairies we want a lower rate of interest, and we do not want any organization established by this side of the house which will extract any such interest rates from the people of Canada. We want money at the lowest rate possible from banks and mortgage companies.

Mr. WILLIAM IRVINE (Wetaskiwin): I was very glad indeed to hear the statement of the hon. member for West York (Mr. Lawson) to-night, although I am sure it was not necessary for him to explain to the house that he had no personal interest in the bill. I am quite sure we all know that he is only performing his duty as a member of this house in bringing forward this measure for consideration; there is no question of anything else in my mind.

I would submit, however, that he has failed to give a really sound reason why this bill should be recommitted. In the select standing committee very careful consideration was given this measure; we had all the provisions explained in detail, and my hon. friend did not throw any additional light on the bill by his remarks to-night. He told us we should send this bill back to the committee, but he did not say on what grounds that should be done. Does he mean to infer that the consideration given this bill previously was not careful consideration? Does he mean to suggest that the committee was remiss in its duty, that it did not go into all the details, that it did not understand the principle involved in the bill? Or does he mean to suggest that if he had been present he could have thrown more light on the matter and presented the bill in better form and in a more eloquent way? He did not even say that; if he had made that argument at least it would have been one reason why we should recommit the bill, but there is no suggestion of any amendment to the bill; there is no charge that we failed to consider it adequately; there is no argument offered why it should go back. We are only told that my hon. friend would like it to go back. I should very much like to please him; he is very genial and is an excellent colleague in this house, but I should like some reason for an action of this kind. While I appreciate the splendid presentation he made to-night; while I appreciate his erudition and knowledge of the laws which are involved, I was disappointed in that he failed to give us a real reason why we should recommit the bill.

Mr. SPEAKER: The hour for the consideration of private and public bills having expired, the house will revert to consideration of the motion for the adoption of the report of the select standing committee on railways and shipping owned, operated and controlled by the government.

PRIVILEGE—MR. NEILL

Mr. A. W. NEILL (Comox-Alberni): I rise to a question of privilege before we proceed with the discussion; I think a matter of privilege is always in order. Yesterday

afternoon I made a statement in this house which was later contradicted by the right hon. Prime Minister (Mr. Bennett). I have in my hand proof that I was right, and I wish to clear up the matter now. I will require to read only a couple of sentences. At page 3947 of Hansard, I said:

I am rather surprised that the Prime Minister has announced what really is a very important departure of policy at this late stage, and in a rather casual way, connected with a bill that does not immediately refer to that matter.

I was referring, of course, to the suggestion of a contributory system of old age pensions. At page 3949, the Prime Minister said:

The hon. member for Comox-Alberni (Mr. Neill), for some reason best known to himself, said that in my remarks to-day I had proposed a policy. I did not do that, nor had I any intention of so doing. I said to him and to the committee that when the Old Age Pensions Act was being considered we had discussed the question of a contributory system.

Later on he said:

I said this without in any sense indicating that it could be treated as a policy.

At that very moment the Prime Minister held in his hand Bill 136, to amend the Old Age Pensions Act, the preamble of which contains the following language:

And whereas it is desirable that a system of old age pensions should be established on a contributory basis as a national undertaking—

If that is not a definite and new policy I do not know what it is.

Mr. BENNETT: Preambles to bills are not policies; surely the hon. member knows that. This is not a matter of privilege at all.

RAILWAYS AND SHIPPING

The house resumed consideration of the motion of Mr. Chaplin for concurrence in the third and final report of the select standing committee on railways and shipping, owned, operated and controlled by the government.

Mr. E. J. GARLAND (Bow River): I feel I cannot allow this opportunity to pass without once more making a plea to the now quite genial Minister of Railways (Mr. Manion) and the often genial Prime Minister (Mr. Bennett) for the construction of the Peace River outlet at the earliest possible moment. It may not be amiss at this stage briefly to review the history of this proposal.

It is some seventeen years since the agitation began for a Peace River outlet. Nine years ago in this house, and again in 1923, the hon. member for Peace River (Mr. Kennedy) moved resolutions asking for the construction of the outlet. The persistent efforts of the settlers in that territory were apparently without avail. In both years, 1922 and 1923, the pioneers of that country sent down to Ottawa at their own expense delegations to interview the then government. Nothing was done. As a result of the agitation by my hon. friend from Peace River the house in 1922 voted the sum of $50,000 for a reconnaissance survey. This sum of money was, of course, wholly inadequate to undertake any comprehensive survey of the passes out of the Peace River district to Vancouver, and in 1923 it was found necessary to vote a further sum of $75,000. With this vote a fairly complete survey was made of a route between Aggie, on the Edmonton Dunvegan line, about 200 miles northwest of Edmonton, and Obed, a point 200 miles west of Edmonton. Following this, and early in 1924, a meeting was held at the office of the then Minister of Railways, the Hon. George P. Graham, to discuss the whole question. There were present at that meeting the following gentlemen: Sir Henry Thornton, Mr. E. W. Beatty, president of the Canadian Pacific Railway, the Hon. Herbert Greenfield, then premier of Alberta, the Hon. Vernon Smith, Minister of Railways and Telephones in the Alberta government, Mr. W. F. Maclean, M.P., Conservative member for Toronto, Mr. D. M. Kennedy, M.P., and the Hon. John Oliver, premier of British Columbia. As a result of that meeting it was agreed that the two railways, the Canadian National and the Canadian Pacific, should get together and undertake an examination into the available routes out of the Peace. This was done, and the report made to the Minister of Railways was tabled in the house in 1926. This report, an important one at that stage, was signed by five engineers, two of them representing the Canadian National Railways and three representing the Canadan Pacific. The report recommended the Obed route as the best, after an examination of the Peace pass, the Pine pass, and the Monkman pass routes. In the year 1924 the Prime Minister, the present leader of the opposition (Mr. Mackenzie King), made a tour of western Canada.

Mr. MANION: Where was that meeting held?

Mr. GARLAND (Bow River): In the office of the Minister of Railways. In 1924 the then Prime Minister made a tour of western Canada, and speaking in the Presbyterian church in Edmonton—an estimable place in which to make definite promises—he pledged himself in

such a decided way that headlines appeared in the following day's paper like these:

King pledges self to the Peace River cause. Premier promises outlet to Pacific just as soon as humanly possible. Railway will be built, declares Prime Minister at a mass meeting here. Government has but minority in Commons; says times are now difficult and everybody must have a little patience, but Liberal party is not falling down on any of its pledges.

I do not wish unnecessarily to remind hon. gentlemen of promises they have made, but I want to place before the house the fact that both political parties in this country are definitely and irrevocably pledged to the construction of the Peace River outlet. That is my sole object in referring to this promise. I quote from the speech made by the then Prime Minister:

There is to the north of this city a great tract of land that is crying out for development. The Peace River country is amongst the richest in Canada—

That statement has been more than borne out by the experience of the years that have passed.

—but before the proper development of that country can take place an outlet to the Pacific coast is an absolute necessity. I pledge myself—

That reminds me of the manner in which the pledges of the present Prime Minister were made.

I pledge myself that as soon as it is humanly possible the great Peace River country will be given that measure of railway relief that will bring to the pioneers of that country the outlet they have been so long denied, and will open up the country for prospective settlers. I must, however, sound the same note to you here as I did to the citizens of Saskatoon. The times that we are passing through are very difficult, and I would ask you to have a little patience, and in as short a time as possible a railway outlet will be provided for Peace River and northern Alberta districts that will open up an era of prosperity for that province which will not be equalled by any other province in Canada.

At this stage I submit this thought, which I will develop later, that the time to undertake great public projects of this kind is not in a period of prosperity but in a time of adversity. At that time we were passing through one of those minor depressions, and the Prime Minister of the day used that depression as an excuse for avoiding the work. The country steadily emerged from that period of depression into what was described by the Liberal party then, as it has been described since, as the greatest era of prosperity that Canada had ever seen. The Minister of Finance of the late government was wont to talk in this house fervently of the buoyant revenues of the country, of our expanding foreign trade, of the tremendous development of transportation, of the increased production of goods in Canada. Yet no Peace River outlet was constructed. It could not be constructed in bad times, it was said, and it was not constructed in a prosperous period.

Now, that I may link up the other part of the project with this, may I submit to the house a statement made by the Right Hon. Arthur Meighen in parliament, following that declaration of the present leader of the opposition. On October 1, Mr. Meighen, speaking also in Edmonton, said:

I have always urged that the north country should have railway relief. I cannot be accused of making futile promises such as the Hon. Mackenzie King promised in the speech from the throne at the opening of the last session of parliament when he stated that he was going to give railway relief to the north country, and nothing has been done.

No; but if Mr. Meighen and his party were elected it was to be one of their first undertakings. The report of the five engineers to which I referred a moment ago was tabled in the house in 1926. As hon. members will recollect, 1926 was the year of that hectic and stormy session when no one knew what the government to-morrow was likely to be. It was the hectic session of the Customs scandal, during which two governments went down to defeat. During that session a proposal was made in the house, though never acted upon, that instead of constructing an outlet, a rate ought to be struck on the basis of mileage—the mileage of a direct outlet instead of the actual mileage by Edmonton. Nothing, however, was done in this connection. In the following session of 1927, the hon. member for Peace River moved the following motion:

That, in the opinion of this house, the time has arrived for the commencement forthwith and the completion in the near future of a direct railway outlet from the Peace River country to the Pacific coast.

That motion, which was in keeping with the definite pledges made by both the Liberal and Conservative parties of that day, was resisted in this house. Hon. Mr. Dunning, then Minister of Railways and Canals, objected to it and it was referred to the committee on railways and canals, along with the report of the five engineers. During the investigation held before that committee it was found on examination of the report that the Obed route was the only route of the four routes possible of which a complete survey had been undertaken and that the reports in connection with the Peace and Monkman passes

were mere guesswork. The committee then brought in what amounted to an innocuous recommendation to the effect that a continuous study of the development of the Peace River district and the outlets should be carried on. To the motion for concurrence in that report the hon. member for Peace River moved an amendment calling for an immediate and complete survey of those passes which had not yet been surveyed, namely, the Peace, the Monkman and the Pine passes. The vote on the amendment was 87 for and 97 against. The then Minister of Railways promised that in any case the government would ask the Canadian National Railways to complete the surveys to a stage where they would have sufficient information to be able to say, when it was determined to build the line: This is the territory through which it should pass.

Mr. Murray Hill, of the Canadian National Railways, was sent out through the mountains in 1928. He made a complete survey of the approach to the Peace pass from the north side of the Peace river and between the Peace river and Dunvegan. Mr. Murray Hill who is an estimable engineer possessing quite a reputation reported definitely against the Peace pass route and recommended that further surveys be undertaken to show how impossible that route was. It happens that the crossing at Beatton river and the approach to the canyon at Hudson's Hope along the banks of the Peace river is made at a point where there are exceedingly steep banks which slide during times of rain. At this point I would like to direct attention to the last paragraph of Mr. Murray Hill's report, which reads as follows:

> The Peace pass seems to be the most favoured. To my knowledge, there have not been any lines run through this route, either on the north or south side of the Peace river. I would therefore suggest that these surveys be made in order that definite information may be available to show the difficulties in construction and operation of lines over these routes. The Obed route, from information available, is unquestionably the best Pacific outlet for the Peace River country as a whole. It is, however, unpopular with certain sections of the country. Actual surveys have been made over this route and also the Pine pass route. In order that a correct comparison may be made between all routes, surveys must be made over the other two, viz: Monkman pass and Peace pass routes.

Mr. MANION: Who was that?

Mr. GARLAND (Bow River): Mr. Murray Hill of the Canadian National Railways. Up to this stage the principal objection to the construction of the outlet seems to have been that there was not sufficient information available to justify the selection of any definite pass through which the line should run. During the debates in this house it became apparent that both the government and the railways were reluctant to undertake the construction of this outlet because of the position in which they found the northern railways of the province of Alberta. This was apparently the chief stumbling block in the way of definite and immediate action. Both Alberta and British Columbia were directly interested. British Columbia owned the famous Pacific Great Eastern Railway and whatever route might be selected might affect the business of that line as well has have an effect upon the political and economic life of the province. That province as well as Alberta was directly interested in whatever route might be selected. The objection in connection with the ownership and operation of the railways in northern Alberta has now been removed.

Before I continue may I mention that the Minister of Railways of that day, the Hon. Mr. Dunning, referred to the Alberta railways and the Pacific Great Eastern railway as being white elephants and suggested that one of the reasons for difficulty in settling this matter was that the premiers of Alberta and British Columbia were doing their best to slough off these white elephants on the Canadian National Railways. Mr. Dunning, on one occasion, called attention to the fact that the provinces were unable to pay the cost of operation of their railways. I am afraid that Mr. Dunning was sadly mistaken in his facts, because the first year of operation by the province of the Edmonton, Dunvegan and British Columbia Railway showed an operating surplus of $300,000, while the second year's operation showed a surplus of $800,000, sufficient to pay the fixed charges on the replacement value of the railway.

Mr. MANION: What year was that?

Mr. GARLAND (Bow River): I am not certain of the exact year, but I think it was 1928.

Mr. MANION: Did that amount not include a certain amount paid by the two railways?

Mr. GARLAND: The report of the Department of Railways and Telephones of our province is as I have stated, that the operating surplus for 1928 was about $800,000, which would cover the fixed charges on the replacement value of the line. The government and people of Alberta were positively astounded at the successful outcome of government ownership.

Mr. MANION: Last year the operating surplus included an amount of about $1,000,000, or perhaps $2,000,000, which had been paid in by the two railways and which was taken in as operating revenue.

Mr. GARLAND (Bow River): I am speaking of the period when these lines were operated by the provincial government and not by the two railways.

We now reach the stage where the second objection to the construction of the Peace river outlet had been removed. The railways were sold to the Canadian Pacific Railway Company for $26,000,000, on the understanding that up until December 31, 1928, an offer would be open to the Canadian National Railways to share fifty-fifty in the purchase of these lines. This offer was accepted and to-day the lines in northern Alberta are operated jointly by the Canadian Pacific and Canadian National railways.

Previous to 1927 the Edmonton, Dunvegan and British Columbia Railway had been operated by the Canadian Pacific Railway. I am afraid that the showings reported by the Canadian Pacific Railway were not as favourable as those shown when the lines were operated by the government. In spite of this fact, both the Canadian Pacific and the Canadian National attempted to secure a lease of the roads for five or ten years. For reasons best known to the province of Alberta, this lease was refused and the lines were operated by the government, and then the classic agreement was made with the Canadian National Railways. I mention this only in order to introduce this statement: It was during the negotiations for the transfer of these northern lines that Sir Henry Thornton in a letter to Premier Greenfield of Alberta stated that he would be prepared to recommend the construction of this outlet to the Pacific coast when the Peace River district had developed an export of grain amounting to ten million bushels a year, or equivalent tonnage, for three years. I now wish to give to the house information as to the tonnage shipped out of that district.

Mr. STEWART (Edmonton): It was a straight offer—when ten million bushels of grain had been produced.

Mr. GARLAND (Bow River): Or equivalent tonnage.

Mr. STEWART (Edmonton): There was no mention of that; it was ten million bushels of grain.

Mr. GARLAND (Bow River): I think the hon. gentleman is mistaken.

Mr. STEWART (Edmonton): No; I have seen the letter.

Mr. GARLAND (Bow River): So did we see the letter. Mr. Greenfield, as premier, had it at the time. But it does not matter which of us is correct because the fact is that that district has exceeded the requirements of Sir Henry Thornton as set forth in his letter, whether he said ten million bushels or equivalent tonnage. It is intensely interesting to notice the growth of the development of that territory. In 1925 they shipped out 89,000 tons of grain or 5,300,000 bushels; in 1926, 6,000,000 bushels; 1927, 6,331,765 bushels; in 1928, 11,506,000 bushels; 1929, 7,323,000 bushels; 1930, 11,050,000 bushels; 1931, up to April 30, 10,067,000 bushels. It therefore must be clear to anybody who examines the facts that the requirements set up by Sir Henry Thornton have been more than met and that the tonnage of that district fully justifies the construction of this line. This year, may I remind the house, in all western Canada, covered as it is almost like a blanket with depression, the one really bright spot is the Peace River territory. There the prospects for a crop are still good. The prospects are that the tonnage there this year will equal if not exceed last year's tonnage, but that will depend, of course, upon weather conditions from now on.

This northern district in our province has shown a better return in railway revenue during the last few years than any other district I know of in all of Canada. In 1929 the Northern Alberta Railways showed operating revenues of $2,232,156, and in 1930, $2,253,737. The net revenues will perhaps be more interesting and comprehensive. The net revenue in 1929 was over three-quarters of a million dollars, $795,000, and in 1930, $301,000. In that year hon. members will recall we had a small crop over quite an extensive area in the west.

In the following session of 1930 the hon. member for Peace River (Mr. Kennedy) endeavoured to secure the ear of the house for the construction of the outlet and moved a motion on going into supply—a want of confidence motion it has sometimes been described. On that occasion the government accepted the motion, and, as was pointed out, technically defeated themselves. In the course of that debate the then Prime Minister, now the leader of the opposition, said on May 5, 1930, as reported in Hansard of that date at page 1809:

We all—

He was referring to the Minister of Finance, the Minister of Railways and himself:

—have impressed upon the presidents of these systems that it is the desire of the government to have this matter expedited and the surveys completed, that it is our view that at an early date agreements should be arrived at by the two companies as to the route which they will jointly recommend—

Notice what follows:

—and that failing agreement by them the government itself will undertake to make a decision.

That is a definite pledge given by the former leader of this house. Again on May 28, 1930, in the debate that ensued, the then Prime Minister made the following statement:

Now, Mr. Speaker, may I repeat what I said the other evening, that in the opinion of the government it ought to be possible—

May I direct the attention of the Minister of Railways to these words:

—for these companies to agree upon a route within six months—

That statement was made on May 28, 1930:

—and to have work begun within a year.

One year and two months have elapsed:

—on a railway which will afford an outlet from the Peace River district to the Pacific. I will say that if they do not make a beginning within a year and the present administration should be in office at the end of that period, we will undertake to find a way or make it for the beginning of the construction of a railway line from the Peace River district to connect with the Pacific via some other railway line or otherwise.

Under these circumstances perhaps my hon. friend will feel that it is unnecessary to press his amendment any further. I said that the government would accept his amendment.

There is the intimation of a man who, I presume, had studied closely all the negotiations and all the preliminary procedure right up to the time he made that statement. He definitely pledged in this house, first of all, that in his opinion the two railways would come to an agreement within six months, that if they did not he would undertake to find a way either to make them come to an agreement or to construct the line.

May I point out that we have removed the difficulty with regard to the railways in northern Alberta? That difficulty being solved, we now come to the solution of the next difficulty. The surveys then to be undertaken have been made. The Canadian Pacific Railway has made surveys and a report has been prepared. A copy of this report is now in the hands of the Minister of Railways. The Minister of Railways has not yet, in spite of repeated requests by the hon. member for Peace River, tabled the report in the house. He may have good reasons for that.

Mr. MANION: I have not the permission of the Canadian Pacific Railway to do so.

Mr. GARLAND (Bow River): Then may I say that the minister can readily find means to induce the Canadian Pacific Railway to give permission for the tabling of that report? If the minister is serious about this thing he can go to the Canadian Pacific Railway and tell them that public interest in the circumstances demands that he present that report to parliament. All of that western country is waiting for it. They have been promised the railway by both parties, and it is effrontery, it is absolutely unfair to withhold the report and action upon it. I have no doubt myself that the report of the Canadian Pacific Railway will recommend construction along the Obed route. But that is better known to the minister. It is immaterial what the route is, so long as the report recommends the construction of the line through a certain definite pass.

The Minister of Railways has stated that the government has studied the matter. He has gone further. He has been guilty of a heresy. I understand that one of the bitterest criticisms of the Liberal party in office was that they lacked decision, that they were always going into conference about something or other. Now the minister's excuse for not dealing with this matter, apart from the fact that he has not yet received permission from the Canadian Pacific Railway to table the report, is that he is waiting for a conference between Sir Henry Thornton and Mr. Beatty. It seems that Mr. Beatty was ready at one time but Sir Henry Thornton was busy with the committee.

Mr. MANION: We have had the conference.

Mr. GARLAND (Bow River): Splendid. That is one more difficulty out of the way. The Peace River outlet was one of the most prominent issues in western Canada in the last election. Supporters of the Liberal administration quoted the then Prime Minister's statement with regard to the outlet time and time again from every platform as a definite indication of the coming rapid construction of the line. The Conservative party was but little more cautious, because the Prime Minister, speaking at Winnipeg, pledged that one of his cures for unemployment would be the development of transport northward to

Hudson bay and westward to the Pacific by way of the Peace river. Again, the Conservative convention in Winnipeg made the construction of the outlet one of its major planks.

> We pledge ourselves to the improvement of the whole scheme of Canadian transportation northward by the completion of the Hudson bay route, and the construction of such branches as may be necessary to render it most readily available to every part of Canada; to the Pacific slope by a Peace river outlet, and east and west by the development of the St. Lawrence waterways, and we pledge ourselves to aid existing traffic channels and to increase port facilities . . . .

And so on. No longer, Mr. Speaker, is delay justifiable in connection with this outlet. I make that statement for the reason I have already given, namely that the obstacles which were placed in the way of construction are now removed. We have had surveys. I venture to say that no railway line projected anywhere in Canada has had a more complete survey than this one will have had by the time it is constructed. The other difficulty with regard to the Alberta Northern railways is removed by the joint ownership of the Canadian Pacific and the Canadian National. All that remains is for the Canadian National Railways and the Canadian Pacific Railway to get together and agree upon a route upon which the line should be constructed. In order to do that it will be necessary for this government to undertake the necessary expenditures in connection with the share to be shouldered by the Canadian National.

Mr. MANION: My hon. friend implies that the Canadian Pacific Railway is ready to build half of it—is that correct?

Mr. GARLAND (Bow River): I venture to say they ought to be, and if they are not I will give ample reasons why this government should be ready to advance as a loan the moneys necessary to construct their share of the road. Up in that great territory there is a magnet drawing the poor unfortunates who are left destitute on the dried out prairies of southern Saskatchewan and Alberta. In this month of July arrangements have been made for the transportation of a great many settlers from the southern portion of the prairie provinces into the Peace River district. Those men are not drifting into the cities and joining the ranks of the unemployed so that they may eventually become charges upon the state. They are doing their best to make another start. The persistence of such people has helped to make Canada what it is, and their action would justify this government undertaking to give them some assistance by the construction of the outlet. May I submit to my hon. friends opposite, and to the hon. member who has just made an unintelligent and impertinent noise—I have already made this statement and I wish to repeat it—that the northern railways are the only great sections of the lines in Canada where during the years 1929 and 1930 the gross earnings have not seriously declined. I repeat that if the 1931 crop comes up to the estimates made by the bureau of statistics and by those who reside in the territory in question there will not be any serious loss in this year's movement of grains and commodities from that territory. The settlers up there however are labouring under a serious handicap. They went in with courage in their hearts to tear out a home from the wilderness. They have been fighting for from seventeen to twenty years under a freight handicap the seriousness of which few people in eastern Canada can appreciate. The cost of moving their grain to Vancouver via Edmonton is 5, 6 or 7 cents higher than the cost of moving it from Edmonton to Vancouver. Yet a line of railway could be constructed which would put those people in as close proximity to Vancouver as the people in Edmonton are to-day. The line would have the effect of building up a great territory and would give those people heart and head to keep on fighting to build up their country.

May I point out that the money will be spent anyway, because money must be spent to relieve unemployment in Canada. Why dole it out to single men or unfortunate married men through relief measures when useful work can be provided? Here is an opportunity. Turn all the unemployed in the country to the task of constructing a useful financial asset, one which will be of great benefit to the western section of Canada. Such a line would be beneficial to the province of British Columbia as much as to the province of Alberta. No better suggestion could be advanced than that in this great day of need on the part of hundreds of thousands of people throughout Canada a few thousand could be used to undertake forthwith the construction of this line. Time would be required for its completion. I hope however that the present government will not wait until the dying days of their regime four years hence to make more promises such as the Prime Minister has made and such as were outlined in the Conservative platform at the Winnipeg convention. Here is the chance for the present administration to justify its existence and formulate a real, constructive government policy in connection with this matter.

Had I the time I could give to the house the recommendations of a body of men well known to my hon. friends opposite, men who certainly could not be charged with being radicals, men who constituted the royal commission in the province of Ontario which in the year 1916 considered the question of unemployment. The list is headed by Sir John Willison, Most Reverend Neil McNeil, D. D., Venerable Archdeacon Henry J. Cody, Reverend Daniel Strachan, D.D., W. K., McNaught, C.M.G., Joseph Gibbons, G. Frank Beer, Professor A. T. DeLury, Gilbert E. Jackson, W. P. Gundy, and another. There, Mr. Speaker, is an aggregation of Conservative men, men who have the training and ability to study such problems, and who at that time directed their attention to unemployment. What did they say? They recommended distinctly that plans should be undertaken to provide for the construction of public works during times of depression. They recommended clearly and by terms which cannot be controverted that the time to plan was in good years and the time to spend was in bad years.

This government, and this government alone of all who hold office in Canada, can borrow money at the cheapest possible rates. They can readily secure funds. Surely the credit of Canada can well be used to support the settlers in the Peace river district. I have no more time at my disposal, but I hope others will further develop the matter. In closing, however, I should say to the Minister of Railways and Canals that the old obstacles which were brought up again and again appear to be removed. The time is ripe for construction. Ample work would be provided for many hundreds of men and at the present time construction work could be done more cheaply than it may be done in many years to come.

Hon. R. J. MANION (Minister of Railways and Canals): I have been listening this afternoon and this evening to the debate on the motion of the hon. member for Lincoln (Mr. Chaplin) for concurrence in the report of the railways and shipping committee. At this late hour I have no intention of taking up much of the time of the house. Not only is the hour late but we have reached a late stage in the session; therefore my remarks will be brief.

As I listened to the debate this afternoon the one point which struck me was that it has been of the finest type. Throughout the whole debate there has been practically no political controversy; the whole discussion has been on a high plane, and I feel that the house deserves some credit. Following the Prime Minister (Mr. Bennett) the right hon. leader of the opposition (Mr. Mackenzie King) so far as I could see adopted a similar attitude in every respect. The use of three expressions struck me particularly. He said that when they came into power they desired that the government railways should be given a fair chance, that the management and directorate should be given a free hand, and that politics should not be permitted to enter into such management. I have no thought of injecting into a debate which has been of so pleasant a character anything of a controversial nature, and in regard to those expressions by the right hon. leader of the opposition I could say only that they are ideals which all true Canadians should have in dealing with the Canadian National Railways. I think therefore all hon. members can agree with the ideals and principles upheld by him this afternoon. We can agree that so far as the management of the Canadian National Railways, and, for that matter, any other Canadian railways, is concerned, politics ought to be taboo.

When we realize that to-day we have in the Canadian National Railways a responsibility amounting to over $2,200,000,000 made up of loans, interest, appropriations, and guarantees we realize that the railways are of such vital importance to us and we realize why hon. members are justified in debating the matter in a non-controversial and non-political way; because actually I think our whole economic structure depends upon the successful solution of the railway problems of Canada.

The discussion to-day was on the report of the special railway committee, a report which was brought into this house unanimously by the members of the committee in the absence of only one of those originally appointed. May I at this moment do what I fear no one else has done—although I have no doubt it was an oversight—congratulate the chairman of that committee, the hon. member for Lincoln (Mr. Chaplin), on the excellent work which he did, particularly in bringing down a unanimous report with the constructive criticisms contained therein.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: I am glad to hear applause from the other side, because I know hon. members opposite agree with the report, as of course do our friends on this side. It was not an easy matter for the hon. member for Lincoln to bring about that happy result. I was present at most of the meetings. He had to hold a number of meetings, he had to submit various reports to the members,

and, as the hon. member for North Waterloo (Mr. Euler) pointed out this afternoon, there are suggestions in this report that had to be accepted in a spirit of compromise. But after all, the spirit of our democratic institutions is a spirit of compromise; for I do not suppose you could get twenty-two members of this house to agree on the same ideas or the same ideals. So it is all the more to the credit of the hon. member for Lincoln that he finally succeeded in getting twenty-one members of the committee to sign the report and to agree on the constructive criticisms embodied therein. While listening to the debate this evening I looked over the membership of the committee and find that ten of them are from the opposite side of the house and eleven from this side, which indicates a very good division of the committee from the political standpoint, and emphasizes the excellent work which was done by the chairman in bringing about that unanimity of view. All opinions were expressed, because I have no doubt that while my hon. friend from North Waterloo—who has been in this house about the same number of years as I have—has been a persistent and consistent champion of public ownership, there are other members of the committee who have been just as strong in favour of private ownership. All parties were represented: the Liberal party, the Conservative party, the Progressive party and the Labour party in the person of the member for North Winnipeg (Mr. Heaps).

This afternoon not only the right hon. leader of the opposition (Mr. Mackenzie King) and my right hon. friend the leader of the government (Mr. Bennett), but my hon. friend from North Waterloo (Mr. Euler) and my hon. friend from Winnipeg North Centre (Mr. Woodsworth), who was not a member of the committee—all of those and others as well supported in a general way, in fact almost in toto, the report. I was particularly glad to have the support of the hon. member for Winnipeg North Centre because after all—and I say this in no spirit of criticism—he does not too often agree with other members on questions of this sort, and I think his endorsation of the report was perhaps the best praise that could be bestowed upon it.

My hon. friend from Stanstead (Mr. Hackett) took an attitude with regard to the report which I think was hardly justified. He stated, in effect, that the report was futile and that the committee also was futile. I do not agree with his criticism. For the first time so far as I can remember in the history of these committees this year's committee brought in a report which, although critical, is constructively critical, and instead of merely handing back the accounts as submitted to them, the committee has suggested useful changes that might be made by the management of the railroad in order the better to establish the system on a basis of economic success.

May I say in this regard that while the discussion was proceeding this afternoon one of these suggestions was put into effect by the directors themselves. The directors hold their meetings on the third Tuesday of every month, and at their meeting to-day in the city of Montreal I was informed they were going to discuss and deal with this report. While this debate has been in progress I have received a telegram from Sir Henry Thornton which may be of interest to the house. He wires:

That the board this afternoon passed the following resolution:

Resolved that all officers and employees, excepting those whose rates of pay and working conditions are governed by scheduled agreements, earning in excess of $3,600 per annum shall be reduced by 10 per cent for a period of 10 months from the first of August, 1931. At the expiration of this period the deductions herein included shall be restored unless the board otherwise orders.

Be it further resolved that no salary in excess of $3,600 per annum shall by virtue of such deduction be reduced below $3,600.

That action is along the lines of the course taken by the Canadian Pacific Railway management a couple of months ago when they reduced the salaries of their executives by 10 per cent. I do not know how far down the line they went; perhaps the reductions went further than those mentioned in this telegram, but at any rate it was stated that by this means the Canadian Pacific Railway would save some millions of dollars. That action this afternoon by the board of directors of the Canadian National Railways seems at least suggestive in view of the clauses of the report which I shall now read. I hold in my hand Votes and Proceedings for last Thursday, in which the report of the special committee was printed. These are the three clauses which I desire to quote:

Certain questions relating to the salaries and emoluments paid to executive officers of the company were asked by members of the committee, and were by resolution of the committee submitted to a subcommittee for consideration.

Your committee while of opinion that many of the salaries are much too generous, and in some instances excessive, accede to the expressed wish of the president that the list be not published for the reasons given by him.

A little further down in the report will be found the following:

In view of the decreased revenues of the company, and the economies being made in other branches of the service, your committee are of opinion that the executive committee of the board of directors should immediately consider the whole question of salaries, allowances, disbursements, pensions and retirement provisions for executive officers and officials of the company, receiving salaries of $5,000 and over in order that every reasonable and proper economy should be effected.

So that the board of directors this afternoon went a step further even than the committee had requested them to go.

May I say to my hon. friend from Winnipeg North Centre, who spoke this afternoon commending in a general way the whole report, that this does not affect the wages of those of whom he spoke. This affects the executive officers, from my reading of Sir Henry Thornton's telegram; it does not affect the ordinary wage earner, the day labourer, the piece job man or the running trades; it does not affect the ordinary workingman on the road up, we will say, to conductors, brakemen, engineers, and so on. I doubt if it at all affects the operating staff of the road, but rather the executive staff as was suggested by the committee which dealt with this matter. So it appears to me as though that committee, if it did not inspire the action of the board of directors, at least supported it inasmuch as it antedated their action by a few days.

So I repeat that to my mind this is a very useful report in its constructive criticisms and suggestions with regard to the national road. I say this in no spirit of criticism, but I think perhaps it is a pity that in past years the committee did not act in a similar way and offer constructive criticisms. I am indirectly criticizing myself, because for some years, at least, while sitting on the opposition side of the house I was a member of that committee. I think this report generally is constructive; it is not perfect, but it is a real effort to be helpful in the work of the road.

Now for a moment or two I wish to deal with some of the remarks of my hon. friend from North Waterloo, particularly his remarks with regard to the board of directors. Again without desiring to cast reflections may I say that I believe the present board of directors is the best board the Canadian National Railways ever had. Perhaps it is natural that I should make that statement because this government appointed them, but at the same time I believe more than the usual care was taken in these appointments. My hon. friend from North Waterloo took the attitude, which is taken by many others, that there should be no politics in the appointment of such a board as this. Of course there are arguments against appointments of that kind being political, but so long as we have party government in this country, just so long will the party in power naturally lean towards people who are friendly to it in making appointments of any kind. I think that is no reflection on party government. Not only that, but if my hon. friend from North Waterloo could see some of the letters I received after this directorate were appointed he would not think they were all friends of ours, because there were some very severe criticisms in regard to the political leanings of some of the men who were appointed.

Mr. EULER: I suppose there were a great many applicants?

Mr. MANION: Yes, but I am speaking of political criticisms by our friends, some of whom thought we did not pick Conservatives for these positions. But may I say that I do not believe the political affiliations of any member of that board, whether appointed by the Liberals or by the Conservatives, necessarily need lessen the ability of the board, because after all there are outstanding business men in this country who are of Liberal persuasion, as there are outstanding business men who are of Conservative persuasion. It is not difficult, in view of that fact, to choose a good group, as we have done. I do not believe in playing about with words; I will admit that they were largely of our political persuasion, but I still maintain that they are an outstanding group of men.

I will grant this: Probably a smaller board might give better and more efficient management to the railway. Yet this is a government railway, and the difficulty in creating a small board is that you get complaints from all over the country. When my hon. friends were in power I am sure when they made similar appointments they came up against the same type of criticism we have received since those appointments were made. Any appointments to a government institution—as this road is to a certain extent though handled by the management, since it is dependent upon the government for the money it may need—will bring about the same criticism. So long as this is a government road we will get demands from different portions of the country that they be represented, and from different classes in the country that they be represented. For example, when hon.

gentlemen opposite were in power, they appointed Tom Moore as representing Labour. We replaced him and a number of others who were formerly on the board.

Mr. EULER: You did not replace him; you reappointed him.

Mr. MANION: I meant to say we reappointed him to the board. We have had demands from the agricultural sections of the country; I have received many personally; some were read by my hon. friend from South Perth (Mr. Sanderson) some time ago, and others have been forwarded by supporters of the party on this side of the house, asking that agriculture be represented in the same way. So long as we have this road as more or less of a government institution we will have these demands that certain portions or certain classes of the country be represented. That is an advantage which a company such as the Canadian Pacific Railway has over a government institution such as the Canadian National Railways. They are not forced to consider the geography of the country, as my hon. friend the Minister of Trade and Commerce (Mr. Stevens) put it; they are not forced to consider different classes. They are in the position—the happy position, if you like—of being able to appoint those men whom they see fit to appoint from a straight business and executive standpoint. While I was sitting here I looked up the board of directors of the Canadian Pacific Railway; I had it in mind, and just checked it up. I find that they have exactly the same number of directors on the board; they have seventeen, and of those directors nine come from Montreal, two from London, one from New York—and what complaints we would receive if we should appoint a New York director on the Canadian National—one from Brantford, one from Oshawa, one from Winnipeg, one from Vancouver, and one from Toronto. Only four provinces are represented on that board, but the Canadian Pacific Railway have that advantage in that they are not forced to satisfy the different geographical or political sections of this country as a government road is forced to do to a certain extent.

Let me give an illustration of what I have been saying. When we appointed this board the provinces of Saskatchewan and Alberta were not represented—and were not represented on the previous board—and we had the very strongest protests conceivable from those provinces because of that fact. I presume the same thing occurred when hon. gentlemen opposite were in office. In a short time we intend to appoint two directors from those provinces, so that every province will be represented.

It may be of interest to the house to know the size of the boards of directors of some important companies in Canada. None of them is small. The directors of the Bank of Montreal number 21; of the Bank of Nova Scotia, 20; of the Bank of Commerce, 37, and of the Royal bank, 28. Of course many of those boards were enlarged because of the amalgamation of different banks, but the fact remains that these companies have large directorates. There are 17 directors of the Sun Life Assurance Company; of International Nickle—and I presume a great many hon. members here remember International Nickle—there are 25 directors, and the board of directors of the Bell Telephone Company consists of 15. So it will be apparent that very few of the large companies have a smaller number of directors than the Canadian National Railways.

I will admit, however, that I agree with the hon. member for North Waterloo; probably if we could pick four or five strong men as directors, more efficiency might result. They would have to be situated close to Montreal, at least within a night's run; they would have to be big, powerful men, independent of any smaller considerations, men who would give their very best to making the Canadian National Railways a success from a business standpoint. I believe if you could pick five men like that and give them a better salary, such as has been suggested, and generally put the road in their hands probably you would get better management than you can get from a directorate scattered from the Atlantic to the Pacific, which cannot meet more than once a month. Men in Prince Edward Island, in Vancouver or Victoria, in Calgary or in other places widely separated cannot get east or west to the centre where the meeting is held more often than once a month. That is one of the penalties we pay for having a democracy. No doubt democracy is the best form of government we have so far encountered, but it has its faults. This is one of the reasons why we have so many political demands upon the railway and so many protests against any change made in the interests of economy. This very morning I think I received half a dozen letters from various sections of the country protesting against some act of the management of the road, of which I knew nothing, some economy which is being practised and which the

management feels must be carried out because of the reduced earnings of the railway.

It may be interesting to the house to know as it is only right the house should know, that the gross earnings of the national railways for the first six months of this year are down some $22,000,000 as compared with the same six months in 1930. In 1930 the total year's earnings were down $46,000,000 as compared with 1929. In view of those figures, and in view of the fact that last year the government of Canada had to meet interest to the public amounting to nearly $30,000,000, which the railways had not earned and which therefore had to be paid on behalf of the people, it is, I think, realizable that the Canadian National Railways and the Canadian Pacific Railway—because that railway also has been affected—must of necessity economize. It is not quite fair, therefore, on the part of people in various sections of Canada to take the attitude that economies may be made, but not in their particular districts. And that, I am afraid, is the attitude which is taken in every part of the Dominion whenever any slight change is made by the Canadian National Railways or the Canadian Pacific—for I get protests sometimes in regard to the economies practised by the Canadian Pacific as well. I do not think it is reasonable, in view of the situation as I have indicated it, that people should protest as vociferously as they do.

My remarks so far have been quite general, and I wish now to discuss one or two particular questions. Let me for a moment or two consider the Peace River outlet. Before I take up that question, however, I think it might be well for me to reply briefly to the remarks of the hon. member for Témiscouata (Mr. Pouliot), who again this afternoon took up the time of the house with reference to the Riviere du Loup station. I do not intend to delay the house discussing that particular subject, because in my opinion the hon. member has already taken up too much of the time of the house in that regard. He has been very persistent, I will not say obstinate, in his presentation of the case, and as a result of his efforts he has obtained altogether 135 or 140 returns. That, I think, is a record in the whole history of parliamentary institutions in Canada, though I fancy it is a rather doubtful record. Now, in justice to the government, I would point out that last year the Canadian National Railways planned $8,000,000 worth of additions and betterments which were not carried out, so that Riviere du Loup constituted but one-hundredth part of the additions and betterments which had been contemplated but could not be realized. The Canadian National Railways took the attitude, with respect to most of these additions and improvements, that in view of the decreased earnings of the system such undertakings must be restricted. I agree with my right hon. friend from Argenteuil (Sir George Perley), who in reply to the member for Témiscouata, spoke this afternoon, and I accept entirely the statement that this was a government responsiblity. No hon. member has any right whatever to lay any undue blame upon him, as the hon. member for Témiscouata has done, because he was but one member of the government. I take my full share of responsibility for the action taken in regard to this matter, and I submit that it is not fair that my colleague from Argenteuil should be blamed, if there is to be any blame at all, more than the rest of the government. The responsibility for not passing the order in council was that of the government as a whole. I may say to the hon. member for Témiscouata, however, what he already knows and what has been already stated, that the Riviere du Loup station is being treated fairly well this year by the Canadian National Railways, because there is in the estimates a vote of $15,000 for repairs; and I hope that this $15,000 will at least put the station in fair shape so that we shall not be held up during another session to the extent that we have been this year.

In regard to the Peace River outlet, the hon. member for Bow River (Mr. Garland) made a vigorous speech in behalf of this cause. I have sat in the house a few years and I have heard eloquent speeches made by the hon. member for Peace River (Mr. Kennedy), by the hon. member for Cariboo (Mr. Fraser), and by the hon. member for Bow River. These three gentlemen—I will not particularize—have been strong and persistent advocates of an outlet to be built from the Peace River territory. I do not mind telling them frankly that I sympathize with them in this regard, although, so far as I remember, I have never made a speech anywhere dealing with this subject. I have not made any promises on the matter. But having lived all my younger days in a pioneer section of the country, in northern Ontario, where transportation was not easy and where we were largely isolated from other parts of Canada, I can sympathize with these hon. gentlemen who feel so strongly on the need for an outlet from that vast territory. May I point out, however, that the solution is not quite so easy as was suggested by my hon.

friend from Bow River in his otherwise excellent speech. The hon. gentleman spoke as though it were only a matter of the government stepping in and building this immense project. He spoke as though the two railways had come to a decision as to what they wanted and it would be a simple matter for the government to raise the $40,000,000 with which to construct the outlet forthwith. The fact of the matter is, the railways have not come to any decision. It is true that the route referred to by the hon. gentleman, the Aggie-Obed route, was one of the early suggestions of the Canadian National Railways. But the Canadian Pacific Railway has submitted a report recently in which they take exception to that suggested route; they suggest a different one from the route proposed by the Canadian National Railways. And then there are other routes which have been proposed. For instance, there is the suggestion that the present route be maintained, bringing all grain from the Peace River section back towards Edmonton—a backhaul—and taking it towards Vancouver, leaving the route as at present, and putting lower rates into effect. Secondly, there is the Obed route, of which the hon. member for Bow River has spoken. Then there are the Monkman pass and, the Pine pass, and the Peace pass routes. As a theorist I have studied the situation on the map, have looked into the various reports, and have endeavoured to familiarize myself with the subject. And in a general way I think I have done so. Moreover, I trust that during this summer I shall have the pleasure of a visit to the district. But I submit that it is only fair to say that before the government takes any action in the matter the railways themselves should at least agree to something definite. The hon. member spoke as if the Canadian Pacific Railway at least was ready to build one of these routes at once. I submit that it is not so. I had a conference only last Friday in my office with the heads of the two railways, and they did not propose to put up the money. I do not think I am betraying their confidence when I say that it is the opinion of the two railways at the present time that if this outlet is to be built it should be built by the Canadian government and not by either of the systems. Obviously, therefore, there are a number of questions to be settled before a final decision can be arrived at. Certainly I am of the opinion—and I am sure that in this regard the whole house will agree with me, including the hon. member for Peace River, the hon. member for Cariboo and the hon. member for Bow River—that we should not undertake in this country the construction of very costly lines of railway which will duplicate the mistakes of the past, without a proper investigation into the whole situation and an endeavour to avoid any such condition. After all, it is far better to have the two railways agreed upon one specific route and to have the government cooperating with them. Surely it is better to have the whole plan carefully laid out than to take chances, undertaking the construction of a road which has not been decided upon by agreement—one railway engineer taking one view and another suggesting something different.

I am interested in the whole question; I am sympathetic to the idea. But at the present time I think it would be unfair to the people of the country at large, and unfair to that section itself, if my right hon. leader (Mr. Bennett) were asked to carry into effect some ill-conceived proposal. I submit that my hon. friends from that section of the country will have to have a little more patience. After all, this government has not yet been one year in power, and I am sure that whatever promises may have been made in this regard were certainly not made by my leader, nor were they made by any other member of this government, to the effect that this road would be built within one year. Nor was any such promise made with respect to any of the large projects which the government has been gradually taking up as time has passed.

May I, in closing, make this observation. Parliament realizes that the country to-day is faced with a serious railway problem. Everyone must admit, when you take into account the immense debt of the railways; the vast governmental guarantees; the fact that the interest to the public to-day is well over a million dollars a week, and that this year it looks as if the national railways have not much chance of paying very much of that $50,000,000 odd which is owing to the public—everyone must admit, I say, in view of these facts, that the situation demands general economy, because of its seriousness. That immense sum of money having to be paid by the people of Canada, this house realizes and I believe the people realize the seriousness of the transportation question. At the same time I do not think this matter is a hopeless one nor do I believe this is a time for panic. I believe in the motto which I suggested some time ago, I think in my remarks on the budget, that with care, caution and economy, with prudence and wise general management of the railways, the whole transportation system of

our country will come back once again to a proper basis of progressive prosperity. Surely we Canadians are hopeful for the future of Canada. This country has not been ruined in a couple of years. We have our fields, our forests, our mines, our waterfalls and our virile people, and this country is going to come back into its own. The day for the people of Canada will return and with that day will return prosperity for both railway systems. Both roads will return again to a proper basis of economic progress, and the spirit which has been shown to-day in this house by every hon. member who has spoken is the spirit which will help to bring back prosperity, not only to Canada but to both the Canadian Pacific and Canadian National railways. They will both soon reach that position of progress and prosperity which we all desire to see them attain.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, I hope the house will bear with me for a few moments while I emphasize the points raised by the hon. member for Bow River (Mr. Garland). I do so not only because of the importance of the subject itself, but also because the hon. member for Peace River (Mr. Kennedy), who has been an ardent advocate of the Peace river outlet, is suffering from a bad throat and is unable to speak.

First, let me offer my congratulations to the hon. gentleman who acted as chairman of the railway committee. I am sure that all hon. members appreciate the great qualities he exercised in that capacity. I am glad to know that the report of the committee was adopted unanimously, and I anticipate that it will be concurred in unanimously by this house. My words will not be words of criticism of the Canadian National Railways, although there may be room for criticism, nor will they be words of praise.

I want to point out to the government the necessity of undertaking as speedily as possible the building of a Peace River outlet, and I want to emphasize in particular the economic aspect of that undertaking. The hon. member for Bow River has very ably outlined the history of the struggle of the people of the Peace River district for an outlet to the coast. That struggle has been carried on from 1917 up to the present day, during which period many people flocked into that section of the country in the hope and belief that a railroad would be built and that they would find an outlet for their products. It is now known that the tonnage of produce which could be shipped annually from that section of the country will far exceed the estimates made by leading railway men of this country as being necessary to warrant the building of a road. Moreover both railways have been making surveys during the last eight years. and practically every possible route has been surveyed. There is now in the hands of the government or available to it all the engineering data necessary to enable it to come to a conclusion as to which route should be selected.

While I did not expect that the minister would say that the Peace river outlet would be built, I did hope for a little more encouragement than he gave us in his remarks. We are glad to have the minister's sympathy; I know the people of the Peace River district will be glad to have it; but they are looking for something more substantial. To express it in another way, they are looking for sympathy expressed in material form, or materialized sympathy. If I understood the minister correctly, his chief objection to proceeding immediately with the development of this route was that there does not seem to be any agreement between the two railway companies as to which route should be selected. That disagreement might go on forever because these roads being in competition, no one can say how long it will take them to agree as to which route should be selected.

Mr. MANION: I should have stated that the suggestion of the two roads was that engineers be appointed, one by each railway company and one by the government, to go into this question. That will probably be carried out in the near future.

Mr. IRVINE: That would seem to show that some action has been taken to break the deadlock and there is hope that in the near future a definite decision will be arrived at as to which route should be adopted. Perhaps a little more progress has been made than was indicated by the speech of the minister. If that arrangement fails to accomplish anything then the government should not wait any longer for a decision to be made by the railway companies. Having, as I said, at its disposal all the data necessary to arrive at a conclusion it should put its own engineers on the job, decide which route should be built, and proceed to build it.

The need for an outlet is great. I do not think I need to recapitulate what the hon. member for Bow River has so eloquently presented to the house. There is no doubt about the fact that the people are there. In 1928 and 1929 there were homesteaded in this district a total of 1,760,000 acres, and to

date about 5,000,000 acres have been taken up with approximately 1,000,000 acres under cultivation. With such a large portion of the population of Canada, if it is desired that it be expressed in that way, in dire need of facilities of this character, there can be no question about the necessity. It must be remembered that the opening up of this district, which is perhaps the most fertile in the Dominion of Canada, will mean virtually the opening up of a new continent.

It was said not so long ago by statesmen of this country that there were two great railway necessities, the Hudson Bay railway and the Peace River outlet. The Hudson Bay railway has been built, and without making any criticism of that road I have no hesitation in saying that the least important has been built first. I do not think there can be any question as to the relative importance of these two routes. All necessary surveys have been made and there should be no doubt as to which route should be chosen for a Peace River outlet. All the engineering information that is required is to hand. The only question is, when is the road to be built?

Let me point out that there is no political issue here, as I understand it, for both political leaders have declared themselves in unequivocal language as being in favour of the development of the Peace River country by providing it with adequate railway facilities. I refer hon. members to the statement of the right hon. leader of the opposition (Mr. Mackenzie King) when making his tour in the west as Prime Minister some time prior to the election of 1925. He had this to say in the city of Edmonton in respect of the Peace River outlet:

> There is to the north of this city a great tract of land that is crying out for development.

Incidentally, it is still crying:

> The Peace River country is amongst the richest in Canada, but before the proper development of that country can take place an outlet to the Pacific coast is an absolute necessity. I pledge myself that as soon as it is humanly possible the great Peace River country will be given that measure of railway relief that will bring to the pioneers of that country the outlet they have been so long denied, and will open up the counrty for prospective settlers.

That was the statement of the right hon. leader of the opposition when he was Prime Minister. Let me now quote the declaration of the Conservatives in their great Winnipeg convention, which I presume was accepted by their leader and is accepted by the government to-day. Clause 5 of that declaration says:

> We pledge ourselves to the improvement of the whole scheme of Canadian transportation northward by the completion of the Hudson bay route, and the construction of such branches as may be necessary to render it most readily available to every part of Canada; to the Pacific slope by a Peace River outlet, and east and west by the development of the St. Lawrence waterways, and we pledge ourselves to aid existing traffic channels and to increase port facilities on the great lakes, Hudson bay and the Atlantic and Pacific oceans, and to the establishment of a national highway system.

Incidentally in that declaration mention is made of a number of other transportation facilities, but specific mention is made of the Peace River outlet. So I think we may take it that there is no political conflict in a party sense, but that both party leaders have declared themselves as being in favour of the Peace River outlet. With the great need for the building of that road, with the preparations that have been made during the last eight years by the railway companies in their survey work, and in view of the fact that both political leaders have declared themselves in favour of building the road, why are we not busy building it? I imagine the only answer that will be given will be that this is a time when we ought to be practising economy rather than spending money. All governments in all countries of the world have a tendency to take that attitude. It has been the general practice, I think, of all governments, that in periods of depression governments, naturally reflecting the depressed feelings of the population and fearing popular criticism if they enter upon what would be regarded under such circumstances as extravagant expenditures, have refrained as much as possible from making expenditures during such periods and have practised rigid economy. Not only does that increase the depression by withdrawing credit from circulation, but by intensifying the psychological effects it makes the people generally more afraid of launching out into new enterprises, and thus adds greatly to the difficulties which depressions always bring.

I want to submit to the hon. Minister of Railways and to his government, in view of the situation with which we are faced at the present moment, the advisability of taking into consideration the suggestion that I am now going to make. I suggest to the government that this is no time for the government to practise economy. I suggest on the contrary, that this is the psychological moment for the government of Canada to launch out into large expenditures. I suggest to the government that in doing so they should be thinking in

terms of at least twenty years, and not in terms of the next budget. If they are thinking in terms of twenty years, and have the faith in Canada which they have indicated they have, there will be no doubt about what they will do. They will immediately launch out into those great projects which they very freely adumbrated in their election campaign speeches. They will proceed to implement those promises because all of them that I have mentioned to-night are of a high order. They are all necessary for the wellbeing of Canada, and may be proceeded with immediately to the advantage of Canada.

Let me point out to the Minister of Railways that next year we may spend in relief for unemployment perhaps $100,000,000, perhaps $200,000,000. I cannot guess how many millions. I know that this parliament provided $20,000,000 in the special session for unemployment relief, which amount was augmented by grants from municipal and provincial governments which amounted to something in the neighbourhood of $80,000,000. Now it is reasonable to suppose that in the winter that is ahead of us, taking into consideration all the phases of our economic situation that we are able to visualize at the moment, our expenses for unemployment relief will be greater than last winter. I submit to the government this proposition: Would it not be better business to build this railway with the money which otherwise would be spent in unemployment relief, and thus have an excellent asset in the hands of the Canadian people to increase further their wealth in the future, and at the same time give heart to Canadian workingmen, not by treating them as objects of charity, but by furnishing them with work which will be to the advantage of the nation?

Perhaps I shall have an opportunity to go into this matter as thoroughly as it deserves when we discuss the proposals of the government with regard to unemployment. When that time comes I would go as far as to suggest not only that the Peace River outlet should be immediately proceeded with, but also that the trans-Canada highway should be built at the earliest possible moment, and we should undertake not only the St. Lawrence deep waterway development but similar public works which can be carried out to the advantage of Canada. In order that I may not stand alone as an advocate of this policy, which differs from all practices of previous governments in times of depression, I want to draw the attention of the government to the sessional papers of 1916, volume 48, part 13, from which I wish to quote to indicate that there are others who think as I do on the matter of public expenditures being good business at a time like this.

[Mr. Irvine.]

For several years, Canadian factories have secured a market through the investment in Canada of very large sums of borrowed capital, amounting during the years 1907—1913, inclusive, to between $700,000 and $800,000 for each working day. Sir George Paish estimates the British loans to Canada between 1907 and 1913 at $1,500,000,000. This is equal to $714,000 each day for 2,100 working days. Mr. F. W. Field has estimated the foreign borrowings of Canada from 1905 to 1913 at $2,276,000,000 which is equal to $843,000 each day for 2,700 working days. An equivalent for this expenditure must now be found by other methods. The adverse balance of trade must be overcome, not by an artificial stimulus such as war orders, but through the response of a healthy national organism to vigorous effort directed definitely to that object.

Presumably the war inflation and the subsequent developments removed all suggestions made at that time by those men investigating the unemployment situation. It is now becoming apparent however that we are suffering more to-day from the economic effects of the war than we did when the war was in progress. If we look at the very grave statements of the Prime Minister of Great Britain as published in to-day's press to the effect that the conference in which they are now engaged may mark a very important era in the world's history or may work for the good or evil of the world in a most profound way, and when we realize that Canada is within the range of the difficulties which now beset the world, we can readily appreciate that the time for us so to act as to rehabilitate our own economic life is now—at this moment. If we could dip into the future for war purposes, to the extent of $2,000,000,000, all of which was used for purposes of destruction, surely in view of the great developments which are possible in Canada we can if necessary increase our indebtedness, having faith in our future. Such an indebtedness would be an asset which would add to the national wealth and would increase the facilities of our people while at the same time assisting us in the very difficult period through which we are passing. To quote further from the sessional papers to which I have referred:

To plan necessary public works and expenditures, for such periods, in order that public employment may compensate as far as possible for a lessened private demand for labour, is, in the judgment of your commissioners one of the most effective methods of dealing with the problem of periodic unemployment.

It is not proposed that unnecessary expenditures should be undertaken; but your com-

missioners are of the opinion that the public works and other requirements of several years should be planned in advance as a program, and this should be carried out, when and in proportion as the returns of unemployment show a subnormal demand for labour.

It might be further pointed out that governments have a greater control over capital expenditures of a nation than any one or number of large corporations. Their control comes in largely because they can refuse to spend this year and may spend next year or four years from now, thus making the largest expenditures at a time when they will do the greatest service to a nation faced with an unemployment problem. I should like to quote the words of Mr. Sydney Webb:

Without securing an approximate uniformity, one year with another, in the aggregate demand for labour in the community as a whole, it is clear that unemployment on a large scale cannot be prevented. The only possible way in which that uniformity can be secured is, so far as can be seen, the use of the government orders as a counterpoise to the uncontrollable fluctuations in the other orders.

I do not wish further to belabour this point. I hope I have gone far enough to indicate that it might be worth while for the government to take the matter into consideration, namely, that the best time to make expenditures is at the time of the deepest depression, not only because money is cheapest but also because expenditures made at such a time relieve directly the pressure and further encourage industry to go ahead. Best of all, such expenditures increase the purchasing power and improve the entire economic outlook of the state.

With that in view I urge that the government give serious and immediate consideration to one of the projects to which it made frequent reference when seeking the franchise of the people. So far as I am concerned I have so far no blame to attach to the action of the government in respect to the carrying out of its promises. I will say that I do not know of any prime minister or any government which has gone so far in carrying out his or its promises. My plea to-night is not one of censure; I am merely asking the Prime Minister to carry on the good work, and asking the government to continue to carry out their promises until all have been implemented. I wish particularly however that the government would expedite this special work. In the interests of the Peace River country—and not only the Peace River district, because the matter is not sectional—I wish them to hurry. The railway when built would be a great asset to the port of Vancouver and to the province of British Columbia and the western provinces generally. The steel industry in Canada which is now and has been languishing for a long time would be greatly stimulated if next winter it were called upon to prepare steel for this great undertaking, the Peace River outlet. From that point of view, so far as I am able to see at the moment, it would be advantageous to the people of Canada, advantageous from an economic point of view, advantageous to the government itself and advantageous to all concerned, to build this road as speedily as possible.

I leave my plea with the government. The present is the opportune time. The need is great. Everything is in readiness—and all we want is the money. The government can get the money more easily now than it will be able to get it ten years hence, and at a lower rate of interest; and ten years from now when boom times come back the government may practise economy. That is the time to raise taxes to make up for what is now being spent; that is the time to spend as little as possible. At present however I believe the government should spend all it possibly can on this project, which will leave a worth while asset in our country.

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, I wish to congratulate the Minister of Railways and Canals (Mr. Manion) upon his remarks in connection with the report of the committee. I can associate myself with practically all his statements, with the possible exception of his reference to the outlet from the Peace River district to the Pacific.

To sum up briefly, I wish to place myself on record as being in accord with the statements made by the hon. member for Bow River (Mr. Garland) concerning the Peace River outlet. In this connection the Minister of Railways said that it would be unfair to the people of Canada if at this time the government were to proceed with the construction, and for that reason he recorded his opposition. Although we have had surveys and re-surveys, examinations and re-examinations by engineers from the government and the various railways, he said that we were still in a position where in fairness to our people no definite decision could be made. Naturally Canadians want that route to be the most efficient possible of development. But I would also associate myself with the remarks of the previous speaker that the most important question before the people of Canada at this time is the question of unemployment. While it may be that in fairness to the people the route cannot be decided upon immediately, I say that in view of the economic situation and that the building of

this railway would give employment to from 10,000 to 20,000 men for some months to come, it is doubly unfortunate that the government are not prepared to say "Go ahead at once."

As to the report itself, first of all I wish to commend the chairman of the committee, the hon. member for Lincoln (Mr. Chaplin), for his patience, his tact, and his fairness to every member of the committee. That the report is to all practical purposes a unanimous report is due almost entirely to his fairness and his tact.

Some hon. MEMBERS: Hear, hear.

Mr. HANBURY: The hon. member for Stanstead (Mr. Hackett) in speaking to this report this afternoon, placed a good deal of valuable information before the people of Canada. I feel he is to be highly commended by the house and by the country for trying to bring home to us some realization of the colossal undertaking and of the enormous sums of money involved in the operating losses of the Canadian National Railways and its subsidiary companies. To my mind a great deal of the responsibility for the present position of the system rests with past governments. The picture which I have of the Canadian National Railways is that the Canadian people invested approximately $2,000,000,000 in the undertaking, and then they searched the world over and found the man they thought best fitted to handle it. But to my mind they did not take sufficient safeguards to ensure that the funds of Canada were spent to the best advantage.

Some hon. MEMBERS: Hear, hear.

Mr. HANBURY: I have no desire to criticize the officers of the Canadian National Railways. I say that any man placed in a responsible position where he has large sums of money to disburse, and is not given constructive criticism from time to time and watched at all times, will invariably tend to become extravagant. So I say in the present case any remarks I have to make are not in criticism of the officers of the Canadian National Railways, but rather of the method adopted by the people of Canada for watching the operation of such a large undertaking.

The member for Stanstead thought that the appointment of directors, the setting up of the committee, and the report of the committee itself were all absolutely futile. I would say that this system of endeavouring to watch our large railway investment is not the best system. I have already stated so this evening. But I do say in justice to the committee that each and every member was conscientious, serious and not politically partisan; all were conscientiously endeavouring to do something that they felt was necessary. That they have done something constructive I am quite satisfied, because if they have done nothing else they have brought to the attention of this house, of the board of directors, and of the officials of the system the necessity of doing something radical, and doing it at once.

In the report it will be noticed that as a result of the recommendation made by the president it is suggested that a commission should be established to investigate the whole railway situation in Canada. In that respect I would point out to hon. members that the total cost of the operation of both the Canadian National railway and the Canadian Pacific rialway must eventually be borne by the people of Canada; that every dollar spent in operation must eventually come from the pockets of the people. To my mind we have in both of these railway companies some of the most able men in their profession; they are men of knowledge and of vision; and if they would sit down across the table and not play railway politics, they would soon iron out some of the difficulties that are facing us at this time.

Some hon. MEMBERS: Hear, hear.

Mr. HANBURY: I do not think it is necessary to have a commission to investigate our railway troubles. I believe if the Prime Minister or the Minister of Railways in no uncertain terms notified the presidents of these two railway companies that we expect their cooperation for the elimination of so much futile competition—to use the words of my hon. friend from Stanstead—so much expensive competition, and that they must get down to business, the people of Canada would very soon see some light in the railway situation. That is something for which the government must take responsibility. I do not believe that a commission as suggested would get results, but I do believe that the government through the Prime Minister or the Minister of Railways can get results by simply insisting that those results shall be obtained.

It has been suggested that higher freight rates in the past would have prevented some of these losses; it has also been suggested that higher freight rates in the future would convert some of the present losses into profits. I would point out to hon. members that if we are to have higher freight rates we shall have a higher cost of producing wheat, lumber, and every other commodity. Transportation is a portion of the cost of producing everything, and to the extent that we in-

crease freight rates we increase our cost of production. The problem in connection with increased freight rates is whether the individual producer is to absorb the increase or whether the country as a whole shall do so.

In connection with the large deficit on the operation of the Canadian National Railways during the past year, I think it is only fair to call the attention of the house to the fact that during the past twelve months or more the management have retained on the pay roll numbers of men who in view of the economic depression would have been discharged had the railway company not been a nationally-owned system. To what extent their retention has prevented a reduction of the pay roll I could not say, but it would be an enormous sum. It has been suggested that there is not enough traffic in Canada to justify and make profitable the operation of both these railways. In this connection I would point out to the house that the greatest returns to the railway companies were in those years when the external trade of Canada was greatest. During the internal development of Canada it is only reasonable to assume that the deficits of the future will be even larger than those of the past.

Very few suggestions have been made as to what steps are necessary in order to remedy the losses we are suffering, but it is obvious that we require either greater revenue or a lower cost of operation. In order to bring about either of these results government policy is necessary, probably as expressed through the board of directors of the Canadian National Railways. There has been some discussion as to the constitution of the board of directors, as to the number of directors and as to the salaries they receive, and I think the arguments as to why the number of directors should not be reduced are logical. I would suggest for consideration that the Canadian National Railways might very well have a committee of the directors—not a committee of the management—numbering four, five or six, so located that they could meet often and for as long as it might be necessary, and that on this committee should be placed the responsibility for the operation of the road. They could then work in conjunction with the general board of directors as it is constituted at the present time. If we are to overcome the loss in the operation of this railway it is necessary that we should eliminate useless competition, and that we should do away with some of the services which the country can most easily do without. It may be that we will have to increase rates; it may be that we will have to reduce the cost of operation; it may be that this reduction in the cost of operation will mean not only the reduction in salaries which was announced by the Minister of Railways this evening but that the government will have to go as far as to take responsibility for further reductions in the operating costs. That is something for government policy. It may be that the government will have to reorganize the capitalization of the company, and it may come to the point where the government will have to consider whether or not there are sufficient people in Canada at this time to make possible the profitable operation of the Canadian National Railways, and whether or not they will have to give consideration again to an immigration policy.

In connection with the committee, of which I had the honour to be a member, I feel quite justified in complimenting Sir Henry Thornton and the management of the company on the large mass of detailed information which they were able to give. I would suggest to the government, at the same time, that in constituting this committee another year they should endeavour to see that the committee is placed in possession of information as complete as possible, as early in the session as is possible. I do not know that any good purpose would have been served this year if we had been given more information at an earlier date, but it would have done no harm and might have done some good. I feel sure that the management and officials of the Canadian National Railways are fully seized of the importance of reducing every possible expenditure at this time, and I repeat that I believe the committee can take some credit to itself for having impressed upon the management the importance of this action being taken.

Just for a moment or two I should like to refer to that part of the report which deals with the Canadian government merchant marine. The original cost was approximately $80,000,000; the book value at present is about $45,000,000 and depreciation already set up amounts to about $17,000,000, so there is a present valuation of the steamers operated by the Canadian government merchant marine of approximately $28,000,000. That is the book value. We are told that the actual value is from $2,000,000 to $2,500,000, so the Canadian people have absorbed the loss of the entire original investment, plus the amounts it has been necessary to vote from year to year.

Last year the operating loss was less than $600,000. The suggestion has been made by the committee that the government should give serious consideration to the disposal of these vessels, and with that recommendation I am in agreement, with one qualification. I suggest to the Minister of Railways (Mr. Manion) and to the Minister of Trade and Commerce (Mr. Stevens) that the only justification for ever having had this service or for continuing it has been the development of the external trade of Canada. During the investigation we attempted to ascertain the value of the trade, both into and out of Canada, carried by those ships, but were unable to do so. I would suggest, therefore, that these ministers notify every board of trade in Canada and every user of these vessels that unless they can prove to the government that the people of Canada are justified in absorbing a loss of $600,000 a year, the service will be discontinued.

I am sorry, Mr. Speaker, that my time was so short, because there were several other remarks I should like to have made.

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

Wednesday, July 22, 1931.

The house met at three o'clock.

STANDING ORDERS

Fifth report of the select standing committee on standing orders.—Mr. Bury.

Mr. Bury moved that the report be concurred in.

Motion agreed to.

PRIVILEGE—MR. MACKENZIE KING

STATEMENT CONCERNING EXPENDITURES IN CONNECTION WITH TRIP TO BERMUDA

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I rise to a question of personal privilege. The press of yesterday and to-day in reporting the proceedings before the select standing committee investigating the Beauharnois project has in certain quarters placed its own interpretation upon the evidence which was given there. I have in my hand one publication bearing the following heading:

Beauharnois paid bills of ex-Premier King. Mackenzie King's jaunt to Bermuda with Senator financed by Beauharnois.

I just wish to say Mr. Speaker that no bills of mine were ever paid by Beauharnois. I had no connection whatever with Beauharnois in any way, with respect to any matter of travel or anything else, and also I did not make the trip to Bermuda with Senator McDougald, as one might infer by reading the headings of articles appearing in some newspapers of yesterday and to-day.

The statement upon which these articles are based is a voucher presented yesterday to the committee which reads as follows:

April 30, 1930.—Expenses of trip to Bermuda Hon. W. L. Mackenzie King and self, hotel Bermuda, $288.53. Fares Montreal to Bermuda and return, $395.04. Hotel, New York, $168.75. Total, $852.32.

If one were to read this voucher without reading the evidence given yesterday by Senator McDougald, there might be some justification for headings which would seek to place upon the matter the interpretation to which I have referred. Senator McDougald's evidence given yesterday however makes perfectly clear the facts that this voucher was one which was put in, if not by himself by some one connected with his office, that it should never have been put in, that it was not a correct statement of his expenses and that it was in fact wholly erroneous.

May I say that at Easter of last year I paid a visit to Bermuda. On the way through the city of Montreal I saw Senator McDougald. He came into my car for a moment and spoke to me there. I did not see him again until I arrived at Bermuda, and when I was leaving I found that Senator McDougald who had been there during part of my stay had in part settled the account of myself and Senator Haydon who accompanied me on the trip. Senator McDougald left Bermuda before I did, and I did not accompany him to New York. I saw him in New York. I stayed one night at the Ritz Carlton hotel. The senator himself was not in New York at the time; I had received word that he had reserved accommodation there for Senator Haydon and myself and we stayed that night in the hotel. On the following day Senator McDougald came to the hotel with his wife with whom he had been in Atlantic City, and took up the accommodation he had reserved for himself. Senator McDougald did not pay any expenses whatever of either Senator Haydon or myself for transportation from Ottawa to Bermuda either by land or water, nor did he pay any transportation whatever from Bermuda back to Ottawa. All he did was to pay, himself, some of the hotel expenses while he had been a guest with Senator Haydon and myself.

May I say, Mr. Speaker, that any attempt to draw an inference from the fact that on an Easter vacation I went to Bermuda with another member of this parliament and was met there by a second member, and that this meant that in any way I was violating any matter of honour in any particular is an inference which cannot be drawn by anyone who has an honourable mind. My purpose in going to Bermuda was twofold: I had in mind first of all the need of some vacation at the Easter recess. As hon. members know, whoever is filling the office of Prime Minister in Canada when parliament is in session is on certain occasions very much in need of rest. I took very few vacations during the time I was Prime Minister, and last year when the house was having the Easter recess I visited Bermuda. The primary object in my mind in going to Bermuda was this: In the government we had been discussing the terms of what is known as the Dunning budget, under which it was proposed to increase the duties against the United States on fruit and vegetables. It was further proposed to reduce the duties under the British preference, and I was anxious to ascertain whether in the event of fruits and vegetables being made free from Bermuda and the West Indies there was a possibility or a probability of Bermuda and the other islands reciprocating by lowering their duties on some of our commodities going into those countries. While in Bermuda I discussed this matter with several members of the legislature and received assurances that if Canada did lower her duties on fruits and vegetables they were quite sure the islands would respond speedily by reducing some duties in our favour. That step was taken very shortly after our return.

Had I been thinking of enjoying a vacation at the expense of anyone I might, I suppose, have interpreted the trip—had I so desired to do, or been of a mind to do that kind of thing—as one which was associated with public business. I was so scrupulously careful however to avoid anything which might even remotely resemble anything of the kind that I regarded the entire trip to Bermuda and return as a vacation, and not a cent of money was charged against any account of the government or of any other organization or corporation of which I have any knowledge whatever.

I just wish to make that statement, Mr. Speaker, repeating that I am in no way responsible for any bills that may have been submitted by Senator McDougald to the Beauharnois company. I had no knowledge whatever of any such bills being submitted. I was horrified when I learned of the voucher that was presented before the committee; so much so that I immediately went to the Prime Minister and told him of my trip to Bermuda and the circumstances surrounding it. I fail yet to understand how any such voucher could possibly have been put in. I want the house to understand that any bills that were put into the Beauharnois company were not put in with my knowledge or with my consent; they were not put in by me or on my account, but were put in by Senator McDougald with respect to expenses which he himself had incurred.

May I add this further fact, which possibly I should have mentioned at the outset: That I had no knowledge that Senator McDougald had settled the hotel account at Bermuda until I was about to pay my bill, when the clerk informed me that the Senator, before leaving, had paid the account—for the most part, not in its entirety—and that therefore there was no further charge to be made in connection therewith.

Mr. BURY: Mr. Speaker, with the leave of the house—

Mr. MACKENZIE KING: With your permission, Mr. Speaker, and that of the house, there is one important statement that I should have made. During the entire trip to Bermuda I never discussed the question of Beauharnois either with Senator Haydon or with Senator McDougald, or with anyone else, nor have I at any time discussed with Senator McDougald any matters pertaining to the Beauharnois.

RULES OF THE HOUSE

MOTION FOR CONCURRENCE IN REPORT OF COMMITTEE PRESENTED JUNE 18

The house resumed from Friday, June 26, consideration of the motion of Sir George Perley for the concurrence in the first report of the special committee appointed to consider jointly with Mr. Speaker the amending of the standing orders of the house governing the procedure to be followed in taking a division.

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

Motion agreed to.

RAILWAYS AND SHIPPING

The house resumed from Tuesday, July 21, consideration of the motion of Mr. Chaplin for concurrence in the third and final report

of the select standing committee on railways and shipping, owned, operated and controlled by the government.

Mr. SPEAKER: Is the house ready for the question?

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ENUMERATORS—NORTHUMBERLAND COUNTY, ONT.

Mr. FRASER (Northumberland):

1. Who appointed the enumerators for Northumberland county, Ontario?
2. On whose recommendation were they appointed?
3. How many were out of work at the time of their appointment?
4. How many of them are married?
5. How many of them are returned soldiers?
6. What are the names and addresses of all enumerators for Northumberland county, Ontario?

Mr. STEVENS: Tabled as an order for return.

EX-SERVICE MEN—HOSPITALIZATION

Mr. AHEARN:

Will the hon. Minister of Pensions and National Health consider giving hospitalization to all ex-service men, regardless of length of service, who are suffering from tuberculosis and who appeal to the Department of Pensions and National Health for help?

Mr. MacLAREN: It has been and still is under the consideration of the department.

POULAMOND WHARF—ENGINEER'S REPORT

Mr. RALSTON:

1. Has an engineer's report been received on building a wharf or an extension to the existing wharf, at Poulamond, Richmond county, Nova Scotia?
2. If so, is such report favourable?

Mr. STEWART (Leeds): Mr. Speaker, it would not appear to be in the public interest at this stage to give an answer to this question. It asks for information received for the guidance of the department, and until some action is taken on the report I submit an answer should not be given to the question.

Mr. SPEAKER: Answered.

CHEVALIER'S SCOW

Mr. SEGUIN:

1. Did one Chevalier offer for sale to the harbour commissioners of Quebec or Montreal a scow owned and operated by him?
2. If so, what is the name of said scow?
3. What price did the said Chevalier demand for the said scow?
4. Have the harbour commissioners of Quebec or Montreal purchased said scow?
5. If so, what price did they pay for same?

[Mr. Speaker.]

Mr. DURANLEAU:

The following answers have been furnished by the harbour commissioners of Quebec:—

1. There is no record in the Quebec harbour commissioners' files regarding such an offer, and the officials of the commission do not recollect any such offer being made.
2. The name of said scow is unknown.
3. The commissioners are ignorant of the price which the said Chevalier wished to obtain for his scow.
4. No.
5. No payment has been made by the commissioners in this connection.

The following answers have been furnished by the harbour commissioners of Montreal:—

1. Yes.
2. A. C. No. 3.
3. $16,000.
4. No.
5. See answer to question 4.

RAINY LAKE—BUOY CONTRACTS

Mr. HEENAN:

1. Who secured the contract for placing buoys in Rainy lake this season?
2. What is the amount paid for this contract?
3. What was the amount paid for this contract last season?
4. Does the contractor own a boat necessary to perform this work?
5. Does the contractor hold a position with the Ontario government?
6. Who let this contract on behalf of the federal government?
7. Who recommended the present contractor?

Mr. DURANLEAU:

1 to 7. There is no contract. The arrangement this season is the same as in previous years whereby the work is done under the immediate supervision of Mr. C. L. Parrott, sub-agent of the marine department at Kenora, who is authorized to purchase material and hire labour, and tug, as required. The work is more extensive this season than formerly on account of change in level of lake.

QUESTION PASSED AS ORDER FOR RETURN

PUBLIC WORKS COAL CONTRACTS IN MARITIME PROVINCES

Mr. RALSTON:

1. To whom were contracts awarded for coal to be delivered to the Department of Public Works for consumption in the maritime provinces?
2. What grade of coal did the contracts call for and what price is to be paid, in each case?

Mr. STEWART (Leeds): I desire to inquire of the member for Shelburne-Yarmouth (Mr. Ralston) which year he has in mind, the current or the past year?

Mr. RALSTON: Any contract that has been let or dealt with since my hon. friend has had charge of the department.

Mr. STEWART (Leeds): Then I would ask, Mr. Speaker, that this question stand as an order for return.

CHICOUTIMI HARBOUR

ADVANCE OF $450,000 FOR CONSTRUCTION OF TERMINAL FACILITIES

Hon. ALFRED DURANLEAU (Minister of Marine) moved that the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to authorize a loan to the Chicoutimi harbour commissioners not exceeding $450,000 for the construction of terminal facilities, upon approval by the governor in council of detailed plans, specifications and estimates for such works, and the deposit of the debentures of the corporation to cover said loan.

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.

BANK NOTE CIRCULATION

On the orders of the day:

Mr. H. E. SPENCER (Battle River): Mr. Speaker, some little time ago I put certain questions on the order paper with respect to bank note circulation, and they were answered on July 6. This was one of the questions:

What was the total of chartered bank notes in circulation on 31st May, 1931?

To which this answer was given:

$123,749,693.

Looking at the return of the chartered banks to the Department of Finance, made at a later date, I find under the heading "Notes in circulation" the total amount given as $143,749,692, or a difference of $20,000,000, less $1. This may be a clerical error, but I should like to know which amount is correct.

Right Hon. R. B. BENNETT (Minister of Finance): I shall read the Hansard report of what the hon. gentleman has said and answer him to-morrow.

PRIVILEGE—Mr. VENIOT

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): Before going on with the orders of the day I rise to a question of privilege, which includes the privileges of parliament as well as the personal privileges of myself as a member of parliament. On April 27 an order was passed for the production of papers in the case of Nordin v. the King. These papers were asked for by the hon. member for Mount Royal (Mr. White): Seeing that the papers were not produced, and being interested in obtaining the information contained in that file, on June 5 I took up the matter. The Secretary of State (Mr. Cahan) then informed me that he would look into the matter. I believe this was on a Friday, and the following Monday or Tuesday he informed me that he had discovered that the wrong file had been looked at, and that later on the matter would be attended to.

Up to the present time these papers have not been produced. Since this file has to do entirely with the Department of Railways and Canals, and since it is not the practice for the Secretary of State to produce papers except when they come from more than one department, I would now ask the Minister of Railways and Canals (Mr. Manion) if there is any reason why these papers have not been produced, or if there is any reason why they should not be produced. When the minister gives that reason I should like to have the opportunity, on a question of privilege, of discussing the matter further.

Hon. R. J. MANION (Minister of Railways and Canals): It is not in the least the fault of the Secretary of State (Mr. Cahan) that these papers have not been produced. It is my own fault, or perhaps I should say it is to my credit that this has not been done, and the reason is this: The production of these papers is being asked for —and in saying this I am in no way reflecting upon my hon. friend—for the purpose of permitting someone who wishes to sue the government to get certain information from our files. Since our department does not believe that the people who are going to sue the government in this matter have a just case, it was and is my opinion that it is not the duty of the government or of any department of the government to submit files for the purpose of enlightening some legal firm who may desire to secure information from those files which will assist them in preparing their case. I am not saying this in any spirit of criticism with regard to my hon. friend, because an hon. member on this side of the house moved for the production of those papers, I believe, on a previous occasion. The resolution slipped through; I do not remember when it was passed and I do not remember knowing anything about it when it did go through, but at any rate it was passed.

Mr. VENIOT: On April 22.

Mr. MANION: I do not question that, nor do I question my hon. friend's intentions at all. But I repeat that I cannot see why, in a case like this, the government should be in a different position from a private corporation, which certainly would not show its files to an opposing group who might desire to sue them. I think the government, in the public interest, should refuse to permit the file to be brought down.

Mr. YOUNG: Is that the infallible justice of the crown?

Mr. MANION: My hon. friend had better stick to free trade.

Mr. VENIOT: In discussing this matter further permit me to direct the attention of the Minister of Railways and Canals first to the fact that an order of this house has been passed directing that these papers be produced, and the minister himself has no right to refuse to obey the orders of this house. If there were any serious objections to be taken to the production of these papers they should have been taken at the time the motion was before the house. No objections were taken. Further, let me refer to standing order 51, which has to do with the papers that may be produced. Among others I find:

. . . . for returns of petitions of right . . . .

There has been a petition of right in this case, and I claim that as a member of this house I am entitled to have that petition of right brought down and action taken upon it. Then the standing order goes on:

. . . . and cases before supreme and exchequer courts. . . .

Let me go further: It is a principle of British justice that the crown shall do nothing to prevent a citizen of the country from obtaining justice, and that the crown should in every way facilitate the obtaining of that justice. We have rulings on that point even from the privy council, and that is well laid down.

Mr. MANION: I rise to a point of order. The hon. member has brought up this question and I have answered it. It is true that the order of the house has been passed; I do not question that, but the order of the house does not state when the return must be brought down. The reason I rise to a point of order is that I do not think this is the proper time to discuss this case. If the hon. member will wait, we will have some supplementary estimates for my department and I will be properly prepared to discuss the matter. I did not know it was coming up today and am not fully informed as to the facts. If the hon. member cares to discuss it then I would be quite ready to answer him, but I do not think this is in order on the orders of the day.

Mr. VENIOT: I rise to a point of order having to do with the privileges of parliament.

Mr. SPEAKER: When an hon. member has a complaint to make with regard to the production of papers, the proper time to make the complaint is on the orders of the day.

Mr. MANION: The hon. member has brought up the question and I have answered him. I do not think he has any right to go on and discuss all the details of the case at this time.

Mr. VENIOT: Under your ruling, Mr. Speaker, let me proceed further. Paragraph 450, under standing order 51—

Hon. HUGH GUTHRIE (Minister of Justice): Did we understand you, Mr. Speaker, to rule that there could be a debate on this question on the orders of the day? The hon. member rose to a question of privilege. He has stated his question; a reply has been given by the Minister of Railways (Mr. Manion) and now the hon. member seeks to debate the question. If he is not satisfied he has other remedies; he can move a vote of censure on the minister; he can bring up the matter when we take up the estimates of the Department of Railways and Canals, but certainly he cannot debate it on the orders of the day.

Mr. SPEAKER: I did not understand the hon. member to be entering upon a debate; I understood him to be stating his position more fully. I hope he will not trespass upon the indulgence of the house to any great extent.

Mr. MANION: May I suggest—

Some hon. MEMBERS: Order.

Mr. MANION: May I suggest, Mr. Speaker, that since this case is about twenty years old now, a few days more cannot make much difference.

Mr. VENIOT: It is not my intention to discuss the merits or demerits of the case, but as a member of this house I wish to have the privileges of parliament safeguarded.

Mr. SPEAKER: The rules are quite clear. The resolution came before the house and the house decided that the papers should be produced. As yet they have not been pro-

duced, and if they are not brought down the hon. member has a remedy. There is no point now in citing standing orders and rules of the house. I would say that the incident had better be closed for the time being.

Mr. VENIOT: But surely I can refer to the grounds upon which I am bringing up the matter.

Mr. SPEAKER: There is no question as to the right of the hon. member to the production of the papers as the matter now stands. It requires no argument to convince the house, I think, or to convince me that he is entitled to have those papers brought down.

MAFEKING CUT-OFF

On the orders of the day:

Mr. A. L. BEAUBIEN (Provencher): I should like to ask the Minister of Railways and Canals (Mr. Manion) if the report of the engineers in connection with the Mafeking cut-off will be made available to hon. members of the house before the session closes.

Hon. R. J. MANION (Minister of Railways and Canals): No, it will not. It is somewhat lengthy and we have not had time to give it proper study. Probably it will be available next session.

DEPARTMENT OF IMMIGRATION

On the orders of the day:

Mr. J. L. BROWN (Lisgar): On July 8 an order of the house was passed:

For a copy of the report made by Mr. W. R. Little, of the Department of Immigration, covering an inquiry held in Glasgow, Scotland, in April, 1930, with reference to complaints made by Mr. A. M. Graham.

That order, as I say, was passed on July 8, but the notice had appeared on the order paper for at least two weeks before that. I knew there was hesitation on the part of the government in allowing that order to pass, but finally it was allowed to pass. Then the Prime Minister, in answer to another question of mine, made the statement that all the documents would not be produced, some of them being of an interdepartmental nature. Up to the present I have received none of the documents. In view of the fact that the government have not intended to supply all the papers in this connection, I am entitled to know as soon as possible just what they do intend to produce; for there might then arise a further question as to whether I was receiving all that I was entitled to. I would ask that whatever documents the government intend to produce be brought down as speedily as possible.

Hon. W. A. GORDON (Minister of Immigration and Colonization): The information for which the hon. gentleman asks arose, if my recollection serves me correctly, out of an investigation that was conducted by the late government, concerning the dismissal of a civil servant. It is true there has been some delay in making the return, but I can assure the hon. gentleman that it was not because this government was at all hesitant about making it. I will have the matter investigated this afternoon.

INSPECTOR OF CUSTOMS—CHANDLER

On the orders of the day:

Mr. MAURICE BRASSET (Gaspé): Some time ago a motion was passed in the matter of the dismissal of C. E. Thibault of Chandler, as inspector of customs. I should like to know when those papers will be laid on the table of the house.

Hon. C. H. CAHAN (Secretary of State): I shall have to inquire into the matter. The returns already brought down exceed some 400 in number, nearly three times the number brought down in any previous session of the house except three. An effort is being made to expedite the production of documents. Stenographers are kept busy night and day preparing these papers, and I can assure the hon. gentleman that there will be no delay on the part of the Secretary of State. I shall make an investigation.

CANADIAN COPYRIGHT ACT

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): On July 2, I asked the Secretary of State certain questions with reference to the copyright situation in Canada, and on July 6, the questions were passed as an order for return. I would impress upon the hon. gentleman the importance of the questions I asked and would request him to press the matter. It is of considerable importance to know whether the copyright law is to be fully enforced in Canada; whether we are to adhere to the Berne convention; and what the status of the law is at the present time. The house will shortly prorogue and we are not aware whether that law is yet in effect. If the Secretary of State will refer to the questions I asked he will see how urgent it is that they be answered. Once more I impress upon him the importance of this matter.

Hon. C. H. CAHAN (Secretary of State): The answer to the question whether or not the amended Copyright Act is in force in

Canada is so obviously within the knowledge of the hon. gentleman, as it is within mine, that that particular question seemed to be of no special importance. The act was passed, it received the assent of the Governor General, and that assent was reported to the house. The other questions involve communications with the Dominion government office in London, the ascertaining from the government of Switzerland what other countries are adhering to the Rome convention, and other questions which can be answered only by information obtained from abroad. I understand that the Under Secretary of State for External Affairs is making due inquiry, and as soon as the information is obtained it will be placed at the disposal of the hon. gentleman.

Mr. CHEVRIER: Arising out of the remarks of the Secretary of State, I might, if I so desired, raise a question of privilege. I should have reason to resent the inference which may be drawn from his observation that I ought to be aware that the Copyright Act is in force in Canada. I am aware that it is in force, but I am not aware that the revised convention of Berne, to which we were supposed to adhere, and which is an appendix to that law, is in force in Canada. I should be very much interested if the hon. gentleman would say whether Canada is at present an adherent of the Rome convention, and whether the appendix to the act is in force or not. As a matter of fact, I doubt whether he himself knows.

Mr. CAHAN: There is no doubt that the government of Canada requested His Majesty to adhere, on behalf of Canada, to the Rome convention, some days before the expiry of the time fixed—I think it was June 30. The hon. gentleman asks what other nations have adhered, and we must obtain that information from abroad. It has not yet been obtained. With regard to the Rome convention being in force in Canada, this Dominion has adhered to that convention and this parliament has enacted the legislation which has been deemed necessary in order that the provisions of the convention may be enforced in the courts of Canada.

NEW WESTMINSTER PENITENTIARY

On the orders of the day:

Mr. THOMAS REID (New Westminster): I wish to direct to the Minister of Justice (Mr. Guthrie) a question based on the reply he made to an inquiry of mine on July 8, when I discussed matters affecting the administration of the penitentiary at New Westminster. At that time I asked him, in view of statements that had been made with respect to dismissals that had occurred in 1928, during the time Inspector Jackson was in charge, whether the government intended to hold an inquiry and, if so, whether it would be of the fullest nature possible. The Minister of Justice, in reply, stated that no inquiry had then been instituted. In view of many serious statements that have now reached me concerning the administration of the penitentiary at New Westminster since the present officer took charge, some eighteen men, nearly all returned soldiers, having been dismissed, may I ask the Minister of Justice whether he will now institute a full inquiry into all matters affecting the present administration of the penitentiary.

Hon. HUGH GUTHRIE (Minister of Justice): The hon. gentleman was good enough the day before yesterday to mention this matter to me, and he gave me a synopsis of some of the complaints which had reached him in regard to the administration of the New Westminster penitentiary. The matters which he brought to my attention I have referred to the officers of the department in order that they may obtain reports thereon. The whole question of the administration of this penitentiary is receiving the consideration of the department, but I am not prepared at the moment to announce any conclusion with respect to the matter.

INQUIRY FOR RETURN

On the orders of the day:

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, On April 27 an order of the house did issue as follows:

> For a copy of all correspondence exchanged between any or all of the Canadian oil refining companies and any department of the government since May 1, 1930, in regard to the importation of oil or oil products.

When can we expect this return?

Hon. C. H. CAHAN (Secretary of State): I will make inquiry and inform my hon. friend at the earliest possible date.

RESTIGOUCHE RIVER BRIDGE

On the orders of the day:

Hon. CHARLES MARCIL (Bonaventure): Mr. Speaker, I desire to call the attention of the Minister of Public Works (Mr. Stewart) to a matter of urgency to our district. The provinces of New Brunswick and Quebec have undertaken by orders in council to provide for an interprovincial bridge over the Restigouche river. Is the hon. minister in a position to

say whether effect will be given to this agreement? The commencement of this work would supply much needed employment to the district. The bridge has been needed for many years and each of the two provinces has agreed to pay one-third of the cost.

Hon. H. A. STEWART (Minister of Public Works): Mr. Speaker, the hon. member was good enough to inform me that he proposed to ask this question. A copy of an order in council was received recently from the Minister of Public Works of the province of Quebec intimating that that province was prepared to pay a portion of the cost of this bridge. Some time ago an order in council of similar purport had been received from the province of New Brunswick. Under these circumstances the Department of Public Works of Canada is prepared to enter into a discussion of the whole matter with these two provinces.

MARKETING OF WHEAT

POOL ELEVATORS—CORRESPONDENCE CONTAINING PROPOSALS TO THREE WESTERN PREMIERS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, on Monday last I directed a question to the Prime Minister (Mr. Bennett) and asked if it would be possible for him to produce a copy of the correspondence containing the proposals he made to the three western premiers regarding the marketing of this year's crop. The Prime Minister promised to bring down this correspondence at six o'clock of that day, but as yet I have not received it.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I told the hon. gentleman the purport of the letter which had been written to the three premiers. I have a copy of that letter but I neglected to bring it to the chamber because of having told my hon. friend what was contained in the letter. I did not go to the east block that night and the matter did not again cross my mind.

CIVIL SERVICE

On the orders of the day:

Mr. ARTHUR DENIS (St. Denis) (Translation): I should like to ask the government a question. I regret I am unable to do so in English and receive a direct answer from the Prime Minister, however, I hope that the French Canadian ministers will give me the information either in French or English, as they may think proper.

I wish to know whether the government holds the views that it is preferable to place an employee on the retired list when it is found that his services are not satisfactory.

Hon. ARTHUR SAUVE (Postmaster General) (Translation): We shall consider the matter.

AUSTRALIAN TRADE AGREEMENT

Right Hon. R. B. BENNETT (Minister of Finance) moved the second reading of Bill No. 123, respecting a certain trade agreement between Canada and Australia.

He said: Mr. Speaker, when I moved for leave to introduce this bill to ratify the trade agreement made between Australia and Canada and Canada and Australia I indicated in a general way what were the provisions of the agreement. The bill now before the house, the second reading of which I have just moved, provides for the ratification of that agreement. I assume that every hon. member has in the meantime probably read the agreement and is familiar with its provisions, but I will state briefly the general principles that governed in connection with its negotiation and execution.

It was realized that Australia produces a large number of commodities which are not produced in Canada and which Canada must import from some other part of the world. It was realized that Canada produces commodities which Australia imports and buys from other parts of the world. The agreement endeavours to provide and does in fact provide that such commodities as Canada produces and Australia requires shall find a favoured market in Australia and that such commodities as Australia produces and Canada requires shall find a favoured place in Canadian markets. That is the first great principle which governed in the negotiation of this agreement.

In the second place it has been provided that where goods or commodities are produced in Australia which would compete with Canadian goods or commodities, then there must be such tariff provisions as will ensure fair competition in Canada to the goods from Australia, and equally, goods produced in Canada which come into competition with Australian goods in Australia shall, by virtue of the tariff provisions, enter into fair competition in Australia with Australian goods.

I need hardly say that the effort made to negotiate this measure of reciprocity in trade between the two countries is further predicated upon the thought that the agreement must be of mutual advantage to both coun-

tries. If the principles to which I have alluded are applied, obviously they will be of mutual advantage to the communities affected. Unless a trade agreement benefits both countries it is not usually of very much use, but we believe and the Australians believe that the application of these principles will be mutually advantageous to Australia and to Canada.

In 1925 a trade agreement was negotiated with Australia. Under the terms of that agreement Canada received British preferential treatment with respect to four items out of a total tariff of 430 items; under the new agreement Canada will receive British preferential treatment on 415 items out of a total of 433. Under the agreement of 1925, Canada received intermediate tariff treatment on four items; under the agreement now before the house, Canada will receive intermediate tariff treatment on six items. Under the agreement of 1925, the general tariff applied on exportations to Australia in the case of 422 items; under the new agreement, the general tariff applies only to twelve items. In other words, while there were 430 items in the tariff of 1925 and 433 items in the tariff of 1931, we receive preferential treatment with respect to 421 items while the general tariff applies only to twelve items. Under the agreement of 1925, the general tariff applied to 422 items while preferential treatment was given only to eight items. The new agreement indicates a distinct advance and I believe it will commend itself to the judgment of this house and of the country. We are sure that this agreement will expand the trade of Canada in the east as well as in the west and it will afford an opportunity for raw materials as well as for finished products.

If on first perusal there are those who believe that too favourable treatment has been extended to Australia, in the main it will be because they have not perused the agreement with care. No agreement can be of service which does not afford a fair opportunity to Australia, such as we ourselves seek in her markets. I need hardly point out that I received a communication from a friend of mine saying that he was very much alarmed with regard to meats. He said that it was a serious situation, because Australia could produce meat readily. I replied that under the present agreement the rate was one-half cent a pound, but in order to maintain the principle to which I alluded in my earlier remarks, we have provided a duty of three cents a pound, which is four times what it was before with respect to some items, and six times what it was with respect to others.

[Mr. Bennett.]

With regard to eggs which were on the free list under the old agreement, we have not imported a dollar's worth of eggs since the agreement was made. Now we have provided that there shall be a duty of two cents a dozen against importations except during certain months of the year. We have also made provision with respect to fruits and other products of the tropical sections of Australia. We have provided a market for the lumber of this country. I say frankly, as I have so often said, I have always found it difficult to understand how any bargain could be made with Australia that did not make some provision for a preference being given to Canadian lumber in that commonwealth; but such was not the case. In this agreement, however, that provision is made.

I shall not go through the various items in the schedule to the agreement, because they will be dealt with in committee. The bill follows the course that has usually been adopted in such cases and ratifies and confirms the agreement as it stands. It provides that if there is any inconsistency between the agreement and the act which ratifies it, and any other laws, the provisions of the act and the agreement shall prevail. Lastly, it provides that the agreement shall come into force on a day agreed upon by the government of Australia and the government of Canada as a result of a proclamation to be made by the governor in council in that commonwealth and in Canada as well.

I do not think there is anything I can usefully add to what I have said as to the principles that have governed in the negotiation of the agreement. How they have been applied will be observed as the house proceeds to consider the agreement in committee. I believe it is such an agreement as will commend itself to the thoughtful and considered judgment of the house. I am already advised that it commends itself to the business community of Canada in every part of it, and although at first sight there were some items that invited criticism, on further investigation it was found that there was no warrant for such criticism, nothing but a frank recognition of two great principles which have governed the negotiation of an agreement between two British commonwealths. We believe also this is a step towards the development of empire trade on sound lines, not of endeavouring to get without giving nor of giving without getting, but of giving and getting. That principle has governed and it will be the ultimate principle that will govern and prevail with respect to the development of trade throughout the British Empire.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The bill, the

second reading of which has just been moved by my right hon. friend, is one which creates a new trade agreement with Australia. Inasmuch as the previous Liberal administration was the first to initiate a trade agreement with that particular sister dominion, we naturally take no exception to the underlying principle of the bill. The fact that this bill also recognizes the importance of reciprocal treatment in trade between different parts of the British Empire makes it only the more commendable in principle to those of us on this side of the house, for it will be remembered that it was a Liberal administration which was the first to introduce the principle of the British preference, and the first to make it an empire preference.

My right hon. friend spoke of some things being produced in Australia which could not be produced in Canada, and some things being produced in Canada which could not be produced in Australia. He said that the trade treaty would make possible the exchange of those particular commodities. In speaking on the budget I pointed out that I believed it would be possible for the Prime Minister (Mr. Bennett) in negotiating a treaty in accordance with the principles which he had laid down as those which should govern in trade agreements, to go further in negotiating a treaty with Australia, than would be the case with any other of the sister dominions, and very much further than would be possible in a trade agreement with the mother country, and this for the particular reason that Australia being a tropical or quasi-tropical country and Canada being in the temperate zone, there would, in the nature of things, be more in the way of what might be described as an absolute advantage in production on the part of each one of these countries in its relation to the other with respect to certain commodities than would be the case as regards Canada in relation to any other country. Therefore I am not surprised that my right hon. friend has started with Australia in his effort to make the further trade treaties which he has in mind.

But may I say that when he provides in this treaty for trading to any extent beyond the point of absolute advantage, he runs counter to the principle which he laid down as being fundamental in trade treaties, namely, that nothing should be imported into Canada which can be produced or manufactured in Canada. I think those are the words which the Prime Minister himself on different occasions has given to the house as setting forth his policy in trade matters. He has said repeatedly, that it is our business to see that what can be produced or manufactured in Canada should not be permitted to be imported from other countries. There is in this treaty a considerable departure from that principle, and, indeed, if there had not been, I question very much whether any treaty could have been made.

My right hon. friend spoke of mutual advantage. I should like to ask him if he can tell me of any exchange that is ever made between individuals that is not believed to be in the nature of mutual advantage. Mutual advantage is of the very essence of exchange. One person parts with what he possesses either in the form of goods or money for something which he wishes to get in exchange and which will mean more to him as a consequence of his exchange than to retain the commodity or the money which he exchanges for it. What is true on one side of a bargain is equally true on the other. International trade is nothing more than trade between individuals at large so far as one nation is concerned with individuals at large so far as another nation is concerned. All trade is, as I have already said, in the nature of an exchange for purposes of mutual advantage. It is there that there is a real difference between my right hon. friend and those who follow the doctrines which he lays down, and those of us on this side who believe that with greater freedom of trade there will be in the end a greater national development.

My right hon. friend has said that he assumes we have all had an opportunity to study this treaty and that we can discuss its items in committee. The criticism which I have to direct most strongly against the government with respect to this measure is that they have waited until the close of the session, at a time when there are so many important measures before the house, to bring in this particular treaty. There has really been no opportunity at all in the time that we have had since the agreement was laid upon the table, to consider its features in any proper manner. My right hon. friend speaks of four hundred and some odd items in one relationship and some four hundred odd or more in another. The value of the agreement can be estimated only when we discover the true significance of the different items. It may well be that some of them will indicate so far as Canada is concerned a possibility of more advantageous trade with Australia than that which existed before. Unless however we know in all items what the Australian tariff is in comparison with our own tariff we cannot make the comparisons necessary to draw proper deductions. That opportunity hon. members of this house have not had. In speaking the other day my right hon. friend said that he himself could not

give the house a statement as to what the Australian tariff actually was, that it was being constantly changed, and that it was being changed at this very time. I have no doubt that some of those alterations will very materially affect the value of the agreement. My right hon. friend has said under the old treaty a very small number of commodities, relatively, were given a preference, while under the proposed treaty a very large number would be given a preference. Whether that preference means anything or not will depend upon the preferential tariff which exists in Australia, and whether it will mean more or less to Australia than to Canada will depend upon whether the preference given under the tariff in Canada is greater or less than that given by Australia to Canada. The Minister of Finance will not deny that the preference which under her customs tariff Canada gives Australia is very much greater than that which Australia gives to Canada under her customs tariff. So far as there is an advantage of one country over another in the exchange of goods or commodities, in this instance the advantage lies with Australia rather than with Canada. May I state further that the height of the preferential tariff in Australia is I believe in many cases quite as great if not greater than that of our general tariff,—certainly as great as that of our general tariff as it existed before it was amended in the special and present sessions.

Mr. BENNETT: Perhaps the right hon. gentleman does not understand; on 400 odd items they extend to us the British preference.

Mr. MACKENZIE KING: Exactly. On 400 items there is the British preference, but the British preference in Australia differs from the British preference in Canada. That is the point I am trying to make. Whereas in Canada the tariff rates governing our British preference might be rated—and I speak without reference to any particular item —at something like 20 per cent, that is to say the duty might average 20 per cent, in Australia in all probability it will be 40 per cent.

Mr. EULER: Much more than that.

Mr. MACKENZIE KING: My hon. friend the former Minister of National Revenue (Mr. Euler) says it will be much more than that. In other words the preference granted by Australia when it is examined carefully so as correctly to understand this measure, really does not amount to very much because even the preferential tariff is already virtually prohibitive.

In Australia they have done what my right hon. friend is attempting to do in Canada. They have really made it impossible, even under the British preference, for commodities produced or manufactured outside of Australia to be imported into that country. What the result of that policy has been one has but to study the conditions in Australia to learn. Certainly it would scarcely be proper to refer here to a condition in any other country, particularly that of a sister dominion. The general position of Australia as contrasted with that of Canada is, however, well enough known to enable us to see for ourselves that the policy of making the tariff, both general and preferential, so high that most commodities cannot enter a country thereby restricting trade in large part, is not a policy which in the long run makes for good. In connection with the Australian tariff there is a 50 per cent—is it a surtax?

Mr. EULER: Yes.

Mr. MACKENZIE KING: Yes, a surtax, in addition to the tariff which has to be met, that makes the importation of most commodities from this country into Australia almost prohibitive.

There is another circumstance which is most important and which I believe in large part will determine the fate of the proposed treaty, namely, the position of the currency in Australia at the present time. As is generally known the currency of that country is considerably depreciated, and in estimating how far it will be possible for Australia to purchase commodities from Canada we have to take into account the position of the credit and currency of that country. Again I say that I do not think it would be proper to reflect upon conditions in a sister dominion. I mention this matter however simply as one of the outstanding economic facts which has to be considered in discerning the merits of an agreement of this kind. It may be that if the government hopes to derive any real benefit from this proposed trade agreement it will have to extend credits to Australia to enable that country to purchase goods from Canada. If we are to judge from previous experience in giving credits to other countries to enable them to purchase our commodities, I submit that great care would have to be exercised before such a step should again be taken.

My right hon. friend has referred to the lumber industry and has said he could scarcely imagine an effective trade agreement with Australia which did not include a considerable opportunity for the export of lumber from Canada. He frequently speaks of the depletion of our natural resources as one of the terrible results of trade. Lumber is a manufactured natural resource. Following him in his own view I see somewhat of a contradiction in an arrangement which enables us to

part more rapidly than we ought with the great natural resources of our forests.

Mr. BENNETT: I am sure my right hon. friend knows that, like other things, lumber reaches maturity, and as it reaches maturity it should be cut and sold.

Mr. MACKENZIE KING: I would remind my right hon. friend that in regard to our forests reforestation is a means by which natural resources may be preserved, and the parting in some measure with a natural resource through trade does not always mean its exhaustion, as my right hon. friend on different occasions has sought to make us believe. With respect to lumber however while my right hon. friend is pleased to credit his administration with what has been achieved in connection with that commodity may I say to him that he is reaping where others have sown. As he is well aware, for some time past there have been a number of gentlemen in Australia who went from the province of British Columbia with a view if possible so to persuade public opinion as to make possible a larger export of lumber from Canada to Australia. Those gentlemen were active during the time the previous Liberal administration was in office, and had that administration been returned to power I have no doubt that the Australian tariff would to-day be amended with respect to lumber in very much the same way as my right hon. friend has changed it.

These are the points I wish most to make. I have only this further to add, that after all, the benefit of the proposed trade agreement in comparison with the benefit derived from the previous one will be known only by results. The previous agreement was negotiated in 1925 and we have its effect on record. We know what the total trade of Canada with Australia became after the agreement had been in force and what our exports and imports were. It might be well for me to place on record the figures in that connection so that the house will have before it for purposes of future comparison the extent of the relative benefits derived. If I might be permitted to do so, I should like to place the figures on Hansard in detail. These are the figures:

Trade With Australia
Under Australian Treaty, 1926

	Imports	Exports	Total trade
*1925. . .	$2,634,713	$12,035,086	$14,669,799
1926. . .	3,042,054	15,411,746	18,453,800
1927. . .	6,296,165	18,965,881	25,262,046
1928. . .	5,301,618	14,189,446	19,491,064
1929. . .	3,484,836	19,470,305	22,955,141

*Year prior to treaty.

In other words, comparing the trade figures of 1925 and 1929, our exports to Australia increased $7,435,219, and our imports from Australia increased $850,123. I should like to ask hon. members: Was not that a good bargain for Canada? Did it not provide a lucrative market for Canadian goods? Did Canada not gain? As a matter of fact Canada under its previous treaty was exporting to Australia on an average four times as much in the way of commodities as it was importing from that country. That was the extent of the relative advantage under the last agreement.

Mr. BENNETT: The right hon. gentleman did not give the figures for 1930 and 1931.

Mr. MACKENZIE KING: I have not the figures.

Mr. BENNETT: I have them here.

Mr. MACKENZIE KING: As my right hon. friend is aware, the trade depression which affects the whole world set in in 1930, and I have no doubt it has had its effect upon the trade relations between Australia and Canada as well as upon trade relations elsewhere. But I am giving the figures I have for the time during which the old agreement was in existence under normal conditions.

Now may I say that personally I hope the new agreement so far as Canada is concerned will prove to be even more beneficial than the last. Surely we are all sufficiently one in our regard for the interests of the whole country to wish that any agreement which may be made by any government will be of great benefit to our country, and I do not wish to say a word that will in any way prejudice the success of this agreement. I hope it may prove to be all that the government expects it to be, but "by their fruits ye shall know them," and as the years go by it will be interesting to compare the results of my right hon. friend's negotiations under the views in respect to international trade which he entertains with the results which were obtained during the first few years the agreement, as inaugurated by the previous administration was in existence.

Mr. CAMPBELL: Might I ask the right hon. leader of the opposition in what way he considers the depreciated condition of Australian money works to the advantage of that state in that trade?

Mr. MACKENZIE KING: Works to the advantage of that state? I think it works very much to the disadvantage of our state.

I cannot see that the depreciated currency of Australia is going to help the Canadian who has commodities to sell to Australia. That is the point I was making. It will take much more depreciated currency to buy a commodity in terms of dollars than it would require of a currency that was not depreciated.

Mr. CAMPBELL: Is it not as broad as it is long, is there not that much more of the currency in circulation?

Mr. MACKENZIE KING: If currency was just a nominal affair and we could put whatever denomination we liked on our values, my hon. friend's argument would be correct; but my view is that currency is a measure of value and a medium of exchange, and so far as it is a medium of exchange its real worth in international relations is just what a given quantity will buy in terms of commodities.

Mr. G. G. COOTE (Macleod): Mr. Speaker, so far as I could hear the statement of the Prime Minister, I feel that very little exception, if any, could be taken to the basis which he says underlies the negotiations for this treaty. The number of items which have received the benefit of the Australian British preferential tariff is not necessarily any indication of the real worth of the treaty. I believe that on many items the Australian British preferential tariff is so high that we cannot expect to sell any goods to Australia.

I have not had time to secure the Australian tariff and go into the details of these different items, and I think we must wait until the committee stage is reached before we can determine how much value the British preferential tariff on any of these items will be to Canada. I hope the agreement will be just as beneficial to Canada as the Prime Minister seems to expect, but I think there is a tendency to overrate the advantages likely to accrue to Canada. In this connection I desire to quote from the Financial Post of the 18th instant. I am citing this paper because it is considered a very reliable financial journal. Dealing with the new trade treaty with Australia it says:

> The Australian treaty opens up, for the first time, substantial opportunities for many classes of Canadian producers in Australia. Canadians, in many items, are put on a parity with British manufacturers. Canada has a geographical advantage in relation to Australia which will be of help in some lines, unimportant in others.
>
> Yet too much must not be expected of the treaty at the moment. Australian purchasing power is at a low ebb; Australian exchange is subject to a large discount. This penalizes importers by 30 per cent and gives to Australian exporters a corresponding advantage.

That is the point I want to emphasize for the moment, particularly the concluding words:

> This penalizes importers by 30 per cent and gives to Australian exporters a corresponding advantage.

That corresponding advantage will amount to 30 per cent. Looking at schedule A of the treaty for a moment I find the first item mentioned there, meat, fresh, namely: (a) beef and veal, 3 cents per pound.

Assuming for the sake of argument these meats would be worth on the average 10 cents a pound when imported into Canada, the premium which the Australian exporter would receive would amount to 3 cents a pound, which would be equivalent to the duty that we have placed against beef and veal coming from Australia. That is putting us on a free trade basis so far as those two meats are concerned. On (b) lamb and mutton, the duty is 3 cents per pound. Lamb and mutton, I think, would have a slightly higher value than 10 cents a pound. But assuming for the moment that the value would be only 10 cents a pound, the exporter from Australia would have a premium of 3 cents a pound on the present rates of exchange. The next item on the schedule is canned meats, poultry or game; extracts of meats and fluid beef, not medicated, 15 per cent ad valorem. Clearly the 30 per cent advantage enjoyed by the Australian exporter will give him a sufficient premium to more than pay the tariff; it is practically double the tariff placed against canned meats. Coming down to eggs in the shell, they are free during the months of January and February; British preferential tariff during the other months of the year. That rate, I believe, is 2 cents a dozen. If these eggs have a value of even 10 cents a dozen when landed in Canada, the premium enjoyed by the Australian exporter will be 3 cents a dozen, which is more than the tariff placed against the Australian exporter to Canada. Then take cheese, item No. 17, on which the duty is 1 cent per pound. I suppose cheese should be worth at least 10 cents per pound wholesale, so the premium which the Australian exporter would enjoy would be 3 cents per pound, while our tariff is only 1 cent per pound. Then we come to butter, which is a very controversial item. Butter carries a duty of 5 cents per pound. I take it for granted that butter coming from Australia would be worth at least 20

cents a pound, so the premium of 30 per cent enjoyed by the Australian exporter would be 6 cents a pound, which would more than pay the duty.

Mr. BENNETT: But the five cents per pound duty would have to be paid in Canadian money.

Mr. COOTE: Then you could deduct a small percentage from the six cents; it would leave at least five cents per pound. Then we come to hops, and I find that in the calendar year 1929, hops imported had an average value of 22 cents per pound, so the premium of 30 per cent on hops would practically pay the duty of six cents per pound under this tariff.

I do not wish to deal with any of the other items in detail at the moment, since we will take those up in committee, but I do want to point out that this premium which is enjoyed by the exporter in Australia is going to place him practically on a free trade basis in exporting goods to Canada. I know many members of the house think the advantage enjoyed by the Australian exporter is a myth, and for their benefit I should like to quote very briefly from a speech delivered in this house in 1922 by the present Minister of Trade and Commerce (Mr. Stevens) in dealing with the budget of that year. The minister was referring to the question of depreciated currency and was urging upon the then Minister of Finance the necessity for placing a special duty on goods coming from countries whose currency had depreciated by more than 50 per cent. Of course the Australian currency is only depreciated at this moment by about 30 per cent.

Mr. STEVENS: No, 24 per cent.

Mr. COOTE: The last figure I saw was 30 per cent, but whether it is 24 per cent or 30 per cent the same principle applies. I quote from the remarks of the Minister of Trade and Commerce as they appear in Hansard for June 8, 1922, at page 2642:

> Now, I come to the next point, and that is the depreciated currency clause passed in amendment to the Customs Act last year. It is not necessary for me to go into the details of what it was; it was in effect simply this: That in any country where the currency had depreciated below a point of 50 per cent of par, the valuation for duty purposes upon goods imported from that country should be figured at a rate not less than 50 per cent.

Then he went on to deal with the German situation and to show that the tariff was very inadequate. Later on he referred to a statement made by the then member for West York, Sir Henry Drayton, as follows:

> . . . . let me refer to a statement made by the hon. member for West York (Sir Henry Drayton), that this constituted free trade with Germany. I want to say to the house that it does not constitute free trade with Germany; it constitutes paying a premium on German imports.

I agree with what the hon. member said at that time. Then he went on to quote authorities to prove that this really was paying a premium. I do not want to take up too much of the time of the house, so I am only quoting very briefly from the remarks of the minister at that time. He went on to quote Doctor Melchior, a very prominent German economist, from an article which had appeared in the Manchester Guardian a short time previously, as follows:

> The international value of the mark has a natural connection with its purchasing power in Germany, which in turn depends on inflation. The internal purchasing power of the mark . . . . is at present (April, 1922), between two and three times its international value. . . .

Then the minister said:

> I want the house to follow very closely these last few words:

And he concluded the quotation from Doctor Melchior:

> The falling currency has, it is true, brought apparent prosperity to German industry by means of a premium on exports—

Then the minister proceeded to quote further:

> —which at the same time cripples the industries of the competing countries.

Doctor Melchior is an outstanding German economist who was very familiar with the German situation. There is no question but that he stated the case correctly; I am stating it correctly to-day, and the Financial Post is stating it correctly when it says the present rate which has to be paid in Australia for foreign exchange is creating a premium on the exports of that country which at the same time is crippling the industries of competing countries. Then the minister proceeded:

> This is not my statement; this is not the statement of some wild-eyed, prejudiced person seeking vengeance on Germany; this is the statement of the highest economic authority in Germany who was at Versailles, who was the head of their economic agents and experts, and who has been at the head of almost every one of their conferences. Let me emphasize the words of Doctor Melchior: "Which at the same time cripples the industries of competing countries."

Then the minister went on to give some very good figures showing how impossible it

was for a Canadian manufacturer, or a British or American manufacturer, to compete with Germany, and he proceeded to say:

Now, this is what I want to emphasize. The Canadian manufacturer to-day is manufacturing at a lower cost and under-selling both the British and the American manufacturer of this particular article.

He was referring to some kind of knife, and I want to direct attention to these words:

Why should we ask him, however, to compete with such utterly unfair competition as that to which I have referred with this depreciated currency?

I am not suggesting for a moment that the depreciated currency of Australia to-day compares at all with the depreciated currency of Germany in 1922, but I say that the same principle is involved when we have to compete with goods coming from Australia. Just on that point I should like to quote from an unquestioned authority in regard to this matter, in order to prove that the Australian exporter enjoys a premium. A week or two ago we had before the agricultural committee Mr. Richardson, a very prominent grain exporter of western Canada and a member of one of the oldest grain firms in Canada. He was asked the following question:

Mr. Campbell: Would you suggest, then, that if the Canadian currency were depreciated to the extent that the Australian is, that is if the world's exchange were against us, would it put the Canadian farmer in the preferred position?

Mr. Richardson: If our exchange were depreciated, our wheat would be higher by probably 30 per cent.

A little later I asked Mr. Richardson this question:

Mr. Coote: Just to clear up that point, Mr. Richardson, is it not a fact that Australia has largely taken the oriental market from us on account of their exchange situation?

Mr. Richardson: Undoubtedly.

Mr. Coote: And has it not made it easy for the Argentine to take our market away from us?

Mr. Richardson: Undoubtedly.

At the moment, Mr. Speaker, I am not objecting to this treaty even though Australia has a depreciated currency. I want to wait until we have heard all the items discussed in committee so that we may see their true significance, but I do suggest that here is good evidence of the beneficial results which would come to Canada if we would suspend the redemption of our notes in gold, as was done during the war. No doubt our currency would depreciate to some extent; I would not predict just how far it might go, but the value of our dollar should be allowed to depend upon our trade balance and not upon the gold standard. If that were done there is no doubt that the price of our wheat would be advanced by 15 cents a bushel without cost to the government of this country, while the debts of all the producers in Canada would be materially lessened.

I do not wish to take up more time in dealing with this point, but I should like to emphasize that it will be difficult for us to get any advantage from this Australian treaty unless our currency is somewhere near par with Australia's. If we would allow our currency to depreciate to the point to which the Australian currency has depreciated, so that we might be on a level with that Dominion, we could sell her more goods and at the same time secure a distinct advantage when we came to export our commodities to any country in the world. I hope that before the treaty is in force very long the government will see the wisdom of putting us on a parity with Australia in the matter of currency. Let us put a little more money into circulation even if our dollar does depreciate somewhat, so that we may enjoy the same advantage that Australia now enjoys in the markets of the world. Wheat is Canada's greatest item of export. We cannot export any to Australia, that dominion and the Argentine being our greatest competitors, apart, possibly, from Russia. Australia is taking the oriental market from us, according to Mr. Richardson, and the Argentine is largely taking away the European market. There is only one way to prevent them from taking those markets away from us and that is to sell wheat at a ruinously low price. I submit, therefore, that it would be to our advantage, if we are to derive any benefit from the treaty, for the government to see that we are placed on something like an equal footing with Australia so far as currency is concerned.

Hon. J. D. CHAPLIN (Lincoln): In reply to the hon. member for Macleod (Mr. Coote), who has just concluded, I would point out that our great difficulty in this country in making a treaty with Australia is the fact that they already buy from us, and have bought for years, ten or fifteen times more than we have been buying from them. That is one of the difficulties that beset any government in Canada in trying to make a treaty with Australia. I pointed that out when the last treaty was made.

I shall have a word or two to say with regard to the currency question, but before discussing that subject I might refer to the remarks of the leader of the opposition (Mr. Mackenzie King). As usual, the opposition has to oppose, although the right hon. gentle-

man's criticism took a mild form. He spoke of this treaty having been brought down at what he terms the close of the session. What a memory he must have. Do you know that when the first treaty with Australia was brought down it was brought down on the 25th day of June—I believe it was the 27th—and that we got through before the first of July? And on the 25th of June we had not seen the treaty; all we were doing was discussing the resolution. So much for that.

As regards this treaty, while I am not entirely in favour of it, I will say that it is altogether superior to anything we have ever had. I will pay the hon. member who brought it in that compliment. It might be just as well to take a glance at the old treaty. That treaty was bound to fail. It was always headed for disaster, and disaster overtook it. And if there was any one thing more than another that caused my hon. friends opposite to sit on that side of the house it was that Australian treaty. One reason why I was not keen about the new one was that I thought possibly the same thing might happen to us. I feared it, I can tell you that.

Mr. EULER: Do you still?

Mr. CHAPLIN: I am not afraid to say so at any rate. The first treaty was brought to this country by a great friend of my own —a personal friend—the Hon. James A. Robb, a canny Scotchman, sane in everything he did. I do not say that Mr. Robb was a brilliant man, but he possessed an unusual fund of good, sound common sense.

An hon. MEMBER. Hear, hear.

Mr. CHAPLIN: I am glad that one hon. member applauds. The applause was not very loud.

Mr. EULER: It is taken for granted.

Mr. CHAPLIN: But I know what I am talking about. That gentleman was a keen observer of affairs. The great trouble with hon. members whom I see across the way, and who formerly sat on the treasury benches, is that they did not support Mr. Robb in the treaty he made. He went to Australia and made that treaty and they never supported it. What was the history of that treaty? The treaty was made in September. It was brought into this house in the following June, the house having been in session from January; but hon. members were afraid to bring it down. The treaty had actually been passed in the Australian house and it never got into this one at all. Why? Simply because they got cold feet. Had the gentlemen who were supporting Mr. Robb, or should have been supporting him, taken his advice in the first place they would have brought in a treaty regarding which there would have been little complaint. But they changed the treaty in the process of making it and brought in one which was different from the one he made. That was the cause of their trouble. My hon. friends here have avoided that to a great extent, and I give them credit for it.

There are some things in this treaty which I do not like, and I am not afraid to talk about them—not a bit. Criticism may be a good thing; it may be a good thing for me also. As I have said, that first treaty was in the Australian house while this house had no information about it. We never got it until June. What we did learn about the treaty we learned from Melbourne or Sydney or through New York. That was the situation. How then could you expect any treaty to be successful based upon any such arrangement as that: And when the treaty was brought down it was referred to as a sort of aside in the speech from the throne. As I say, we never saw it until late, and when it did get here it was an entirely different treaty from what had been originally made. That was one of the causes of its failure.

Now, coming to the present treaty, I do not intend to discuss the item. I am getting too old now to enter into a fight—

An hon. MEMBER: Oh, no.

Mr. CHAPLIN: I have lost my grip and vigour.

Mr. EULER: No.

Mr. CHAPLIN: At any rate, I do not want to get into any scrap. I shall therefore confine myself, so far as this treaty is concerned, to my own district and my own constituents. They are the people to whom I am responsible and for whom I intend to appeal. I wish to quote briefly from the remarks of Mr. Robb when the previous Australian treaty was brought in. Mr. Robb was a gentleman whom I always very highly respected. He was always a great friend of mine, and I want to let the house know how he approached the question. When somebody thought that butter would be of some consequence in the treaty he had no fear. At page 4647 of Hansard, of June 22, 1925, he said:

If you will allow me to make a personal reference, may I pause to say that next to that of the hon. member for South Oxford (Mr. Sutherland), I think I represent the largest dairy constituency in Canada. The census shows more milch cows in that con-

stituency than in most of the other constituencies. I am a little bit selfish like most men. I am here to look after the interests of my constituents, and if I thought this treaty was going to hurt the dairymen of Chateauguay-Huntingdon, I would hesitate to present it to parliament. A country that exports 24,300,000 pounds of butter more than it imports and that exports 122,000,000 pounds of cheese more than it imports is not afraid to compete with any other country in the world.

And then later on:

Mr. Forke: I was rather astonished to hear the minister say that he would hesitate if it was going to interfere with his constituents.
Mr. Robb: Just like my hon. friend the hon. member for Brandon, I am looking after my constituents.

So am I. I must apologize to the house for taking up its time, but certain things have appeared recently in the newspapers and I feel a duty to my constituents to say a word or two regarding an industry which is of great importance to them, the grape-growing industry. I am not interested directly or indirectly in the wine manufacturing business, nor is any relative of mine of which I know. However, for years I have been a grape grower and I intend to approach this subject from that angle.

Because of the wine industry another large industry has grown up in which my people are interested, that of grape growing. The other day the press contained the statement that grape growing or wine making are not industries which belong to Canada; that we have not the grapes and we cannot produce the wine; that we cannot ripen our grapes, and so on. The district east of the Appalachian mountains, running south from the great lakes to the states of Delaware and Maryland grows a type of grape which has been developed from the wild grape. Anything imported from France, Spain, Portugal, Great Britain or anywhere else, unless imported from a district having a similar climate, would not develop and ripen in this district. I have tried this, so I know. Any vines imported from these countries die during the first winter. Quite recently an expert in Toronto, who claimed to know something about growing grapes, stated that we should grow grapes which would make good wine. Our grapes have been bred, crossed,and propagated from the wild vine to bring them up to the present quality.

These people have been in the grape growing business for sixty or seventy years. There is one wine maker with whom I played when a boy, and his father was in the wine making business. Probably we should not have gone into this industry, but I do not want to see these people put out of business. I do not admit that the treaty will do this because although certain advantages are being given to Australia we may be able to overcome them. I do not intend to criticize the treaty too strongly, but I will say to the Prime Minister (Mr. Bennett) that when the items are before the committee I will discuss this matter frankly and fairly in an effort to see if we cannot be met in one or two particulars.

Because we are close to the frost line there are times when our grapes are not as ripe as they should be. Bright sunshine in September and October will add as much as three or four per cent sugar content to the grapes. Because of our climate our grapes are deficient in sugar, but is that any reason why we should not grow them? The grapes grown in my part of the province cannot be excelled anywhere in the world, either for eating or for body or flavour for wine making. The grapes grown in California, France and Australia are deficient in other things, but that does not stop those countries from making wine. The California grape is deficient in acid which is added in wine making. Our grapes have too much acid and there is no other alkali with which to offset that acid except the addition of sugar and water.

Although I am not personally connected with this business I have been associated with it through my friends for fifty years and I make an appeal to the minister and to the house not to destroy this business and thus deprive these people of their daily bread. The newspapers of a few days ago contained a statement that sugar and water were being used. Evidently the intention was to convey the idea that an inferior article was being manufactured, but that is not so. The people in this business have grown up with it through generations, they have pleased their customers and increased their trade and at the same time paid the farmer a price for his grapes not exceeded in any other nation in the world. This shows that they have played the game fairly. The farmers in my riding have received $65 to $70 per ton for grapes, and they are growing three tons to the acre. This year in my district there will be a crop of 35,000 tons.

We grow a grape as fine as any in the world. Two or three weeks of extra sunshine before the frost comes will put plenty of sugar into the grape, but sometimes we are deficient in that ingredient. I apologize to the house for taking up what time I have, and I ask Your Honour's assistance in this matter when the items are being discussed.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, may I first of all in the very brief remarks which I propose to make congratulate the hon. member for Lincoln (Mr. Chaplin) both on the tone and on the material of his remarks. While I know nothing about the grape growing or wine making industries—

An hon. MEMBER: Does the hon. member know anything about wine?

Mr. EULER: That question is much too intimate. While I know nothing of those industries, I am quite willing to accept as fact almost everything my hon. friend said. I must, however, take exception to one statement he made, and that is that he feels he is growing somewhat old and has lost something of his vigour. Those of us who sit on this side must contradict him on that, although he has perhaps mellowed nicely in his method of presentation. My hon. friend also spoke of criticism from the leader of the opposition (Mr. Mackenzie King). He stated that the criticism was mild, but perhaps to some extent it was criticism in opposition to the treaty. I do not quite agree with my hon. friend in that regard. I may state in what I have to say, there is no real criticism of the treaty, because I feel that after all it is a matter of trial and test and we cannot say a great deal as to its merits until it has been thoroughly tried out. Possibly next year or the year after we may have something more definite to say.

Mr. CHAPLIN: I criticized your treaty when you first made it.

Mr. EULER: Quite so. By the way, I did not make it. I agree entirely with the Prime Minister (Mr. Bennett) in regard to the two principles which underlie the treaty, the most important being that a treaty to be successful must be mutually beneficial. Let me say frankly that upon looking at the treaty in a more or less hurried way—and it is impossible to ascertain all its bearings—it appears to be a pretty good production. I am not going to say, as the hon. member for Lincoln did, that it is superior to any other treaty we have had. It may be true that it is, and it would be rather remarkable if, after the experience which we have had, some advancement might not be made along this line.

Possibly it would be a fair criticism that the Minister of Finance (Mr. Bennett) in the statement which he made this afternoon was rather unfortunate in making the comparison which he did, and that comparison which he made is really my only reason for saying what I am about to say. He stated—and I think I am quoting him correctly—that whereas under the old treaty there were only some four or five items which enjoyed the British preference, this treaty gives the British preference to some 422 items. I am afraid the inference which he expected—perhaps he did not—the public to draw from that was that exactly to the extent of the figures which he gave the present treaty was better than the former one.

Mr. BENNETT: What I was endeavouring to convey was that the old treaty contained that limited number of British preferential items as applicable to Canada, while the new treaty contained some 400 or more British preferential items that were applicable to Canada.

Mr. EULER: My hon. friend is just confirming what I said a moment ago. What I object to is that the inference that ordinarily any man would draw from that statement is that this treaty is better than the former one as 422 is greater than four. I wish in a general way to take objection to that method of making a comparison. It is unfair mathematically to make it in that way, for several reasons. In the first place it will be admitted that the four items which enjoyed the British preference under the old treaty were at least effective items; they had some force. The 422 items in the present treaty are not in the same category. As a matter of fact, some of the commodities comprised in those 422 items are absolutely prohibited from entering Australia and they should be taken out of the picture entirely. Again—and I think some exception has been made to this by the leader of the opposition and it is very true—some of the items which under this treaty enjoy the benefit of the British preference, have such a high rate of duty even under the British preference, that I cannot see how Canada under those circumstances can export those commodities to Australia; and those items should disappear from the picture. Lest I say something which I cannot substantiate, I might quote a number of items that, when the Prime Minister was speaking, were taken just at random from the table in the votes and proceedings.

Mr. BENNETT: The hon. gentleman knows I do not desire to interrupt him. The point is this: if they do import any goods of that kind or quality, necessarily Canada is in a better position than other countries to export them to Australia. That was the point I was making

Mr. EULER: But my point was this, that the four items on which we had a preference under the old treaty, we were in a position to export to Australia, whereas some of the 422 items on which we are now supposed to have a preference, are of no practical use. The Minister of Trade and Commerce (Mr. Stevens) shakes his head.

Mr. STEVENS: I think my hon. friend is overstating the case; that is all.

Mr. EULER: I have no intention of overstating the case. I am endeavouring to make a fair comparison. Some of those commodities cannot be imported into Australia because they are prohibited, and others have under the Australian tariff such a high rate of duty still that for all practical purposes they may be wiped out of the picture. It may be that in time to come, if the treaty remains in force, those items may be of some value. Let me take a few items from the list and I shall be glad to be corrected if I am wrong. In regard to certain articles of clothing, the Australian tariff under the British preference still remains 60 per cent plus a surtax of 50 per cent of that 60 per cent, or a total tariff of 90 per cent. Is it conceivable that Canadian manufacturers of that particular kind of clothing can hope to sell any goods in Australia while the tariff is 90 per cent, unless nothing of that type of clothing is made in Australia and it has to be imported? As regards boots and shoes, the Australian tariff under the British preference as against Canada is 45 per cent, plus 50 per cent of that, or another 22½ per cent, making a total tariff of 67½ per cent. If I am wrong in this I shall be glad if the Minister of Trade and Commerce will correct me.

The next item I shall take is that of cordage and twines which, by the way, are made in my own town, and as the hon. member for Lincoln said, we are all concerned about the industries in our own cities.

Article	Australian tariff British preference
Cordage and twines..	40 per cent
Paints..	35 per cent
Switches and fuses..	65 per cent
Certain kinds of machinery..	55 per cent
Belts and belting..	40 per cent plus 50 per cent of the 40 per cent, or a total of 60 per cent.
Furniture..	50 per cent plus 50 per cent of that, or a total tariff of 75 per cent.

The furniture industry is a very large one in my constituency.

Article	Australian tariff British preference
Gramophones..	50 per cent plus 50 per cent of that, or a total tariff of 75 per cent.

These are also made in my riding.

Mr. STEVENS: So far we have not even had British preferential rates and my hon. friend is simply selecting certain abnormally high rates and wholly ignoring the fact that last year $277,000,000 worth of goods entered Australia under the British preference from the United Kingdom. Now we have access to the market which bought those goods.

Mr. EULER: I am not ignoring that at all, and I am quite willing that my hon. friends should make out a good case. I hope they can because I want to see Canadian manufacturers and producers and the people generally derive benefit from this treaty. This is not factious criticism.

Mr. STEVENS: My hon. friend is inferring we are being penalized under the British preference.

Mr. EULER: When the 422 items were mentioned, the public will gather, I believe, that we have a preference that is of some use to us in the exportation of all these goods to Australia. I have picked out only a few; there are many others—

Mr. STEVENS: It is of as much use to us as to anyone else.

Mr. EULER: If these items are not of use to anybody, they should not be included in the 422 given for purposes of comparison.

Mr. CHAPLIN: Were my hon. friends not in a similar position when, under the Dunning budget, they counted them all up?

Mr. EULER: But Mr. Dunning made certain explanations.

Mr. MOTHERWELL: Mr. Dunning made the explanations in the budget.

Mr. EULER: I think it is a fair criticism to say that if the four items of the old treaty were really items which actually could be exported to Australia, and of the 422 items cited by the Prime Minister many cannot be exported at all, then we have not a fair basis of comparison. I have not been able to examine the items, and only experience will

show whether they are of any value, but I am prepared to say it is possible and probable, and I hope it is true, that there are many items in connection with which Canadian producers can extend their trade with Australia.

There are many factors which militate against an extension of trade. Perhaps I should not mention them, but as I said before I am not offering any serious criticism of the treaty. The fact is, however, that the purchasing power of Australia is low. I think some reference was made to the value of exports in recent years from Canada to Australia and the Prime Minister stated that during the last year that value had dropped very considerably. Last year they were valued at something like $16,300,000 and they have now dropped to $6,788,000. One reason may be the depression in Australia; another, that Australia is an extremely high tariff country and for that reason imports are shut out. Their depreciated currency may be another reason; and another, the fact that they are not allowed to pay for the things they desire to buy. They do not allow funds to go out of Australia, and I think it is true that to-day there are Canadian business men who sold goods to Australia one or two years ago who have found it absolutely impossible to obtain their money because the banks would not release it.

I shall have nothing further to add, Mr. Speaker, until the bill reaches the committee stage. I might mention however, that I gather from a reading of the agreement that both countries bind themselves not to apply special or dumping duties on any of these commodities.

Mr. BENNETT: That is the reason for article IX.

Mr. EULER: I do not remember the terms of article IX, but I presume it is the article in the agreement which states that upon giving three months' notice any particular item may be removed from the treaty. I was going to add—

Mr. RYCKMAN: Unless the countries agree.

Mr. EULER: Unless the countries come to an agreement in the interval. I was going to inquire whether the dumping duty will be applicable when that item at the end of the three months' period stipulated in the agreement goes back to the general tariff list.

Mr. BENNETT: Then it is treated as any other general tariff item, and the dumping act would apply.

Mr. EULER: It has been said that the butter item in the old Australian treaty was more responsible than anything else for the defeat of the late administration, and my hon. friend from Lincoln (Mr. Chaplin) has said that in the present instance probably the same might happen with regard to wine. I do not know, but I should like to point out that under the late administration no butter came into Canada from Australia, because while we had a tariff of only one cent per pound against Australian butter we did apply against them the six cents which they received under the Paterson scheme on butter for export. That really meant a tax of seven cents per pound, as the dump could be applied. As I said no butter came into Canada. Under the agreement now before us no dump can be applied. I should like to know—I suppose the information will be given—whether under this agreement the Australians are going to keep in operation their Paterson scheme; because if they do and the dump cannot be applied that six cents cannot be considered at all. Under the old agreement there was a one cent duty and the six cents under the Paterson scheme, making a total of seven cents against Australian butter, whereas under the present agreement there is a tariff of only five cents against Australian butter. It is possible that my hon. friends opposite may slip out of office on the butter question because there is still a difference of two cents a pound as compared with the duties under the late administration.

Mr. STEVENS: The Paterson scheme is down to 2½ cents net.

Mr. EULER: Yes. The treaty states specifically that either country may apply special duties, although dumping duties are excepted. I am free to say that I do not understand the provision and I should like the Minister of Trade and Commerce (Mr. Stevens) or the Minister of Finance (Mr. Bennett) to make an explanation, if it is worth while explaining.

In conclusion may I say, not by way of criticism, that I am sorry it was not found possible to place on the preferential or special list some of the important commodities we produce in Canada. Many commodities remain under the general tariff, which is so high as to prohibit our getting into that market. I refer particularly to such commodities as Canadian flour and agricultural implements. Perhaps my hon. friend from Brantford City (Mr. Ryerson) would be interested in this matter. Rubber automobile tires are manu-

factured to a very large extent in the constituency I represent, and I regret it was not found possible to have such commodities placed on the preferred list. Even paper, apart from newsprint which is manufactured in Canada, is still on the general list.

I do not know whether my remarks will be regarded as a serious criticism of the new treaty. They are not, however, so intended. I hope the treaty will turn out to be just as advantageous to Canada as my hon. friends expect. If it does, I shall be one of the first to congratulate them.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I wish to deal with the matter now before the house from the point of view of the province of British Columbia. The present treaty greatly concerns that province and I wish quite heartily to congratulate the government and more particularly the Minister of Trade and Commerce (Mr. Stevens) because I understand he was largely instrumental in bringing about the agreement now before us. I should like particularly to compliment him, as others have not done so, on that section of the treaty—I think it is article IV—in which by a rather ingenious method he has managed to get around the trouble concerning freight charges. His action will result in increased business for the railways of Canada and the port of Vancouver. Of course it is easy to criticize, but we must remember that the treaty was not formulated by the Minister of Trade and Commerce alone but appears before us as a result of negotiations with another man who was probably equally alert in looking after the interests of Australia. Necessarily, the present agreement is a compromise. I believe it will materially benefit the fishing, lumbering and newsprint industries in British Columbia. I regret only the fact that the coal industry of that province could not have received the same beneficent treatment. I might say that while the press of British Columbia is largely Conservative all papers have struck a very pleased note concerning the completion of this treaty. There may be certain industries less vocal at the present time, and as time goes on undoubtedly they will indicate where they may think their interests, if not actually hurt, have at least not been looked after.

One fact which must militate against the general success of the treaty is the one referred to by other hon. members, namely, that on a great many items Australia has enormously increased her tariff. It has been stated that the British preferential rate we get is so high as to be possibly of very little benefit. I might give an illustration. It is the first item on one of the statements issued by the hon. Minister of Trade and Commerce in Votes and Proceedings, No. 83. On that first item we get the British preference, but the British preference is 60 per cent, then there is a surtax of 50 per cent on top of that, and a primage tax of ten per cent as well; then in addition there is a 30 per cent preference due to the depreciated currency—making a total protection of about 125 per cent. The hon. Minister of Trade and Commerce says the currency depreciation is only 24; I am figuring it at 30. A few weeks ago it was 35, and under the distressful conditions of Europe we do not know what it may be from one day to another in the future. We all hope some day it will come back to par, but that may be a long time away.

To deal with some of the interests individually. The lumber interests of British Columbia have expressed themselves as being entirely satisfied with the treaty, and that being the case, it hardly becomes me to make any criticism of it. But there is an item to which I should like to call attention. I note a preference is given on redwood, which is entirely a Californian product; coupled with it is red cedar, which is our product. I notice the preference given California on redwood and Canada on cedar is 2 shillings out of a total of 4 shillings per unit; in other words, 50 per cent. But the bulk of our wood, the woods we are most anxious to get sold in Australia, are Douglas fir, hemlock and spruce. Hemlock and spruce, especially hemlock, are regarded as cheap and inferior timber. We find that we are to get a preference on that in another item, and the preference pro rata is very much less; for instance it is 2 shillings on 12s. 6d., or something like 16 per cent. There may be but little force in the suggestion, but presumably the inducement on the part of the Australian would be to buy the better wood on which a lower tariff is placed. At any rate the British Columbia timber people have expressed themselves as being highly pleased with the treaty—and they ought to know.

Mr. STEVENS: Our cedar has the same rate as redwood, and it is the competing wood.

Mr. NEILL: Yes, red cedar benefits in the same way as California redwood; but we do not get as good a preference on hemlock and spruce, possibly on balsam also.

As regards paper, I notice the increased preference is only on newsprint. There is an item in the treaty, 334 (G) which is subject

to the general tariff, and it comprises a good many articles made of paper—I suppose in large measure nearly all of them. The only thing we get a preference on is newsprint. Item 334 (g) comprises a great many articles made of paper, but, as I say, that item takes the general tariff, which is very high indeed. Then there are some other items that come under the British preferential tariff—not mentioned in the treaty, but coming under the general clause—and they also take a very high rate, even although under the British preferential rate. So on everything but the newsprint we are somewhat hard hit by the high tariff rate now in effect. Of course, the benefit we get on newsprint is a very substantial benefit, and I am not trying to belittle it.

But here is a serious criticism I should like to make of this treaty. There is no provision for a preference on pulp and sulphite. That is unfair. The pulp and sulphite industry has to contend with increased costs, due to a higher tariff—we need not discuss for the moment whether a higher tariff does produce higher costs of production—and they have to endure that along with the newsprint people. But the latter get an enormous preference in the Australian market—more power to them—but the pulp and sulphite people get nothing at all. The pulp and sulphite industry, due perhaps to location or to other conditions, such as lack of funds, and also due to the class of timber which is accessible to them, and which can only be made into sulphite and pulp—they could of course be forced to make their product into newsprint, which is more or less a separate industry; but as a matter of fact they cannot profitably make anything but pulp and sulphite—are cut out of the picture entirely. In fact their condition is almost made worse, because their competition, which in one sense is from paper, has been bonused, so the more paper we sell, the less pulp and sulphite we are likely to sell. I think that will remain a blot on the Australian treaty so far as those two industries are concerned.

While on the subject I might say that word is now beginning to reach us as to how some industries in British Columbia regard the treaty. I see in the press protest was made by some associated growers of fruit, complaining that nothing has been done as regards the apple or the onion situation. Today it is alleged that Australian onions come into Canada free, and Canadian onions are assessed $40 a ton going into Australia. They also complain that no attempt has been made to remove the Australian embargo against apples, entry of which was prohibited on account of danger from a disease known as fire blight, but this disease is said to be non-existent at certain seasons of the year. They had hoped that that situation might have been adjusted during the tariff negotiations.

I come now to the egg situation, and I should like to put on Hansard a letter received from the president of the British Columbia Egg and Poultry Cooperative Association. This man is entitled to speak with authority because of the number of poultry men he represents and the handicaps they have been endeavouring to overcome. After alluding to the conditions of the tariff he says:

> I am instructed by our directors to write you and point out that in our opinion this will have a very adverse effect on the poultry industry in Canada and particularly in British Columbia. Canada is now producing sufficient eggs to supply all domestic requirements and has a considerable surplus which must be exported. The Canadian poultry pool shipped 2,706 cases to London, England, a few days ago and further shipments will go forward from the prairie provinces and Montreal shortly.
>
> Prices have been very low for a long time, at present they are at least 10 cents per dozen lower than at this time last year, average prices to producers being 13 to 14 cents per dozen, which does not cover the cost of production. Large numbers of producers have been compelled to quit and dispose of their birds.
>
> Feed costs are comparatively high here—

He might have said more than "comparatively."

> —due largely to the domestic freight rate on grain from the prairies.

I have bored the house on this many times before. He goes on:

> British Columbia specializes in the production of winter eggs, costs are higher than in the summer and we must receive a fair price for our fall and winter eggs, or we will not show any profit on the year's operations and will be unable to continue in business.
>
> September to February is spring and summer in Australia and is their high production period, their costs of production are lower than ours, they produce a huge surplus of eggs during these months for which they must find a market. In the months of October, November and December, 1930, exports to Great Britain from Australia were 5,323,270 dozens.
>
> We believe a large volume of that surplus will come to Canada with the result that prices will be depressed to a point much lower than they otherwise would be, the sure effect of which will be that the poultry industry in British Columbia will disappear. We cannot profitably meet their competition.

There is more of it, but I will not detain the house by reading the remainder.

Mr. STEVENS: There is another clause in the letter asking that the duty be restored. Will the hon. member read the rest of the letter?

Mr. NEILL: I will read it all—I wanted to save time. The letter continues:

Canada is well able to supply all her own requirements of eggs. We have more at the present time than we can use, and could produce a great many more if a profitable market could be found. It is entirely unnecessary to bring eggs here from any other country.

Here is the clause my hon. friend refers to:

We respectfully request that, in the interest of the poultry industry of Canada, the section of the agreement which provides for the free entry of Australian eggs entering Canada during January and February, and the reduced duty during the other months of the year, be cancelled, and the rate of duty be maintained at 10 cents per dozen. If this is not done, in our opinion the poultry producers here will not be able to carry on.

Mr. STEVENS: At this point I should like to ask my hon. friend a question. How are we possibly jeopardizing the egg producing industry when, since 1923, we have not imported a single egg from Australia although during that period eggs could have come in free during the whole year? Now we have reduced the free period to two months and we are told we are ruining the egg industry. Those are the facts. My hon. friend read something about restoring the duty to 10 per cent, but there was no such duty.

Mr. NEILL: This letter asks that Australia be put on a par with other countries and pay 10 cents per dozen. My hon. friend spoke a little too soon; I did not make the statements to which he referred.

Mr. STEVENS: No; I say, how can the gentleman who wrote that letter which my hon. friend has just read justify the statements he has made in view of the facts I have recited?

Mr. NEILL: I was going on to say that I was well aware of the facts just stated by my hon. friend; I knew there was no duty on eggs at all under the last Australian treaty and that of late years practically no eggs have come into Canada from that country. I quite admit that, but I was merely stating that this association, which represents practically the entire egg industry of British Columbia, have a right to have their views put on record. I was going on to say that while I quite admit the force of the argument of the minister, there is this to be considered: Possibly this may operate to give them a greater advantage. There is the fact of the reduced currency, which makes 20 cent eggs worth about 26 cents, and the further fact that the government have taken power to remove the dumping clauses, with which I will deal in a moment. Mention has been made of the Paterson scheme; the Australians are very fond of that sort of bonusing, and it applies to a great many articles other than butter, although we have not perhaps come in contact with them as yet. It is quite possible that Australia may take advantage of the removal of the dumping duty to extend something like the Paterson system to other articles, such as eggs, which would permit them to enter this country. There is a certain amount of danger in that regard, but I frankly admit that if anything of the kind happens it will be because of the lack of a dumping duty and because of the depreciated currency rather than because of the reasons advanced in the letter from which I have quoted although, if they export 5,500,000 dozen eggs to England it is quite obvious they will be anxious to enter a market so much closer.

I next come to butter, which leads me to the consideration of article IX of the treaty, which agrees not to enforce a dumping duty. It may be presumption on my part, but I cannot think that this will have the beneficial effect anticipated by the Prime Minister in his remarks the other day. I think it is a very serious matter indeed, and I am afraid it will work out in this way: The idea was that if there were one special article in connection with which some grievance arose, such as butter in the case of the New Zealand agreement, we would not have to cancel the whole agreement but could strike out the preference on that particular article without prejudice to the rest of the agreement. Let us look at it from the standpoint of the New Zealand agreement. Once you did away with the preference on butter you could have torn up the whole agreement, as far as New Zealand was concerned, and if we had not cancelled it no doubt New Zealand would have done so. Even supposing that were not so and you took one article and put it under the general tariff; later on you took another article and did the same thing, and how long would it be before the other party to the treaty would say, "This is not good enough; if you are going to pick out our best commodities one by one we will have to do the same thing, and there will be no treaty left." I believe that may be the way it will work out.

For years past I have listened to the Conservative party stressing the need not so much for dumping clauses, since we always had a technical dumping clause, but for what we might call the safeguards which rendered it possible to impose the dumping duty. The Conservative party demanded those safeguards from time to time very vigorously, and last September we saw those clauses enacted. I voted for them, believing they were required, but I rather regret my action after having seen how readily, how easily and above all how secretly it can be applied. There is no publicity at all; it simply appears in the Gazette, and how many of us take the Gazette? When you find your goods hung up at the border there is not much time left in which to look up the Gazette, or perhaps after having contracted for goods in the old country you find that the dumping duty is applied. It is not such a nice arrangement as I thought it would be.

Be that as it may, it is the settled policy of the Conservative party to have these safeguards, and we have them. Now, at a time and under conditions when, if ever, they would be most useful and most required, they have been taken away absolutely; we have legislated ourselves out of our rights. There was never such a thing done before; at least we always had the frame-work for a dumping duty, but now we are not going to be allowed to employ it under this treaty. I am afraid it will work very much against our interests. We know that the Australians are always changing their tariffs; they are changing them at the present time and they may do so at any time in the future. While, perhaps under a gentleman's agreement, the dumping duty might never be put in operation, it is a wonderful safeguard to have in the background. It was the means of remedying the butter situation; Australian butter would have been rushed in here but for the fact that we were able to keep it out through the dumping duty. It was bonused under the Paterson scheme, although I do not think it was quite as much as my hon. friend from North Waterloo (Mr. Euler) has said, because there was a 15 per cent restriction. At any rate, we took advantage of the dumping duty, having regard to the Paterson scheme, to stop Australian butter coming into this country.

As my hon. friend from North Waterloo has said, under the old treaty the Australian butter exporter had to pay a total of 7 cents. Supposing he sends a pound of butter to Vancouver which is sold in the open market for 30 cents per pound in competition with British Columbia butter. Under the old treaty the Australian would have received 23 cents, and that difference was sufficient to stop the importation. Under the new duty he will get 30 cents less 5 cents duty, and in addition he has the advantage of a depreciated currency which at 30 per cent would be 8 cents, so his pound of butter would realize him 33 cents as against only 30 cents to the British Columbia man. I know my hon. friend will say 30 per cent is an excessive statement of the fluctuation of Australian currency, but it was 35 per cent a few weeks ago and may be 35 per cent again, so I think 30 per cent is not excessive. If the currency improves, of course, that condition will not obtain, but we have no knowledge and in fact very little hope, I think, that the Australian currency situation will improve in the near future.

Mr. BENNETT: On the contrary, there is every reason to believe it will improve.

Mr. NEILL: I am glad to hear that, but after all we are dealing with things as they are and we cannot make treaties on hope.

Mr. STEVENS: The Australian people have been making great efforts to that end, which have been highly successful.

Mr. NEILL: Next I should like to tell the house how the Australians regard their prospects with reference to butter. They may say, "No butter came in before and none will come in now, so what are you making such a fuss about?" Here is what the butter exporters of Sydney, New South Wales, say:

Butter exporters see a large and profitable market. . . .

Here is another quotation:

"Butter exporters have every reason to be satisfied," said the chairman of the Victorian section of the Australian dairy produce export board.

If he has reason to be highly pleased he has some knowledge which we do not possess, because the treaty cannot do him very much good unless by way of the lack of the dumping duty and the fluctuation in the currency. Then we have New Zealand, within three days sail of Australia by fast passenger steamer equipped with cold storage facilities. They see that they are paying a duty of 14 cents a pound on their butter coming into Canada while, in a country around the corner, there is a rate of 5 cents, which is in reality a bonus of 2 cents, if you take the depreciated currency into consideration. Are they going

to stand for that? There is a duty on New Zealand butter going into Australia, but they may get around that by establishing branch factories or shipping the cream to Australia.

Mr. BENNETT: Direct shipments, the produce of Australia.

Mr. NEILL: But butter is a product of Australia if it is manufactured in that country from cream. It is a manufactured article, the other being the raw material. Knowing the alertness of New Zealand, and how anxious she is to sell her butter, I should look for some sort of legal manoeuvre by which they would endeavour to meet that situation. The temptation is too great—14 cents in one place and 2 or 3 cents of a bonus in the other. I would again remind the house that, when the old treaty was introduced, there did not seem to be any fear that it would be injurious to us, as regards its application to New Zealand. Political use was later made of it, and the government was blamed for the consequences—properly, of course, because they must shoulder the responsibility and stand the results. But no one in the house at that time ever anticipated that the treaty with Australia would result in such an enormous influx of butter from New Zealand. No one voiced any such anticipation.

Mr. CHAPLIN: They were warned of it.

Mr. NEILL: The warning was mild.

Mr. MANION: Mr. Donald Sutherland spoke for hours about it.

Mr. NEILL: Yes; I remember his discussing it for hours. So long as there was any political object to be gained he would talk for days.

Mr. MANION: The hon. gentleman can understand that.

An hon. MEMBER: What are you doing now?

Mr. NEILL: The criticism in regard to New Zealand butter was entirely trivial, for it was not anticipated that the influx of that butter into Canada would be what in fact it turned out to be. Nevertheless, the government paid the price. I am not kicking about that at all, but I am pointing out that what happened once may happen again. Some unexpected development of trade may eventuate, and we are powerless in the absence of the dumping duty.

Mr. BOWMAN: What do you suggest?

Mr. NEILL: Retain the dumping duty.

[Mr. Neill.]

Mr. STEVENS: Does the hon. member suggest rejecting the treaty if the dumping duty is not retained?

Mr. NEILL: That is not a fair question. We know very well that the treaty is here, and if we do not accept it in its entirety it will be rejected. That is the threat the hon. member holds out.

Mr. STEVENS: It is not a threat.

Mr. NEILL: Perhaps not; but the hon. gentleman is asking me to place myself in that position, to reject the manifold advantages of the treaty because of some disadvantages I have indicated. But I suppose it would be possible, without a total loss of the treaty, to refer the matter to Australia and ask for further amendment. I am willing to give the Minister of Trade and Commerce credit for having got the last advantage that could be obtained under the treaty, and he knows better than I do that it is useless going back for improvements. Still, these facts remain and must be faced.

Let me now sum up the situation so far as British Columbia is concerned. The fish and lumber people and the newsprint interests are getting a great benefit, and I heartily approve of the treaty in that regard. With respect to the pulp and sulphite industry, they will not be assisted but may be injured to some extent. I cannot allow that fact to pass without comment, no matter how much anyone may try to prevent my discussing it.

Mr. STEVENS: How will they be injured?

Mr. NEILL: By the fact that the Australian is encouraged to buy newsprint rather than pulp and sulphite. They have no preference whatever, and—

Mr. STEVENS: How does that injure the industry? The hon. gentleman makes the bald statement that the pulp industry will suffer. Will he kindly tell me how they will be injured by the treaty?

Mr. NEILL: I do not know that I said "they will be"; I said they are likely to be injured. But they certainly have reason to complain when they see a competing branch of their own industry given an enormous preference under a treaty negotiated by the government, while they themselves are getting nothing at all. Are the conditions in the pulp and sulphite industry so far removed from the conditions that exist in the newsprint industry that there should be this discrimination?

Mr. BOWMAN: Is it not better for us to sell paper rather than pulp?

Mr. NEILL: Yes. But pulp and sulphite are not raw material, in that they require a considerable degree of manufacturing. And there are circumstances in which they cannot convert the pulp and sulphite, out of the raw timber, immediately into newsprint. Yet they are being penalized and placed at the mercy of the newsprint companies to whom they must sell their product.

Mr. STEVENS: How are they penalized in comparison with their present position?

Mr. NEILL: They are penalized because newsprint is getting a big preference and they are getting nothing at all.

Mr. BOWMAN: Is it not better to sell them manufactured paper?

Mr. NEILL: Not if it is impossible to manufacture the article under certain conditions. The hon. gentleman is not familiar with the situation. He does not know that there are remote localities and other conditions where it would not be profitable to convert the timber into newsprint. But they can make sulphite which is afterwards taken to the factory and manufactured into newsprint. Surely, however, the hon. gentleman will not suggest that the pulp and sulphite industry should have been, to put it mildly, neglected. Surely he does not suggest that they should be passed over and ignored.

Mr. STEVENS: Has my hon. friend received complaints from the pulp industry of British Columbia on the subject?

Mr. NEILL: Not since the treaty was passed, but I received an urgent request that I should endeavour to have some consideration given pulp and sulphite. I was asked to see whether the industry could not be given some of the benefits of the treaty.

Mr. STEVENS: Did my hon. friend try?

Mr. NEILL: Yes, I tried.

Mr. STEVENS: I don't remember.

Mr. NEILL: Yes, I tried.

Mr. STEVENS: I do not remember having heard from him at all—not a single word. I never heard from him.

Mr. NEILL: No?

Mr. STEVENS: Not on that subject.

Mr. NEILL: He has heard from me often.

Mr. STEVENS: The hon. gentleman said he tried to get it in the treaty. He never came near us, nor asked us, nor suggested it to us.

Mr. NEILL: Am I not trying to get it in now?

Mr. STEVENS: After the treaty has been signed?

Mr. NEILL: The treaty has been signed, it is true—

Mr. STEVENS: Signed by both parties and delivered.

Mr. NEILL: It has been signed but not ratified; and it is not law and is not binding until it is ratified.

Mr. STEVENS: Will you reject the treaty to get it in or take the treaty without it?

Mr. NEILL: That is the same question: the hon. gentleman is trying to trick me into a false position. He asks, "Will you forego the great advantages of the treaty because certain things are not included in it?" Well, two blacks do not make a white, nor do two wrongs make a right. I am saying that the treaty is of great advantage to a large number of interests in British Columbia, but I am pointing out that certain interests have been ignored.

Mr. STEVENS: The hon. gentleman made no representations on their behalf during the last nine months while the treaty has been under negotiation.

Mr. NEILL: My time is drawing to a close and I must finish what I have to say. As regards eggs, I have already put on record the opinion of those who are best calculated to know what the results will be. As regards butter, I fear that the market will again be flooded because of the absence of the dumping clause. I regret that the dumping clause has been abandoned in this regard. That is one outstanding mistake in the treaty. Notwithstanding this, however, and on the principle of the greatest good to the greatest number, I may answer my hon. friend's challenge whether I will vote for the treaty by assuring him that I will. It will be of considerable advantage to a great many people in British Columbia, and on that principle, of the greatest good to the greatest number, I will support it. But that does not and will not prevent me from pointing out wherein I think it might have been improved upon, without any very great loss to us with regard to the interests I have indicated.

Mr. QUINN: Don't be wasting our time.

Mr. NEILL: My hon. friend is very fond of interrupting. If he will get up on his hind legs and address the committee in whatever language is familiar to him, I will listen to him. If he is not getting the amount of hay and oats—or perhaps thistles—he thinks he is entitled to, let him go to his keeper.

Mr. QUINN: If I cannot make a better speech than that the proper thing for me to do is to keep my seat.

Mr. G. B. NICHOLSON (East Algoma): I do not intend to detain the house, but I wish to refer to two items in particular in the treaty, namely, lumber and newsprint. In passing, may I comment briefly on the observations of my hon. friend from Comox-Alberni (Mr. Neill) with reference to newsprint paper versus pulp and sulphite. That, I think, was the way in which he referred to these two items. There are three kinds of pulp manufactured in Canada, sulphite, sulphate and groundwood. Sulphite and groundwood are used in the manufacture of newsprint in the proportion of approximately 84 or 85 per cent of groundwood to 15 or 16 per cent of sulphite. If you make provision by which you are enabled to export 15 or 16 tons of sulphite and 84 or 85 tons of groundwood pulp, you simply take away from yourself a market for 100 tons of newsprint. From the standpoint of British Columbia, where both pulp and paper is manufactured, if we can export newsprint we provide a market for an equal tonnage of sulphite and groundwood pulp. It is better for the country to manufacture the paper to the highest possible degree and give employment to an additional number of Canadian workmen. Although I have not the information before me, I believe the same thing would apply to sulphate which is used in the manufacture of kraft paper. When my hon. friend says that sulphite and pulp—I presume he is referring to groundwood—cannot be manufactured into newsprint, I believe he must be mistaken.

Mr. NEILL: I did not say that.

Mr. NICHOLSON: I understood the hon. gentleman to say that the sulphite and pulp industries were being penalized because conditions were such that those commodities could not be converted into newsprint.

Mr. NEILL: Oh, no.

Mr. NICHOLSON: The wood itself is the raw product.

Mr. NEILL: My hon. friend has misunderstood me. I said that it could not in many instances be manufactured profitably immediately into newsprint.

[Mr. Quinn.]

Mr. NICHOLSON: There is no doubt a paper mill cannot be erected wherever a pulp mill is in operation, but it is equally true that sulphite and groundwood are the semi-raw products from which newsprint is manufactured, and if you provide a market for newsprint you provide a market for sulphite and groundwood, which in turn provides more employment for Canadian workmen.

Every million feet of lumber which is exported from any part of Canada will provide more employment than an equal value of any other product produced in Canada. The provision of a market for an additional 100,000,000 feet of lumber would provide, directly or indirectly, for 50,000 Canadians. It would provide directly for 7,500 people, then there would be in addition all that is involved in the maintenance of 7,500 people, and the purchase of equipment, provisions and so on, which would involve an amount almost equal to the sum paid in wages in the industry.

Mr. NEILL: My hon. friend was stressing the point that pulp and sulphite should not be exported but should be manufactured into newsprint, but he says now that the raw lumber should be exported.

Mr. NICHOLSON: That argument does not hold. A hundred different articles can be manufactured from raw lumber. The principal use to which raw lumber is put is the erection of all kinds of buildings. Does my hon. friend suggest that we should limit the export of lumber until we can provide the means by which we would erect the buildings, and export them as such? Groundwood and sulphite are the raw products for newsprint, and when we export newsprint we are exporting groundwood and sulphite. Does my hon. friend contend that we should limit the export of lumber because we do not manufacture the buildings for export? Lumber which goes into the manufacture of furniture is of an entirely different class. Some goes into the manufacture of doors, but that article is provided for in the treaty. The exporting of lumber would provide more work for Canadian people than a proportionate amount of any other commodity manufactured in this country.

Mr. NEILL: This is unmanufactured lumber.

Mr. NICHOLSON: To what does my hon. friend refer as unmanufactured lumber?

Mr. NEILL: Not manufactured.

Mr. NICHOLSON: If I understand this bill it provides for all sizes of lumber.

Mr. NEILL: Including logs.

Mr. NICHOLSON: Yes, but how many logs will be exported to Australia? I am not very familiar with the lumbering trade of British Columbia, but I do know that some of the largest saw mills in the country are located in that province. When a market is provided for the product of those mills the pressure will be relieved which is now being exerted on the eastern market by the British Columbia trade. If there were no other provisions in the treaty than those covering the export of newsprint and lumber, the treaty would be well worth while. There is no other industry in Canada, not excluding wheat, in which unemployment has increased to a greater degree than in the lumbering and newsprint industry.

Mr. VENIOT: Under the terms of the old treaty, salmon, sturgeon and other canned fish were all on the same basis. Under the terms of the new treaty salmon receives a preference of three pence as compared with one and a half pence.

Mr. BENNETT: Perhaps the hon. member would prefer to wait until we get into committee so that answers can be given without violating the rules of the house.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, I have noticed some criticism of the Australian treaty, and I will venture the assertion that it is unlikely there ever will be a treaty which will not call for criticism from some branch of the community or some individuals interested. Speaking as I do for my constituency in British Columbia, I can only say frankly that I congratulate the government upon the treaty. In so doing I should like to associate, and I feel confident the Minister of Trade and Commerce (Mr. Stevens) would also associate with this treaty, those gentlemen from British Columbia who, about a year and a half ago, partly at the expense of the British Columbia Lumber and Shingle Manufacturers' Association, assisted by the government of that province, went to Australia and New Zealand, their main purpose being that British Columbia lumber should be given a preference in those two dominions. The gentlemen to whom I refer are Mr. J. C. McDonald, Mr. J. G. Robson, both of them from the city of New Westminster, and Mr. T. Gadd, of the city of Vancouver. All of these gentlemen are members of the British Columbia Lumber and Shingle Manufacturers' Association. As secretary of that group they took along with them Major Andrews, and it may be of some interest to members of the house to know that the Major Andrews to whom I refer is a son-in-law of the Premier of British Columbia, the Hon. Doctor Tolmie. They were given a great deal of encouragement by the governments and industrials of both Australia and New Zealand. Prior to their departure from Canada they had been in consultation with the then Minister of Trade and Commerce. After their return they arranged that Major Andrews, who had accompanied them on this trip, should reside permanently in Australia. It is only right that the efforts of all these gentlemen should be recognized in connection with this treaty.

Newsprint is to be an item on which Canada gets a preference in the markets of Australia. I would, however, point out to the house that Canada, or British Columbia—it is practically the same thing in this particular case—has been furnishing approximately one-third of the newsprint requirements of Australia. The other two-thirds have been purchased from Great Britain. So that it is difficult to see wherein British Columbia is to get a preference over what has been in the past our chief competitor. Unquestionably, however, the preference has been increased to such an extent that there is little likelihood of other nations successfully competing for the newsprint market.

In respect to Australia's lumber requirements we have not been so fortunate. Canada has never been given a preference in connection with the lumber requirements of Australia. The total importation into Australia of lumber that could have been supplied by British Columbia—I refer chiefly to Douglas fir—was 212,000,000 feet in 1928. Of that Canada supplied only about 13 per cent. In 1929 we increased the percentage to some extent. Australia imported approximately 266,000,000 feet, but even so, less than 22 per cent was furnished from Canada, practically the whole of the remainder being obtained from Washington and Oregon, which compete directly with British Columbia in furnishing Douglas fir, or, as it is known in many countries, Oregon pine. I am pleased to note that the treaty also includes redwood or cedar. Redwood is not grown in British Columbia, but cedar is. In the past I understand redwood from California has had a preference in Australia over British Columbia cedar. Now British Columbia cedar will have a preference over the redwood of California,

and this should be a big advantage to the lumber interests of our province.

As regards canned salmon, we have in the past supplied approximately 70 per cent of the requirements of Australia. Therefore, from the standpoint of British Columbia we have a possible expansion of the newsprint supply; we have a possible expansion of 200 or 300 or 400 per cent in the quantity of lumber, and a possible increase of 50 per cent in the quantity of canned fish that can go from Canada to Australia. Consequently the treaty appeals to me as one that is worthy of the favourable consideration of the house.

Some criticism has been made in connection with our importation of eggs and butter. It is only reasonable to assume that if we can increase the production of newsprint, lumber and canned fish, the increase in the number of the employed will result in the consumption of a very large quantity of the surplus eggs that are now available. At the present time, however, eggs in Canada are on an export basis and so long as this condition continues I can see little disadvantage to the Canadian producer, whether eggs come into this country and force the sale of a larger quantity of his surplus outside Canada, or whether he sells his whole production inside or outside this country. So long as butter and eggs are on an export basis I can see very little injury to butter or egg production in Canada.

It has been stated as a ground of criticism that many items of the treaty are not such as will be exchanged between Canada and Australia. True, we may not exchange these commodities, but I can see no disadvantage in having them mentioned in the treaty. It is something like the cast iron pipe and cut flowers about which we heard so much a year or so ago.

The important question is not so much whether the exchange of commodities is to be to the advantage of Canada, but whether it will be possible for Canada to sell goods to Australia at all. As was pointed out this afternoon by my leader, many of the duties, even under the British preference, are higher than our general tariff, and in addition to that they have a surtax of 50 per cent on many items. The latter, we are informed, is a temporary measure, but the fact remains that this surtax of 50 per cent does that much more to exclude the importation into Australia of goods from any country and makes it just that much more difficult for Canadian shippers to reach the consumer in Australia. In addition to the duty and the surtax, they have what is known as a general primage tax duty of 10 per cent, so that in many cases there is the surtax of 50 per cent, and in all cases the primage tax. That, however, is to my mind not the worst feature, because Australia has in the past, and will in the future purchase goods regardless of the height of her tariff.

What should concern us chiefly at this time is the inability of Australia to furnish money with which to purchase the commodities not only of Canada but of every country in the world. At the present time Australia is restricting the export of exchange. There are merchants in Canada who for some time past have been unable to transfer their credits from Australia to Canada, and I understand that condition exists to-day. Therefore Mr. Speaker, if we are to take advantage of the Australian treaty, if we are to furnish work for the lumbermen of British Columbia and other parts of Canada, for the paper mills and paper mill workers in British Columbia and other parts of Canada and, for the fishermen, we must make some provision whereby the goods they produce can be sold in Australia. Otherwise of what advantage would such a treaty be to this or any other country?

I suggest therefore, since each of these commodities entails a very high percentage of labour, that in view of the present economic and unemployment conditions the government could, if on no other grounds, justify an extension to Australia of a credit which could not be used outside of Canada. Until Australia is able to set her own house in order, until that country can permit the exportation of credits I see very little advantage in placing this treaty on the statute books. I suggest to the Prime Minister (Mr. Bennett) and to the Minister of Trade and Commerce that every effort should be made to establish credits in Canada so that the Canadian producer may sell his goods to Australia.

During the past few years the old Australian treaty was criticized in every part of Canada —yes, even in British Columbia. The basis of the criticism was that benefits accrued only to British Columbia. True, on account of her geographical position that province must reap the greater benefit of any treaty with Australia, New Zealand or any of the Pacific countries. In this particular treaty, however, I feel that the government of the day have provided some preference to producers of all classes of goods in all portions of Canada. Therefore I for one believe that an advance has been made, that a step forward has been taken, and I have no hesitation in saying that I for one heartily support the Australian treaty as submitted to this house.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I had intended to reserve my observations until the bill reached the committee stage, but after listening to a number of addresses this afternoon I have come to realize that at this stage perhaps a few words of explanation and some observations in reply to statements made by hon. members may be useful. If the house would consider that details can be given more fully in the committee stage my present remarks might tend to shorten the debate on the second reading.

During the long months which have elapsed since this treaty was originally under discussion there has been on the part of the representatives of Canada as well as of Australia nothing but the most earnest desire to cooperate in the production of an agreement which would be mutually advantageous. I think my colleagues will agree that throughout those months, which have entailed a great deal of labour there has been nothing but the most cordial good-will between the two dominions. Some difficulties have been experienced due largely to the great distances separating the two countries. Negotiations concerning the treaty were commenced during the sessions of the economic conference, and at this point I wish to pay tribute to Mr. Moloney, who represented his country on the economic committees of the Imperial conference, upon the manner in which he approached the subject and the generous support he gave us in our efforts to bring the matter to a satisfactory conclusion.

Certain attitudes have been taken to-day towards the treaty, and I think a few words of explanation would serve to remove at least some of the apprehensions in the minds of hon. members opposite. I shall try to deal with hon. members in the order in which they have spoken, referring first to the observations of the right hon. leader of the opposition (Mr. Mackenzie King). He referred to the fact that the Prime Minister Mr. Bennett) had said the agreement before us was a treaty of mutual advantage to both countries, and reiterated a homily on the mutuality of trade generally. I would invite the house to this thought however, that while certainly an exchange between two individuals must be or usually is of mutual advantage in that the two making the exchange are both pleased or satisfied, it is not correct to say that such is true between nations. The right hon. member laid it down as a definite and proven principle that because an exchange between individuals is mutually advantageous an exchange between nations must necessarily be of the same order. Here is the difference. Trade between countries is trade between different individuals in each of the countries. For instance, if one country has no tariff at all—I use the extreme example in order to get the full force of the point—and the other has a high tariff, the individuals in the country with the low tariff could buy goods in the country with the high tariff and bring them in to the disadvantage of some of its own nationals. On the other hand it would be next to impossible, or certainly much more difficult, for individuals in the free trade country to ship their goods into the high tariff country to the injury of the individuals over there. It is conceivable therefore that a condition may exist between two countries where trade is not mutually advantageous. If however the two countries come together and examine the conditions of trade in each and the conditions controlling the interchange between the two, it is possible to iron out differences or at least to minimize the injury which might be done. That is precisely what we have tried to do in the agreement between Australia and Canada. It is clear that there are goods produced in both countries which are competitive; I might say that in some few instances they are highly competitive. On the other hand, there is a wide range of commodities where the one is the complement to the other. In this treaty we have sought to avoid the injury which keen competition from one of its commodities would do to the importing country. While we have sought to minimize, and indeed, almost eliminate, such a danger, on the other hand there is a wide range of exchange of goods that may be carried on without injury to either country, and that is what we have tried to facilitate.

Now, I was very sorry when I heard the right hon. gentleman offer criticisms of the Australian tariff rates. He has been followed by several other hon. members who have indicated the extremely high tariff rates obtaining in Australia. It may be advisable at this point for me to refer briefly to the conditions which have brought that about, and I think in justice to Australia we ought to appreciate two or three matters to which I shall make reference. It is true that Australia has in recent years drastically increased her tariff rates. It is also true that Australia's exchange at the moment is under a serious discount. But why is it so? The reason is that Australia over a great number of years indulged, I might say, in rather expensive social legislation, which resulted in a very costly type of administration. This was followed by a very heavy expenditure, in propor-

tion to her population, during the great war. I think I am correct in saying that the contribution which Australia made to the cause of the allies cost her perhaps more than that of almost any of the other dominions; at least in proportion to population it was a very heavy charge. Subsequent to the war, for these two reasons in the main, Australia found herself confronted with internal financial difficulties, and it was only in the last couple of years that her statesmen addressed themselves seriously to the correcting of those difficulties. Bringing their efforts down to date, they first of all increased the exchange rate. I may say that the Australian banks deal with this matter in a different manner from that followed by the Canadian, American or British banks. In Canada, United States and Britain, and, I think, in nearly all the other major countries, the exchange varies from day to day according to the necessities of the case—according to the demand for the money of one country in the market of the other, or the obligations to be met from time to time. So that exchange is constantly varying up and down in those markets. But under the Australian system of administering their banks, they arbitrarily fix the rate of exchange in a given period.

Now, under the circumstances to which I referred a moment ago, that is, the pressing necessity to correct their internal financial handicap, and the further necessity—which I overlooked—of paying their heavy interest charges abroad, both in New York and in London, Australia found it necessary to curb imports—that was her first step—in order to increase as far as possible the spread between exports and imports, thus giving her the goods or the financial value to pay her obligations abroad. To achieve this she imposed drastic increases in her tariff, and she raised her exchange. A year ago last January it was 3 per cent; it remained there for several months until she advanced it to 7 per cent; where it remained for several months and then she advanced to 9 per cent; where it remained until last January, when for a few days she raised it to 13 per cent, and later to 24 per cent, where it remains to-day. I am talking about the official exchange rates.

Mr. CAMPBELL: Is that imposed arbitrarily by Australia? Is it not imposed at the other end on Australia?

Mr. STEVENS: No, it is fixed by the Australian banks themselves, for the dual purpose of restricting the export of cash and the import of goods, with the idea of stimulating the exports in order to meet their obligations abroad. In addition to that Australia raised her tariff very substantially. Then the Australian authorities took one further step, for which I believe they deserve great credit. They cut all civil servant's salaries by 20 per cent; they cut all classes of pensions, including war pensions, 20 per cent; they cut down internal subventions 20 per cent; and they put into effect other drastic economies which have materially reduced their internal obligations. As a result of these efforts they have corrected their trade situation until for their fiscal year, ending, I think, last June, their exports exceeded their imports by $100,000,000. I cite that because those who are studying the situation closely believe that in this achievement alone one can perceive an early return of their exchange to par. I do not suggest that it will return to par rapidly, but I do believe that we shall see an improved condition in Australian exchange in the near future. I do wish to impress upon hon. members that the statesmen of Australia have seriously addressed themselves to the task of correcting the internal financial difficulties and uncertainties of the country. Therefore instead of criticizing the means which they have taken to achieve this end, I think we ought to recognize that they have taken a courageous and a bold stand in an effort to bring about this result.

Now, my hon. friend from North Waterloo (Mr. Euler) I am very sorry to observe is not in his seat, because I always prefer to direct my remarks to hon. members when they are in their seats, and I shall have to answer some of his points in his absence. Usually the hon. gentleman is perhaps one of the most fairminded and moderate debaters in the house, and I was a little disappointed in the attitude he took to-day in regard to this treaty. It is quite true he intimated that he was not opposed to the treaty, that he thought there were some good features about it, but then he spent the rest of his time citing individual items which he held up before the house as evidence of the ineffectiveness of the treaty, and that it would be indeed of little value to the country. In that respect I am fair to him in saying that he limited such remarks to the application of the British preference.

I am going to examine a few of the items he examined and a few more that he did not deal with; I am not going through the whole list. By the way, he was seeking to show that the Australian rates were so absurdly high that in any case the British preference meant nothing. "Why," he said, "the first item on this list carries a duty of 60 per

cent under the British preference, plus a surtax of 50 per cent of the duty." He did not say what the item was, but let us see what it is. He said, "You are not going to ship much goods under such a high rate; it means 90 per cent plus the primage tax and so on, so you need not expect to do much business under that rate." What is that item? It deals with corsets, an antiquated article of female attire. I do not know much about ladies' wear, but I am under the impression that the item of corsets does not play quite so prominent a part as it did in my younger days, and I question whether, after the treaty has been in effect for a year or so, my hon. friend will find that the failure to jump the Australian hurdle of 90 per cent under this item of corsets is going to be a very great detriment to Canada.

Mr. EULER: I never mentioned corsets.

Mr. STEVENS: No, my hon. friend was very careful not to mention them; he was a little shy and delicate. He said the first item on the list, and I am reading the first item.

Mr. EULER: I did not say that.

Mr. STEVENS: Yes, my hon. friend did say so. Then he came along and made rather a pathetic appeal for his own riding. He said, "I have in my own riding a cordage factory," and he cited binder twine and yarns.

Mr. EULER: I did not cite binder twine.

Mr. STEVENS: Yes, my hon. friend did.

Mr. EULER: I did not cite binder twine.

Mr. STEVENS: My hon. friend certainly spoke of the item to which I am referring.

Mr. EULER: I spoke of cordage, but not of binder twine.

Mr. STEVENS: Then my hon. friend did not read the item correctly if he did not mention cordage. He said this item carried a duty of 40 per cent which, plus the 50 per cent surtax would be 60 per cent, and he said, "I cannot see much help for my riding under this item." That is the item covering binder twine and yarns, but immediately adjoining is an item covering cordage and twines. I look across the page, and I find that under the old treaty it was 10 per cent, running up to 50 per cent in the case of some of the finer yarns, while under the new treaty it is free and up to 40 per cent on some classes of yarns. In other words we are getting that item on the free list, but my hon. friend did not see that; he saw only the other item, which carries a very much higher rate of duty.

Then my hon. friend wept over refrigerating condensers and coils, which he said carried the iniquitously high rate of 45 per cent.

Mr. EULER: I never mentioned refrigerators, and I am surprised at the statement of my hon. friend.

Mr. STEVENS: My hon. friend certainly did. Does he say he did not refer to refrigerators?

Mr. EULER: No, I did not.

Mr. STEVENS: I cannot contradict my hon. friend, but if he did not do so my memory is playing me false. At any rate, my hon. friend referred to another item below at 45 per cent, and the only one I see carrying that rate is the item dealing with refrigerating apparatus. But immediately adjoining that item is item 164, covering churns, cheese presses, dairy coolers and non-household refrigerators. Formerly this item carried a rate of 35 per cent while under the new treaty the rate is 22½ per cent, which is a substantial reduction. This is the British preference rate, which will certainly permit us to enter that market in competition with British manufacturers.

Now I turn over the page, and while my hon. friend did not refer to these separate items he referred to certain agricultural items as not being under the British preference. I am going to refer to a number of items and give the rate which we now receive under the British preference, and I will also show what were the previous rates. The first item is handworked rakes and ploughs combined; handworked cultivators and handworked seed drills; under the old treaty the rate was 10 per cent and it is now free. Then come threshing machines, which carried a rate of 10 per cent under the old treaty and are now free. Then there is an item covering channel-making graders; road scoops and scrapers; scoops; stump extractors; horse road rollers and machines, which under the old treaty carried a rate of 30 per cent and under the new treaty a rate of 20 per cent. The next item covers garden and field rollers and spraying machines; lawn mowers, sweepers and sprinklers; garden hose reels and syringes. Under the old treaty the rate was 30 per cent, while under the new treaty it is 20 per cent.

Mr. STEWART (Edmonton): I see threshers are under the general tariff, while my hon. friend has just given them as free. How would that happen?

Mr. STEVENS: We come under the British preference with regard to threshers. Discs for agricultural implements, formerly 10 per cent, now are free; grinding machines, formerly 10 per cent, now are free; unspecified metal working machinery, formerly 10 per cent, now is free. I may add that there is no surtax at all on any of the items I have just mentioned. Then there is an item covering boiler tubes which I hope will be of some value to Canada. Under the old treaty the rate was 10 per cent, and now they are free.

So I might go on; there are a larger number of these items, but the point I want to impress upon the house is that perhaps the most valuable provision of this treaty is that Australia extends to Canada the British preference, which previously we had only on four items. I pause to say this to my hon. friends: When the discussions leading up to this treaty were first undertaken there were two main points which had to be overcome. The first will answer the hon. member for Comox-Alberni (Mr. Neill) with regard to the dumping clause. Australia insisted that the application of the dumping clause should be waived on our part. On the other hand we insisted that the British preference should be extended to us in full. When that was ironed out we came to consider individual items now contained in the treaty, but those were the two main principles to be considered first. I regard them as of extreme importance. Let us look at the history of the dumping legislation. In 1925 Canada entered into a treaty—and I am not now going to blame my hon. friends opposite; I will say that Canada entered into a treaty with Australia, knowing perfectly well that there was such a thing as the Paterson scheme, and we put the rate on butter at one cent a pound. The treaty was passed in the autumn of 1925.

Mr. STEWART (Edmonton): Is my hon. friend correct in his statement that the Paterson scheme was in operation in 1925?

Mr. STEVENS: Certainly.

Mr. STEWART (Edmonton): I doubt it. That is not my information.

Mr. STEVENS: Butter had been coming into Canada quite freely, and I remember that my friend the late Hon. Mr. Boivin, Minister of Customs at that time, was alarmed about the importations of butter and he imposed the dumping duty of 6 cents against Australia because of the Paterson scheme.

Mr. STEWART (Edmonton): In 1926.

Mr. STEVENS: Yes, about February of 1926. The matter was discussed in January and February, and I have forgotten the exact date the dumping duty was imposed. Australia considered that this was more or less a shabby trick, shall I say, and they have never agreed that it was a fair imposition of the dumping clause. There was an element of unfairness in it, for this reason: All butter produced in Australia contributes 3 cents a pound to a pool, out of which was taken 6 cents per pound which was paid to the exporter of butter, so that really the exporter had already paid into the pool 3 cents a pound. Originally the amount involved was 9 cents per pound; that is, 3 cents was paid in and 6 cents was paid out. Later that was reduced to 6 cents, so that for a number of months, if not for the last year or two, there really has been a bonus of only 3 cents a pound. Recently—I have the date under my hand—that has been reduced to 5 cents a pound, so there is a bonus on Australian butter of 2½ cents a pound net, because prior to receiving the bonus the butter has contributed to the pool.

Mr. STEWART (Edmonton): There is really no difference, except the reduction of one cent. They were doing the same thing before.

Mr. STEVENS: Yes, but it started at 9 cents, then dropped to 6 cents and now is 5 cents. That is the point I am making. I refer to that to emphasize the reasons why Australia requested the waiving of the dump. They never regarded it as a fair imposition and they insisted that it should be waived in the treaty. We waived it, but included in the treaty, by agreement with them, of course, after we had worked on it a considerable time, article IX, which we shall deal with in due course. Article IX is simply this: that either party to the agreement, if it is found that goods from the other country are being imported to the injury of any industry, may notify the exporting country accordingly and request the restriction of such exports. And it is assumed that the exporting country will immediately take action to restrict those exports. As regards Australia, the situation

is very simple. They have export boards controlling butter, eggs, canned goods, meats and, indeed, most of the goods that may be affected by the treaty.

Mr. EULER: By what method can they restrict exports?

Mr. STEVENS: The export boards also control wine. In answer to the hon. gentleman's question, I am afraid I cannot go into details, but the method is this. They have export boards from which all exporters must get a licence before they can export goods.

Mr. EULER: We should have to have legislation to that effect?

Mr. STEVENS: We have not got that system. I am pointing out that Australia, which affects us most, because we are the importing country, has the necessary machinery which it will put into operation the moment the need arises. Our experience with them during the past nine months gives us confidence in their fairness and we believe that they will actually put it into effect if necessary. But should they not do so, under Article IX we can, by our own action, remove the particular item from the treaty and it will fall automatically into the general tariff. The reason for that is this. We learned from the experience with the last treaty that an entire treaty may be wrecked by one item, and both countries agreed that this was an unwise position for either to find itself in. We therefore worked out Article IX to meet that difficulty, and there is a genuine understanding, embodied in the treaty in definite language, and clearly understood by both, that an item may be removed without jeopardizing the rest of the treaty. And when the difficulty or dispute, or whatever you choose to call it, is adjusted, the item will go back into the treaty automatically by action of the government. We consider that an excellent method.

Reference has been made by one hon. member to the fact that we have lost our market in China for wheat, Australia being able to ship wheat to that country, under her depreciated currency, at much lower rates. Now, it is well sometimes to look at the facts. It is perfectly true that Australia this year has found a larger market in China for her wheat. It is lucky for us that she did, because it as lifted that much more wheat off the congested market of Europe. And we were delighted to see it. But what injury has that done to Canada? Let me quote the figures for the last five years. Our exports to China, in bushels, have been:

1927	3,397,000
1928	2,364,000
1929	7,469,000
1930	2,266,000
1931	7,266,000

And 1931 is the year in which we have been injured. These figures I submit indicate that no injury has been done to Canada—no material injury—in the Chinese market by Australia. On the contrary, the disposal of a large portion of Australian wheat in the far east has relieved the congestion of the European market, and personally I am delighted that Australia has found that eastern market this year, for her surplus wheat.

My hon. friend from Comox-Alberni (Mr. Neill), in his usual manner, opened his remarks with a rather complimentary reference to the government and the treaty.

Mr. NEILL: Is that my custom?

Mr. STEVENS: No, but I will tell the hon. gentleman what his custom is. I accept the correction. In opening his remarks he made some rather complimentary references to the government—

Mr. NEILL: To the treaty.

Mr. STEVENS: —but, as is his custom, he spoiled the effect and value of these kindly and, I trust, just remarks by proceeding to a most unfair analysis of certain items of the treaty. Referring to eggs, he took good care to read into the record a letter from the Poultry and Egg Producers' Association of British Columbia. I received precisely the same letter, which I took care to answer, giving information which would remove the false impression they had. The hon. member knew —he admitted he knew—that the writer of that letter, a Mr. Wallace, was labouring under a misapprehension, not understanding all the facts. He had made the statements that appear in his letter without having the full information before him, or without troubling himself to look it up. Now what are the facts? I indicated them this afternoon. For the last six years eggs from Australia have been on the free list. During the last eight years, from 1923 to the present time, we have imported no eggs from Australia although they have been on the free list the whole of each year during that period. In this treaty we have restricted the free period to two months of the year, or one-sixth of the time under the old treaty; yet there are some who say that we are striking a dire blow at the very heart

of the egg producing industry. The thing is so absurd that only a complete disregard of the facts or a complete ignorance of them would justify anyone in making any such statement. I was therefore very much surprised that my hon. friend from Comox-Alberni, who knew better, should read into the record the letter in question. And the reason I interrupted him was that that letter appearing in his speech, which he would likely send out through the egg producing district of his riding, should not go without some challenge to the accuracy of the statements made by the hon. member, together with the letter as it was read.

The hon. gentleman then referred to butter, expressing apprehension of the effect of this treaty in the importation of butter into British Columbia in particular, and into Canada generally. I have already indicated the operation of the dumping clause. The facts regarding butter are these. Under the old treaty butter was one cent per pound, with the application of the dumping clause available to the government. Under the new treaty butter is five cents per pound but, instead of the application of the dumping clause, we have article IX, which provides a much more effective, expeditious and definite way in which to prevent any flooding of the market with butter. Let me say as earnestly as I can that we are confident that Australia will not attempt to flood the Canadian market with butter. Australia takes the position that Canada during recent years has been a butter importing country, and she merely asks that if and when we import she may have a reasonable advantage in our market. We have given an advantage restricted to five cents per pound duty. During the session we have been condemned because we put on a duty of more than four cents per pound. The hon. member for Melville (Mr. Motherwell) read a letter purporting to come from the national dairy council at Winnipeg wherein they declared that they did not want a duty of more than four cents per pound. He impressed this upon the attention of the house and condemned the government because too high a rate was being put on. Australia has agreed to the rate of five cents per pound and we consider it reasonable and adequate, fortified as it is by article IX of the treaty.

This afternoon the hon. member for Comox-Alberni attempted to get away with the assertion that he had been asked by the pulp industry to see that they were protected against any possible damage which might be done by this treaty. He modified that statement by saying that he had been asked to speak on their behalf so that their interests might be protected. I told him this afternoon and I repeat now that he never presented that protest to the government. He is not a shy man, nor is he modest in the slightest degree—I question if he knows the meaning of the word—and if he had in his possession a request from the pulp industry of British Columbia asking for special consideration in the matter of preferences in connection with pulp, he never presented it to the government.

Mr. NEILL: I said I had received the letter and I spoke absolutely correctly, but I did not say I had it with me. During the dinner recess I looked up this matter and, it being my custom to close up my files at the end of each session, I found that it was not on this year's file. Therefore it must have been last session and I must have presented it to the late government.

Mr. STEVENS: This afternoon my hon. friend was very positive that he had this letter. He was very certain that we were penalizing the pulp industry, he was very certain that we were neglecting this industry and that we were injuring it. I challenged him to show how we were injuring it, how we were penalizing it or how we were neglecting it, and he was narrowed down to asserting that he had the letter. Now he tells us that he has not the letter; it must have been a letter he received last year and passed on to hon. members opposite. I shall be very much interested in seeing that letter.

Mr. NEILL: I will send it to my hon. friend as soon as I get home.

Mr. STEVENS: I took the precaution of wiring to the pulp industry of British Columbia to ask if such a protest had ever been lodged, and I will be much interested in the reply. The fact is that this industry, the largest in the province, is highly pleased with the care taken of its interests by this treaty. A moment ago some hon. member said quite grudgingly that a little preference had been given to newsprint. Newsprint has been put on the free list and there is a preference of £4 or $20 per ton. I submit that that is a very generous preference, and in spite of what my hon. friend has said I consider that this government has fully protected and not neglected the interests of the pulp and paper industry of British Columbia.

I do not propose to deal with the currency question, other than to comment upon the fact that the hon. member for Macleod (Mr. Coote) quoted from a speech which I made in

1922. I recall that speech very well, and if my hon. friend thinks he was embarrassing me by quoting therefrom, he is mistaken. I think the right hon. leader of the opposition, who was then Prime Minister, will recall the incident. Right Hon. Mr. Fielding had introduced his budget, which was an important one because of world conditions which had arisen during the previous year or two bringing about an economic collapse and a subsequent condition similar to that through which we are passing at the present time. Many countries of Europe had indulged in what some hon. gentlemen have suggested we are indulging in, the inflation of currency. So rapidly had this inflation occurred that it endangered the trade of countries which were maintaining some measure of stabilized currency. After weeks of study I presented to the house my views on this matter, and my right hon. friend will recall that Mr. Fielding changed his budget and made provision in his second announcement for the protection of Canada against a possible flow of goods from countries with inflated currency. The inflation at that time was most acute and vicious. At the time I made my speech, if I recall correctly, the mark had dropped to about one quarter of its value. It was continuing to decrease in value on an increasing ratio, so much so that when people received marks for goods or wages they rushed to spend them, but very often would lose from 10 to 20 per cent before they could get to the store.

As far as Australia is concerned, the depreciation has been fixed by her banking system. As I have already explained, the practice is to maintain the exchange discount at a given level until a certain object has been attained, and then to reduce or increase it a few points as conditions warrant. We believe that Australia already has made such progress in the adjustment of her affairs that in the near future a reduction in the rate of the exchange discount may be expected. That decrease will come through the action of the Australian banks and will not be caused by market influences.

Mr. CAMPBELL: Does the minister think that the rate of Australian exchange will work to the advantage of that state in shipping goods to Canada?

Mr. STEVENS: I appreciate the sincerity of my hon. friend, but to discuss that question fully would necessitate one of those long debates which we have experienced in years gone by. I will answer the question, but I do not pretend that the answer will be complete. Undoubtedly some advantage would accrue to a country with a depreciated currency in the exchange of its goods with other countries, but it must be remembered that although it may not synchronize with the depreciated currency, the time will come when the cost of production rises correspondingly. It does not follow that that rise will be as rapid as the rate of depreciation; it never is, but it follows that the depreciation gradually is offset.

Mr. CAMPBELL: The advantage, then, would be only temporary.

Mr. STEVENS: Quite so. It is a grave question whether or not it is of any advantage to Australia, and I question whether it is of any advantage at all. We are undoubtedly concerned about it in a sympathetic way, but we believe the situation is being corrected and we look in the near future to a very rapid correction of it. We certainly would not advise the holding up of this treaty because of the fact of depreciated currency. Furthermore, while I am not certain, I believe Australia has a provision in her tariff to prevent, and is recognizing the wisdom of preventing, the unfair competition of goods from countries with depreciated currencies. The other day a cargo of goods from Russia entered Sydney harbour, and the Australian government are, I believe, taking action to prevent those goods from entering into unfair competition with her own products. If that be so—and I believe it to be—certainly they will appreciate an appeal to them should it be proved that goods from Australia are entering Canada because of depreciated currency, in an unfair manner in competition with our goods.

Just a word in conclusion. Australia and Canada have similar tariff systems; they have a preferential, an intermediate and a general rate. Hitherto Australia has extended the British preference to the United Kingdom and New Zealand, and on four items, to Canada. She now extends the British preference to Canada, as the Prime Minister said this afternoon, on 415 items. True, on some of those items the British preferential rate will be high and will not permit of exchange, but this preference will give us perhaps two or three hundred items upon which we may enter the markets of Australia in competition with the United Kingdom. Furthermore, this is certain: whatever opportunity any countries may enjoy of entering the Australian market, we certainly enjoy the best. Last year Great Britain shipped goods into Australia to the extent of $277,000,000, and the preference netted Great Britain $35,000,000. That is what it is worth to Great Britain. We have

now equal opportunity with Great Britain on all the range of goods that she sells to Australia. It may also be interesting to know that Australian imports are divided as follows:

United Kingdom..	42 per cent
United States..	23 per cent
Canada..	3 per cent

I invite the house to consider the possibilities for Canada under the new treaty with the British preference and special privileges that we have in the specified items. The United States have to their credit 23 per cent of the imports of Australia, while we have only 3 per cent, and now we have an opportunity in the Australian market on conditions surpassed by no other country, not even Great Britain.

The principle which has directed our efforts in connection with this treaty has been that of friendly cooperation between Australia and ourselves. We have at all times sought to work these things out in a fraternal spirit, if I might so put it. On every occasion we have been met with the most kindly response, and we anticipate the most hearty cooperation on their part just as we shall give it to them in the working out of the terms of the treaty.

Another point to which I might call attention is that so far as the items in the two schedules are concerned, we maintain the spread between the general tariff and the specified rates to Canada or to Australia, as the case may be. That is, however we may change our rate or they may change theirs, the spread between the general and the specified rates will be maintained.

Mr. STEWART (Edmonton): Will my hon. friend explain that spread a little more fully?

Mr. STEVENS: In so far as the items specified in the two schedules are concerned, the spread between the preferential rate extended by us to Australia or by Australia to us and the general rate will be maintained.

Mr. STEWART (Edmonton): In the Australian tariff?

Mr. STEVENS: And in ours—both ways. I might mention also in connection with the treaty the question of inland freight rates. Under the Australian law determining the value for duty freight in the country of origin to the point of exit is included. To illustrate: Goods originating in Toronto, if shipped via Buffalo and San Francisco, would be dutiable in Australia at the cost of the goods plus the freight rate from Toronto to Niagara or Buffalo. If the goods perchance went by Vancouver, the rate of duty would be applied on the cost of the goods plus the freight rate to Vancouver. The result was a tendency to ship the goods via United States ports, thus depriving Canadian ports of that business. That situation has been completely corrected. It was, I may say, in part corrected a year or two ago on the westward haul, but not on the haul eastward to Montreal, Halifax or St. John. Under the treaty this freight situation is completely corrected and the only freight charge to be added to the invoice price will be that to the nearest point of exit. From Toronto the nearest point will be Niagara or Buffalo.

Mr. MORAND: Does that apply to Canada?

Mr. STEVENS: It applies to both countries. It is not important as applying to Australian goods coming into Canada, but in the case of Canadian goods entering Australia it is of great importance.

Mr. MORAND: It does not apply to the United States?

Mr. STEVENS: No. I have already given an explanation of article IX, and I shall not now repeat it.

We are asking the house to look upon this treaty as a genuine effort on the part of Canada as a whole, irrespective of party affiliation, or business interests, or locality, because we believe the treaty will be of advantage to the whole of Canada much more than is perhaps at the present time understood. We offer the treaty to the house in that spirit, that Canada as a whole has sought to work out and we believe we have succeeded in bringing before parliament a trade agreement with a sister dominion, which, while it may not be perfect or wholly satisfactory, is at least for the time being the best we could hope for and one that will be of advantage to Canada and, we trust also, of advantage to Australia.

Hon. CHARLES STEWART (West Edmonton): I do not rise to be critical of the trade arrangement now being consummated between this government and the government of Australia. May I say at the outset that I welcome treaties that will enlarge and encourage trade abroad, more particularly wtih countries within the empire; I think Canada stands to be benefited by any extension of trade that can be brought about by any process or by any government. The Australian treaty which was previously in effect and which was criticized so severely by hon. gentlemen opposite when they were in opposition proved to be very beneficial to

Canada. One need only look at the trade returns to realize that Canada had much the better of that agreement. I do not think the present arrangement will result so favourably to Candaa, but I do not say that if that result is effected, any considerable damage will accrue to this country. I believe the more trade we can bring about, the greater the encouragement we can give to trade, the more prosperity we shall bring to Canada. That was amply demonstrated during the regime of the late government. True, so far as the Australian treaty is concerned, there has been a falling off of exports to Australia during the past year. The Prime Minister (Mr. Bennett) brought that to the attention of the house. I think they are almost on a parity, some $4,000,000 worth of trade being done by Australia and $6,000,000 being done by Canada—a very considerable drop so far as Canada is concerned. Australia unfortunately, like most countries which indulged in an orgy of tariff increases, found itself in very serious difficulties, and as a consequence Canada, and other countries which had an import trade into Australia, suffered. The drop not being so great in Canada, the import trade from Australia did not fall so rapidly. I think that is only to be expected.

I am not going to offer any criticism at the present time but would prefer to reserve it until a later stage. My remarks as a matter of fact do not constitute criticism but are offered for the purpose of gaining information when the bill is in committee. There are one or two matters however to which I think the minister's attention might be directed. For example, let us consider lumber—and in this connection I wish to congratulate the minister upon the advantageous terms he secured in connection with this commodity. Trade in lumber will be of immense benefit to the west coast of Canada, the province of British Columbia. The fact that the Australian market has been secured and a preference obtained makes possible greater activity in the lumber trade. Hon. members opposite however have always maintained that their policy with regard to raw products was to manufacture them in Canada and ship them out in their manufactured state, and lumber has undergone a manufacturing process when it has been sawn. In examining the schedules I find that the greatest preference enjoyed is with respect to logs, and the greatest preference is given to the raw product. If I am wrong I should like to be corrected, but in my opinion this preference will create an extensive shipment of logs from British Columbia to Australia to be sawn and manufactured in that country. This would be in exact contradiction of the policy of hon. members opposite for a considerable number of years.

Mr. STEVENS: That is not the case.

Mr. STEWART (Edmonton): My hon. friend will give me the information no doubt when we reach the committee stage.

Mr. STEVENS: All I wish to say is that that is not the case.

Mr. STEWART (Edmonton): Unfortunately I find, after careful scrutiny, that the figures appear to indicate what I have stated. A good deal of stress is being placed upon the number of items on the preferential list. I say without fear of contradiction that Australia has secured the better end of the bargain, because on our products there will be a duty almost twice as high, in the main, as the preference we have given to Great Britain which Australia will enjoy when shipping her goods to Canada. I am not unmindful of the fact that, as the Minister of Trade and Commerce has said, under this provision Great Britain enjoys a rather extended trade. My hon. friend will remember, however, that on the very class of goods which Great Britain is shipping to Australia this government has seen fit to reduce the British preference so that they may be kept out of Canada. So that in going into competition with Australia, or with Great Britain in Australia, if the policy adopted by this government with reference to the importation of British goods into Canada is a correct one, and it is necessary for the protection of our industry that they be kept out or at least that the duty upon them be increased, we will have a great deal of difficulty in meeting that competition in the Australian market.

The minister has cleared up some points in connection with the fluctuations in the Australian tariff concerning which I had some doubts. In the last three or four years Australia has been constantly changing her tariff and imposing higher rates of duty. The rate on sewing machines, upon which the duty had been 10 shillings, was on the first of June of this year increased to £2. I mention that merely as an indication of the manner in which the Australian government has been fixing its duties. The result is that while in one month we may be able to get a market, in another the commodities in question may carry a higher rate of duty. My hon. friend has pointed out that there is no stabilization of duty, that the only precaution

taken is that the general tariff must increase by the same percentage as the preferential tariff. Speaking generally, therefore, we have no preference on agricultural implements, of which in former days we shipped considerable quantities to Australia, and we must go into the Australian market on the same footing as the United States. No hon. member opposite has said a single word about agricultural implements. To some degree at least we have been put out of that market through the sale of American machinery.

Mr. BENNETT: They make it themselves.

Mr. STEWART (Edmonton): My right hon. friend will admit on account of our having no preference in the market the Americans did secure a fair share of the Australian business and to a considerable degree we lost out in the farm implement business. After all the main items in connection with which Canadian trade will profit the most, and the items I am very glad indeed to support—in fact I am glad to support the whole treaty—are timber and paper. My hon. friend from Lincoln (Mr. Chaplin) was very critical of the action of the government which negotiated the treaty in 1925. He said if we had adopted the proposals of the late Mr. Robb we would not have had such a serious condition. True, there may have been some trouble, chiefly I believe in regard to raisins. At the time, however, the difficulties did not seem to be serious. Some members of that government felt that food products should be procured as cheaply as possible for the consumers of Canada, and to some extent we did oppose the proposal to increase the duties upon raisins. In the present instance my hon. friend is alarmed about wine; he fears that the industry in Canada will be interfered with by the importation of that commodity. Well, the minister has my sympathy. To introduce schedules in a treaty to please every part of Canada is a very difficult matter.

Mr. STEVENS: I am quite happy in that regard; there is no difficulty.

Mr. STEWART (Edmonton): I am glad to know my hon. friend is happy, because the severest criticism he has received has come from my hon. friend across the way, who I believe intends to make further observations in committee.

After the argument of my hon. friend I cannot see that under the Paterson scheme, there has been any reduction, except the one cent which prevailed when the embargo was placed on the importation of Australian butter. The result was that Australian butter did not come into Canada because the embargo kept it out. I am not complaining about that, nor would I complain very much if there was no duty upon Australian butter or if it had a free market in Canada. Hon. gentlemen opposite, of course, in order to carry out the theory that they advanced so strenuously during the recent campaign when they talked so much about the importation of New Zealand butter—and undoubtedly they did a great deal of damage to our government—felt it incumbent upon them to put a duty on butter, notwithstanding the fact that we told them time and again that owing to the Canadian product being shut out of the American market, we would within a period of a year or eighteen months at least be on an export basis; then it would not make very much difference whose butter was being imported into this country, for prices would be regulated in the markets in which we would have to sell our surplus. And that has happened to-day. Notwithstanding what hon. gentlemen opposite said throughout the rural constituencies, to-day they are forced to go back and admit that all the duty they have placed on butter does not help the price one iota so long as we are on an export basis. For a short time we did happen to be out of the export market, then a higher price for butter prevailed in Canada than in any other country, and New Zealand promptly diverted her shipments from Britain to Canada. At once hon. gentlemen opposite took advantage of that exceptional condition to decry the Australian treaty and to make statements from one end of Canada to the other that were utterly untrue. In consequence they were able to secure the return of a greater number of their candidates than otherwise would have been possible. If it was butter that defeated the late government, and the same condition prevail again that we become a butter importing country—it will not happen, of course, because the United States will not admit our butter into their market again, and we shall be on an export basis when hon. gentlemen opposite appeal to the country four years hence—a duy of five cents a pound will not keep out imports of butter, particularly from Australia, for so long as the Paterson stabilization scheme is continued we shall have practically free imports of butter from Australia, and it would simply be a fitting retribution that hon. gentlemen opposite should slide out of office on the article on which they slid into office.

As the result of this treaty I hope our trade with Australia will be at least as great in volume as it was under the former treaty

which hon. gentlemen opposite maligned so much. While I do not expect that that trade will be so much in favour of Canada, yet if we get our share of it, then it is all to the good. May I say to the government that so long as they secure business for Canada by treaties negotiated on a reasonable and equitable basis, then I am for them, for I have some sympathy with the statement made by the hon. member for Stanstead (Mr. Hackett) the other night. He mentioned a few things that are worth thinking about. For the last twenty years we have been improving our ports and our railway facilities, we have been spending huge sums of money upon our transportation systems, largely for the purpose of external trade, but the action of the government that he supports has put the greatest stumbling block in the way of our securing that trade and making payments on the vast expenditures so incurred. Every time there is any encouragement for Canada to increase her external trade, I am for it, so long as the trade treaty is upon reasonable and equitable terms for Canada.

Hon. PETER VENIOT (Gloucester): Mr. Speaker, I cannot allow this treaty to be adopted by the house without expressing my views. At the outset permit me to say that I approve of the treaty in almost all its terms. I have listened to the various speeches made this afternoon and to-night, and I have come to the conclusion that the introduction of this treaty has been a field day for British Columbia. The only reason I rise to enter a protest of any kind is that in some respects the treaty constitutes discrimination against the maritime provinces. I find item 51 (c) covers fish preserved in tins or other airtight vessels including the weight of liquid contents. This gives salmon a preference of 3 pence while crustaceans and other canned fish have a preference of only 1½ pence. Now, every one knows that British Columbia is the largest producer of salmon in the world—

Mr. BENNETT: Not now; northern Russia and Japan.

Mr. VENIOT: Well, outside of northern Russia.

Mr. BENNETT: And Japan.

Mr. VENIOT: British Columbia does not produce the crustaceans and other canned fish to which I have referred; these are produced in the maritime provinces and exported in large quantities. I wish to enter my protest on behalf of the fishermen of the maritime provinces against this way of treating that section of the Dominion. I have no fault to find with the substantial preference given British Columbia in that respect, but I claim the maritime provinces should have been put on an equal footing with relation to their crustaceans and other canned fish as is British Columbia with respect to its salmon.

Mr. J. L. BROWN (Lisgar): I am not going to discuss the treaty at any length, Mr. Speaker, but I should like the Minister of Trade and Commerce (Mr. Stevens) to secure accurate information as to the present standing of the Paterson stabilization scheme. I have before me the November issue of the Journal of Agriculture of South Australia, and I desire to quote two paragraphs from a paper read by Mr. R. J. Finlayson at a conference of the Murray Lands Branches at Minardie, on October 1, 1929. Referring to the Paterson stabilization scheme he said:

> The price of butter having advanced 3d. per pound, the farmer was immediately paid the enhanced price by his factory. Out of this 3d., however, he received only 1½d. per pound, the other 1½d. per pound being placed in a fund to provide the money necessary to pay a bounty of 3d. per pound (the difference between the two markets) on butter exported. The factory exporting is, therefore, no better or worse off than it was before, while the farmer, under this arrangement, was 1½d. per pound to the good.
>
> Under the scheme all factories in the commonwealth have contracted to subscribe to the scheme, and to furnish each month to the secretaries of the various states duly certified returns, showing the amount of butter manufactured and the amount of money deducted from the farmers' payment. This money, which is forwarded to the secretaries, is placed in the bank to provide funds for the paying of bounties when butter is shipped.
>
> After the plan had been tried out for two years, the committee found from experience gained that it could give further advantage to the supplier by increasing the levy and bounty, therefore on July 1st last—

I may say this is dated November 15, 1929.

> —the levy on the farmer was raised to 1¾d. per pound and the bounty available for butter exported was raised to 4½d. per pound. The difference between the two prices was then 2¾d. per pound, which amount the farmer receives by the extra price which he is paid for his butter.

It would seem that when this address was delivered the export bounty was equivalent to 9 cents per pound, but this evening I was informed by a gentleman who makes it his business to know these things that recently that amount has been reduced. He was not able to tell me exactly the amount, but was of the opinion that it was about 7½ cents.

Mr. STEVENS: I hold in my hand a recent despatch which states that the Australian

bounty on butter manufactured for export has been reduced from threepence to two-pence-halfpenny per pound, with effect from April 12.

Mr. DEPUTY SPEAKER: At the moment hon. gentlemen should address themselves to the principle of the bill. A discussion of the individual items would be more in order in committee.

Mr. BROWN: Perhaps the minister will be prepared to give a little more information when we discuss this measure in committee. I hope he will secure the fullest possible information on this point. I should like to know not only the bounty at the start, but what it was later and what it is at the present time. I should like also to be informed as to the time the Paterson scheme became effective. To-night it has been stated that this scheme was in operation when the former Australian treaty was negotiated. On that point I must express a little doubt, because I am told the Paterson scheme came into effect in January, 1926, while the former treaty was made in 1925. Perhaps during the discussion in committee we will get these matters cleared up.

Hon. W. R. MOTHERWELL (Melville): This will be the third occasion this session on which I have had the pleasure of supporting a government measure. The first was in connection with a very modest bill to amend the Root Vegetables Act, and I made what little contribution I thought necessary to assist the minister at that time. The second occasion was when I supported the duty on foreign oranges. That was a very unpopular thing to do, but nevertheless I think it will work out all right. That action was on all fours with the policy of the Liberal government in respect to bananas a few years ago, when the trade treaty with the West Indies was negotiated. Prior to that time bananas were non-dutiable coming from all parts of the world, and the government of that day imposed a duty of 50 cents a stem on foreign bananas, leaving them free from the West Indies and other British dominions. That has worked out splendidly, and I think that the same result will come about in connection with oranges. I hope that within a short time we will be able to obtain sufficient oranges from the various parts of the British Empire to make us independent of foreign countries.

To-night I have much pleasure in supporting this bill, almost without reservation, though I intend to point out some defects and I hope my hon. friends will not take exception to what I have to say. I think they realize now

that they cannot buy a market in any country without paying for it. You cannot go into any store in this city and buy a hat, a pair of boots or anything else without having to pay some coin, and you cannot go to a sister dominion or to any other country and secure a market without not only giving something for it but also allowing them to export commodities which will compete with commodities produced in our own country.

I am supporting this bill for two particular reasons. It is the first evidence this session of returning trade sanity on the part of this administration, and I think it would be a terrible thing to not encourage that development in the future. The second reason is that this is the proper thing to do. I think from now on this parliament as a whole should support any bill which brings into being a treaty, after it has been threshed out with a sister dominion or whatever country it may be. When the government come down with an agreement and say, "This is the best that can be devised," we should give it a trial before condemning it. That is my honest opinion, as one who believes in the principle of inter-empire trade. Just imagine, Mr. Speaker, what would happen to this bill—because there are weak points in it, although to-night I am looking only for the strong points—if we ripped into it as hon. gentlemen opposite did with regard to the first Australian treaty from its very inception. Would that promote the cause of inter-empire trade? I do not think it would. So I think from now on Canada should realize that any treaty brought down by any government should be given a fair measure of support before it is subjected to severe criticism by the opposition, whatever opposition it may be. Give it a probationary trial; I think that is fair to any government, and it is the proper thing to do. I realize that to-day because of the utterly unfair criticism of the Conservative party in connection with the first Australian treaty. I do not want to say that with any soreness or bitterness; I speak as one who has experienced what it means to have a government measure very unfairly criticized and a treaty jeopardized. I always thought the old treaty was economically sound, but it was politically weak when exposed to the attack of an opposition which knew no limits to its criticism. So for those two reasons I support this bill.

Now I should like to refer briefly to some of the remarks of my hon. friend from Lincoln (Mr. Chaplin). I have been asked once or twice this session, I think by my hon. friend from North Renfrew (Mr. Cotnam), why the government enacted the first treaty

containing the tariff provision it did contain with regard to butter. It was stated from Melbourne, just after the late Mr. Robb left there in 1924, that we had the option of either increasing the general tariff or lowering the preference; we could do either so long as we gave Australia a 3 cent preference. Those are not my words; I say that is the statement which came from Melbourne. Assuming that to have been correct, we had the option of either putting up the general tariff to 7 cents and leaving the preference at 4 cents or of putting the preference at 1 cent and leaving the general tariff at 4 cents. Whether we did rightly or wrongly, we took the latter course, which was in conformity with the general policy of the Liberal party in regard to preferences. We believe in creating preferences by lowering the British preference rather than by raising the general tariff. We raised the general tariff in connection with bananas as I have said, but that was an exceptional case.

As I say, rightly or wrongly we chose the course which conformed to the general policy of the Liberal party with respect to preferences and lowered the British preferential rate instead of increasing the general rate. As a matter of fact I do not believe we could have passed the bill through this house if we had increased the general rate. As you know, Mr. Speaker, at that time the Progressive party were sixty-four or sixty-five strong and we had a majority of only one if everyone was in the house, so in a measure we were dependent upon that party. I think they advocated an even lower tariff then than the Liberal party, although we have some pretty low tariff men on this side of the house.

Mr. CHAPLIN: If my hon. friend will look up the records he will find that the Progressive party voted against that treaty.

Mr. MOTHERWELL: I know they did last session, but not at that time on butter. And it was on a different question altogether—raisins, not butter. There is one matter with which I fancy the newer members are not familiar. The very first session after the late government came into power, the session of 1922, there was a real stand-up fight on the question of oleomargarine. The question was whether or not the prohibition of the manufacture and importation of oleomargarine should be restored. The government that had preceded that Liberal administration had continued the manufacture and free importation of oleomargarine, and when we came into power I myself took the position that we should revert to the pre-war condition of prohibition of this commodity. The prohibition had been instituted by the Hon. Sydney Fisher, and it was abolished during the war, in 1917, as a war measure. I felt it was only fair all around, to the dairy industry particularly, that the prohibition should be restored, and the fight continued in 1922 and 1923, and almost into 1924. It seemed to me that anything in the way of a tariff that would artificially raise the price of butter at that time would once more start the agitation for the manufacture and importation again of oleomargarine. For four years after the Australian treaty was enacted butter in Montreal, No. 1 pasteurized, was selling at 40 cents per pound wholesale during the month of January. That would mean practically 50 cents per pound retail; and with butter selling at 50 cents per pound—indeed, it went higher, but we may take that as the average—and especially so soon after the struggle over the oleomargarine question, there was almost bound to be a renewed agitation for the removal of the prohibition against the manufacture and importation of that substitute. It was a severe fight, and I did not want the experience a second time. That was one reason why I favoured a reduced preference to one cent per pound on butter rather than raise the general rate to 7 cents. I was of the opinion that anything that would raise the price of butter artificially would surely create an agitation for the importation and manufacture again of oleomargarine. Those were three reasons why it seemed advisable and expedient to do what we did at that time.

I will go further. The national dairy council came to the government on one or two occasions during 1926 and 1927 and interviewed Mr. Robb and myself with regard to the increasing of the duty to what it was before, that is, up to 4 cents. Mr. Robb invariably advised them to go to the tariff board. But the national dairy council had nothing in particular to submit to the board at that time. They had no evidence that New Zealand butter was injuriously competing with Canadian butter, and it was not until 1929 that they did appear before the board. By that time they felt they had a case, and as soon as they presented that case the matter was approved of by the tariff board and Mr. Dunning took the necessary steps to restore that duty, giving six months' notice. I suppose that had the dairy council worked up a case at an earlier date they would have gone to the board and obtained the same results. But as soon as they did go in 1929 they got the approval of the board and of

the government as well. That is the story in a nutshell.

Under this new treaty the duty is one cent more than the dairy council asked for. What that 5 cents will mean I do not know. Now, I do not pretend to be very well versed in economics, but it was news to me that Australia could choose her exchange at will. I think there was a time when she could.

Mr. STEVENS: It is arbitrary.

Mr. MOTHERWELL: It may have begun as an arbitrary depreciation of currency but I fear it is involuntary now. I remember well when our money had depreciated 13 or 17 cents. That was no act of Canada's. My own impression is that the exchange or any country depends upon the money markets of the world, and I have more than a suspicion that this is about the way it stands with Australia to-day, although I hope, as I am sure we all hope, that they will soon be back to par. But in the meantime will the Australians not make as much on the present exchange as the duty represents? Will they not make 5 cents on the exchange? I think they will.

The hon. member for Macleod (Mr. Coote) this afternoon made a speech that had something in it, not only as regards butter but as regards every other commodity which Australia sells to Canada. I do not wish to make too much of this, but if the minister is relying on any deliberate act of Australia to restore her money to par to set this matter right, in order to give the 5 cents its full value, he is making a treaty based on pious hopes rather than on actual facts. I hope he will not resent my calling this to his attention. More than that, he has thrown away, rightly or wrongly, any power to dicker on the basis of the dumping duty.

Mr. STEVENS: Oh no.

Mr. MOTHERWELL: After three months' notice, of course. That was always there. I myself got the opinion of the Deputy Minister of Justice that we could have abandoned any one feature of the act ourselves by giving six months' notice. And if I remember rightly that was what Mr. Dunning did in regard to New Zealand.

Mr. BENNETT: It was the whole treaty.

Mr. MOTHERWELL: That may be; I was not here at the time. However, I had the opinion of the Deputy Minister of Justice that the duty on butter could have been dealt with separately if we had thought it advisable to do that, by giving the usual six months' notice. At any rate, I do not believe that the national dairy council, when they supported the proposal for 4 cents rather than 8 cents on Antipodean butter, took into consideration the question of depreciated currency. And I must admit that when I discussed the matter earlier in the session I did not take it into consideration either. But I know what the effect is. I shipped grass seed into the United States for many years, at a time when our currency was depreciated, and I was surprised when I deposited in my local bank the cheque I got from the American side for my carload of grass seed to find that for every $100 I had been expecting I received $113 Canadian dollars. That was the first time in my life I was so agreeably surprised by a similar cause. I knew, of course, that if I spent that money in a foreign country I should lose as much as I had gained. I knew in a general way that a depreciated currency enabled you to sell your commodities in another country to better advantage than you could when your own money was at par. So much for that.

May I now briefly refer to eggs. I always thought that two weaknesses had developed under the old treaty; I will make that admission. Those weaknesses were not inherent in the treaty at the beginning but they appeared later. I refer to the matter of eggs and onions. I do not believe that anyone ever expected that very many eggs would be shipped either way. Under the old treaty eggs from Australia were free. I am not sure at what rate eggs were going into New Zealand and Australia from Canada under the British preference, but if I remember rightly the rate into New Zealand was 8 cents and into Australia 17 cents. But that did not matter much so long as no eggs were moving either way. And the fact is that practically no eggs came from Australia to Vancouver or elsewhere in Canada. But some trade was worked up once or twice when the markets for eggs were quite low in eastern Canada; Vancouver tried to ship to Australia. Their eggs, I believe, had to climb over a wall of 10 or 17 cents; I do not remember exactly which. Perhaps my hon. friend can tell me what it was under the old treaty. What is the duty on eggs going into Australia under the new treaty? Are they not 10 cents into Australia?

Mr. STEVENS: I think they are 10 cents.

Mr. MOTHERWELL: Sixpence.

Mr. STEVENS: I am not certain.

Mr. MOTHERWELL: It seems strange that Canadian eggs can go over the Pacific waters to Australia in fair condition while Australian eggs cannot acceptably come to Canada. If the hon. Minister of National

Revenue (Mr. Ryckman) were in the chamber I believe he would agree that Australia and South Africa were about to ship eggs to Canada when he put a dumping duty on eggs. I believe my information is correct, because I obtained it from the Canada Gazette or the newspapers or elsewhere.

Mr. STEVENS: It has never applied against Australia, and no eggs came in from that country.

Mr. MOTHERWELL: They did not come in because there was a dump put on.

Mr. STEVENS: The dump was not applied against Australia.

Mr. MOTHERWELL: Was there not a dump put on last fall and applied to South Africa?

Mr. GOTT: For the last ten minutes the hon. gentleman has been speaking of the old Australian treaty.

Mr. MOTHERWELL: I would rather speak of the new one, but I wanted to make a comparison.

Mr. DEPUTY SPEAKER: We are discussing the new Australian treaty. The hon. member should wait until we go into committee before asking questions.

Mr. MOTHERWELL: Some time ago I promised the hon. member for North Renfrew (Mr. Cotnam) that when the new Australian treaty was before the house I would answer certain questions which he asked regarding butter and eggs.

Mr. DEPUTY SPEAKER: The hon. member may discuss the treaty, but he should not put questions to the hon. minister who is not allowed to answer. He should wait until we go into committee.

Mr. MOTHERWELL: I agree with your ruling, Mr. Speaker, but I thought the minister would be accommodating. We can ship our eggs to Australia because they are of high quality, but Australia has not been able to enter our market because her eggs are graded so low on arrival in Canada. I would like to elaborate this matter but I am afraid I would not be in order.

I do not see onions mentioned in the treaty, but other hon. members have referred to this commodity so I may be considered to be in order. Onions came into Canada free under the old treaty, and last fall they were taxed £8 per ton going into Australia. Putting the par value on Australian money, that would mean about $37. I do not think that was fair, but that was not the condition when the old treaty was first made. Under the late government cold storage facilities were set up in British Columbia to enable the growers of onions to keep their product in good condition throughout the winter in order to be able to ship in the spring when onions are scarce in Australia. If we were given half a chance to get into Australia we would be able to enter their market with British Columbia onions. I admit that this disparity cannot be changed now without altering the new treaty and I admit that that was one of the developed weaknesses in connection with the old treaty. It did not exist at the time the treaty was made, but the need for correction had arisen. I do not see any harm in pointing out to this government just where further corrections can be made in regard to both eggs and onions. The hon. member for South Essex (Mr. Gott) must not think that he has a monopoly on onions, because they are grown in other parts of Canada. I am not making these suggestions in any critical way, and I do not believe the minister thinks I am. If the government could not improve a little bit on the first treaty after six years' trial of it, it would not be doing very much.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: The government I repeat has had the experience of five or six years and if they could not make an improvement on the old treaty they would not amount to very much. I hope we will learn, as an opposition, from hon. members opposite, how not to treat a new treaty with a sister dominion. Perhaps that will be one benefit which will come out of this treaty.

I do not think it would be quite fair to judge the trade results of the new treaty by the old. It is not fair to compare the last four or five wonderful years of development under the old treaty with the next four or five possible sub-normal years under the new. I do not know how long I will have to keep myself under discipline and refrain from criticizing this new treaty. Conditions probably will not be sufficiently normal for at least two years, but I do not know whether I will have sufficient grace to keep quiet about this treaty and give it a fair trial for that length of time, but I will try.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, I intend to make but a few general observations on the principle of this bill. In that this treaty represents an earnest and honest endeavour on the part of the government to improve the trade relations of Canada with our sister dominion, I think hon. members generally thoroughly approve

of it. My own opinion is that the treaty is a fair one for Australia and a useful one for Canada. It has every promise of bringing to us that which we need and of providing an extension of markets for many of our products, particularly those of our fisheries, our lumbering and paper industries, and certain of our manufacturing industries. The principle of the treaty is similar to that of the treaty which was put into force by the former government.

So far as Canada is concerned, there are two main points in the treaty. First, we give Australia an advantage in our markets for her agricultural products, and, second, we give Australia a preference on some of her fruit exports. As to the latter, we give a preference by increasing the duty against other countries, notably the United States, and in so doing we extend the principle made operative by the former treaty in respect to raisins and apply it to other fruit, such as oranges.

On behalf of agriculture I must voice a protest. The inevitable outcome of a treaty with a dominion such as Australia is that any advantage given to certain classes of industry in this country must be paid for. Unfortunately, owing to the fact that Australia is not a manufacturing country, that preference must be paid for by agriculture, not by a reduction of duty but by the opening of our doors to the agricultural products of Australia. I am not taking violent objection to that. Anything we get that is worth while for Canada as a whole must be paid for by some sacrifice on our part. It is unfortunate of course that invariably such sacrifices must be made by agriculture; to what extent this will affect agriculture time alone will show. I am not of opinion that Australian butter, eggs or meat will at the present time at least, enter Canada in any large quantities to displace the Canadian article. As regards butter—and I am speaking of butter because it was perhaps the outstanding issue of the last treaty, particularly as it related to its extension to New Zealand—the situation has completly changed since that time. We were then in a position to take advantage of a domestic market and to receive a higher price for our butter in this country than the world market would justify. At the present time we are, and I would expect for some time to come we shall be, on an export basis. Therefore I doubt very much that there will be any large imports of Australian butter, and also whether any imports there may be will have any effect on the price under present conditions.

[Mr. Speakman.]

Speaking generally, then, we have negotiated a treaty favourable to this country; it is favourable particularly to certain industries, and to the extent that it is paid for by any corresponding sacrifice within this country, it is paid for by agriculture. Time alone will show the extent to which agriculture may have to pay for it. But on the face of the treaty as it stands to-day, and leaving out two factors which I shall mention briefly in a moment, I think it is a fair treaty which can be supported. We can leave it to time to show whether it will work out to the ultimate advantage of all. I certainly agree with the ex-Minister of Agriculture (Mr. Motherwell) that it would be foolish, unjustifiable, for us to attempt at this stage to destroy the treaty.

The two factors to which I allude, and the full significance of which is at this stage unknown, are the question of exchange and the question of the Paterson bonus scheme upon export butter. It is obvious, by the action of the Australian bankers as described by the Minister of Trade and Commerce (Mr. Stevens), that, whatever arguments may be adduced in opposition, they at least believe that this discount on their exchange works to the advantage of their exports, making it easier for them to place their exports in other countries. The same thing is clear from our own experience when our currency was at a discount in the United States and when we could ship cattle into that country and pay the duty through the disparity in exchange. How long this situation will last and to what extent it will affect us, time again alone will show. At the moment, however, it is apparent to everyone that the disparity in exchange alone will at least equal the protection which remains to domestic as compared with Australian butter, and the same thing applies to Australian meat, eggs and any other article coming from that dominion. In the same way and to the same degree Canadian exporters, those who, it is expected, and we hope, will be benefited by this treaty, will be placed at some disadvantage if the expressed object of the Australian bankers is fulfilled, namely, to increase exports and to discourage imports, to make it easy for them to sell and to make it difficult for us to sell in return. While this fact is obvious, the extent to which it will operate and the time over which it will extend are unknown quantities.

As regards the Paterson bonus scheme, there is a levy of two and a half cents a pound in our own money and a bonus of five cents a pound. This means a net bonus of two and

a half cents a pound, because the export butter pays one-half of the bonus it receives. So we have to add to the other advantage another two and a half cents a pound. Again, no one knows the extent to which that will work, or to what degree it will place a disadvantage on our farmers. So long as we are on an export basis, may I repeat I doubt whether it will make much difference, but the moment we slip below an export basis, then we shall be able to see exactly what the result will be.

I repeat that I am sure no hon. member in our part of the house would feel justified in placing obstacles in the way of a treaty which in its general terms is designed to nullify part of the policy of the present government; which is designed to encourage international trade and the interchange of commodities between this Dominion and Australia. So far as the disadvantage may be placed upon any individual product of the Canadian farmer or manufacturer, we may again look to article IX if that disadvantage becomes obvious and if the unfairness becomes equally so. It is certainly to the advantage of the government to see that this treaty operates to the benefit of Canada and does as little harm as possible to any Canadian citizen. Undoubtedly for the sake of their own reputation, apart from their honest desire to serve Canada, they will see that such is the case. We shall trust, then, that under article IX they will be able to meet any unexpected and untoward situation which may arise, and in the meantime, reserving any further remarks until the bill is in committee, we can assure the minister of our qualified and, in view of the principle which I have already outlined, somewhat critical support.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—Coming into force.

Mr. MOTHERWELL: I assume there can be no material changes in this bill without consultation with Australia?

Mr. BENNETT: No.

Mr. MOTHERWELL: Then we might as well put it through as fast as we can read it.

Section agreed to.

Schedule, articles I to XI inclusive, agreed to.

On schedule A.

The CHAIRMAN: (Mr. MacDonald, Cape Breton): Is it the wish of the committee that we consider the items in the schedules separately?

Some hon. MEMBERS: No.

Mr. HOWARD: I should like to say a few words concerning item 18 in schedule A, which deals with butter. I shall make some statements and if I am incorrect I hope the Minister of Trade and Commerce will put me right. Under the old legislation the duty charged against butter entering Canada from Australia was one cent per pound. At that time the Minister of National Revenue applied the dump against Australia. With six cents added to the one cent duty, the duty against butter from Australia was raised to seven cents a pound. Under the present schedule the dump against butter is not to be applied under any consideration, and the duty of five cents per pound is in force. The result is that the duty against butter is two cents less than it was under the late administration.

Mr. STEVENS: My hon. friend is not quite correct. I have already explained that Australia always felt more or less hurt concerning the action of Canada in applying the dump. She felt that under the terms of the old treaty such action should not have been taken, and the matter of the dump became one of the principle points of adjustment between the two countries. Through the adoption of article IX an adjustment was reached and while it is clearly understood that section 6 of the Customs Tariff, the dumping clause, will not be applied, article IX will take its place. Instead of one cent per pound against butter we have a definite duty of five cents. Should Australian butter enter Canada in a manner which would prejudicially affect the interests of dairymen, notice is given to that effect. I may say that this article has been in operation, although it has not existed in the form of a contract. Australia however has voluntarily complied with requests to curb exports to this country when it was felt that such exports would be injurious to Canadian interests. Under the article such a curb becomes obligatory. If measures to remedy the conditions complained of are not put into effect by the exporting country within three months, the notice is made effective by action of the importing country. We believe article IX will be quite effective if not more effective than the dump, and will remove the stigma of applying a dumping duty.

Mr. HOWARD: With those remarks I agree most heartily, nevertheless the statements I made a few moments ago still stand. It is true that if butter enters Canada to the detriment of the Canadian dairymen the government may apply article IX. That condition however does not change one iota the statement I have just made. The late government did apply the dump of six cents a pound against Australian butter. With a duty of one cent a pound the total duty became seven cents. The present rate is five cents; there is no denying that statement. With the last part of the minister's remarks I fully agree; naturally if butter comes in the government will have the right under article IX to rectify the situation.

Mr. SPEAKMAN: I notice under a prior article that the treaty itself stands for one year, after which it remains in force until terminated by six months' notice on either side. Under article IX can three months' notice be given at any time after the treaty comes into force?

Mr. STEVENS: Yes, at any time.

Mr. SPEAKMAN: I was going to ask the minister a hypothetical question as to the possible effect of depreciated currencies, but I believe his answer has covered the point. I understand that if Australian butter or any other agricultural product comes in in such quantities and at such prices as prejudicially to affect our own interests, article IX will be invoked.

Mr. HACKETT: I believe that the statement of the hon. member for Sherbrooke (Mr. Howard) is incomplete. I think it should be completed. The Paterson scheme which obtains in Australia has undergone a very radical change since last year. The bonus to butter exported is only 2½ cents per pound, and not 5 cents, as—

Mr. EULER: Twopence halfpenny—5 cents.

Mr. HACKETT: The bonus is only 2½ cents a pound, I think if the hon. gentleman will hear me for a moment he will agree with me. For every pound of butter produced in Australia 2½ cents is paid into the pool, and when any portion of that butter is exported it is bonused to the extent of 5 cents per pound.

Mr. HOWARD: Yes, 5 cents.

Mr. HACKETT: But having contributed 2½ cents a pound to the pool the net bonus is only 2½ cents.

[Mr. Stevens.]

Mr. EULER: Relatively that is exactly the same as under the six cents scheme.

Mr. HACKETT: Relatively, but there is an entirely different situation in Canada, which makes a difference. The point I wish to accentuate particularly in connection with the remarks of my hon. friend from Sherbrooke is, Canada is now on an export basis and so long as we are on an export basis we are absolutely immune from any harm which may come to us through importations from Australia.

Mr. MACKENZIE (Vancouver): Is my hon. friend speaking for the government?

Mr. HACKETT: To the government, not for it. So that any harm which may have come to Canada when it was not on the export basis—and that was our pitiful plight for three or four years—has now been removed by the fact that again we are on an export basis and we can suffer no harm or injury from this item in the treaty so long as we remain on that basis.

Mr. STEWART (Edmonton): If my hon. friend will look at Hansard he will find that speeches very similar to his were made in 1925.

Mr. EULER: I wish to say to my hon. friend from Stanstead (Mr. Hackett) that under the former government so far as Australia was concerned we were never in any pitiful position, because Australian butter was not permitted to come in. I think my hon. friend is referring to New Zealand butter and not the Australian product at all. In the course of my remarks this afternoon I asked a question of the government which has not been answered. It was with regard to article VI, which states:

> Nothing in this agreement shall be construed to affect the right of either country to impose any special duty or tax (other than dumping duty)—

What is the significance of that particular clause?

Mr. STEVENS: A good illustration is the one per cent excise tax that we imposed this year.

I happen to have accurate information upon the bounty question. My hon. friend from Lisgar asked me a few moments ago to try to get some definite information with respect to it. I was in error when I said that the Paterson stabilization scheme was in force prior to the date of the last treaty. It came into operation in January, 1926, and immediately afterwards the dumping duty was applied.

As regards the rates, I have under my hand the official reports in regard to them. Until December 12, 1930, the rate was 4½ pence per pound; that is 9 cents. However, the butter having already contributed 3 cents to the pool, that left a net bonus of 6 cents a pound until December, 1930. It was then reduced from 4½ pence to 3½ pence, or 7 cents a pound, and the 3 cents deducted from the 7 left a net bonus of 4 cents a pound. In March, 1931, it was reduced from 3½ pence per pound to 3 pence per pound, or 6 cents a pound, effective April 1, which meant the net bonus was now reduced to 3 cents a pound. It was further reduced from 3 pence to 2½ pence per pound, effective April 12, and is now 5 cents a pound less the 3 cents.

Mr. STEWART (Edmonton): How do you figure it so far as Canada is concerned—

Mr. HANBURY: We are not interested—

Mr. STEVENS: Wait a moment, please. It was reduced to 2½ pence per pound, or 5 cents, 2½ cents of which is paid into the pool and the balance is the net bonus.

Mr. STEWART (Edmonton): That has always been so.

Mr. STEVENS: Yes, but my hon. friend will pardon me; the idea has been that the full amount of the bonus was recognized throughout the history of this stabilization scheme.

Mr. STEWART (Edmonton): Yes.

Mr. STEVENS: That is not so, because originally, as I pointed out, down to December last the bonus was 9 cents a pound, but having paid 3 cents into the pool that left an actual bonus of only 6 cents a pound. That is what has been applicable for five years. But this year these reductions have occurred so that now the actual bonus is only 2½ cents a pound. I hope that is clear because I have applied in each case exactly the same operation.

Mr. MOTHERWELL: Having regard to the lower value of butter to-day is not the 2½ cents bonus just as high as 6 cents was, say, a year ago? In other words, relatively the bonus is just as high as it was formerly.

Mr. BENNETT: Mr. Chairman, the hon. member for Sherbrooke, (Mr. Howard) is entirely in error in stating that the dumping duty was 7 cents.

Mr. HOWARD: I did not say it was 7 cents; I said 6 cents.

Mr. BENNETT: Or 6 cents. The rate is one cent and the dumping duty has averaged 3 cents under the treaty of 1925, the maximum being 15 per cent of the duty paid value, and 30 cents being the maximum, 15 per cent of that is 4½ cents, which added to the one cent made 5½ cents as the maximum. But the maximum was 30 cents, the general price was less. At 24 cents per pound, 15 per cent meant a duty of 3·6 cents per pound, which added to one cent made 4·6 cents. As is known, the Australians objected very strenuously that it was bad faith to impose that duty upon them at all. We know a former member of the late administration wondered how it could be done, because where the duty is specific a dumping duty applied on an ad valorem basis is a little difficult to appreciate, there being no ad valorem duty; but the hon. member for Weyburn (Mr. Young) will be able to solve that difficulty without any trouble.

While I am on my feet I should like to pay one tribute to our Australian friends. Last year was a serious year for the dairy industry of this country. Perhaps hon. gentlemen will be glad to know that when the Australians were passing through here on the last day of the old year, after they had discussed the matter with the Minister of Trade and Commerce, they made an agreement with the Minister of Agriculture (Mr. Weir) whereby they stabilized the price of their butter that they had already shipped for this country, a part of it through London, and the result, according to Mr. Robinson, who is no particularly friendly witness so far as our duties are concerned, meant last year not less than $10,000,000 additional money paid to the dairy interests of this country. Now, $10,000,000 is a very substantial sum to have disbursed in one season to the dairy interests of Canada by reason of the action so taken. That is the testimony of Mr. Robinson himself, and if any hon. gentleman has any doubt as to what his words were I think it well that they be read into Hansard.

Mr. STEWART (Edmonton): As a matter of curiosity, what became of the butter from Australia that was in storage in Canada?

Mr. BENNETT: The Minister of Trade and Commerce can give the details of that.

We thus had our wholesale butter market—

Said Mr. Robinson:

—maintained all winter at a level from seven to ten cents over world parity, and most of the time at the latter figure. During the period in question about 75,000,000 pounds of butter was produced in this country . . . . which thus resulted in an extra return to the

producers of about $7,000,000. This figure of $7,000,000 applies to butter only, and does not take account of the fact that prices of whole milk, sweet cream, ice cream, etc., could not have been maintained at the level actually paid if butter had been selling for 22 cents instead of 32 cents. The actual benefit received by dairy producers last winter in the form of extra income was therefore greater than the above figure. I could not hazard a guess at the real total, but am very sure that it was over $10,000,000.

Mr. HACKETT: Will the right hon. Minister of Finance tell the committee if the excise duty of one cent applies also to butter?

Mr. EULER: One per cent.

Mr. HACKETT: One cent on the dollar.

Mr. BENNETT: Yes, that applies.

Mr. McMILLAN (Huron): I too accept this Australian treaty under reservations, and those reservations—

Mr. BENNETT: There is great controversy in England about reservations.

Mr. McMILLAN (Huron): I am not going to discuss those provisions at the present time, but in reply to the hon. member for Lincoln, who made such a tirade this afternoon against the old treaty, I should like to place on Hansard the figures of our exports and imports from Australia for the fiscal years from 1925 to 1931 which speak for themselves.

Mr. GOTT: We had that this afternoon; it is all on Hansard.

Mr. McMILLAN (Huron): Very well; if so that is sufficient. Then with respect to butter: While the statement read by the Prime Minister undoubtedly is Mr. Robinson's opinion, it is not borne out by the prices of Canadian butter when compared with the prices of butter on the British market. From the early part of 1926 until the election of 1930 the price of Canadian butter in Montreal was invariably higher than the price in the world market.

Just before schedule A is carried I should like to refer for a moment to the matter of sugar. Tariff item 135 reads as follows:

Sugar, above No. 16 Dutch standard in colour when imported or purchased in bond in Canada by a recognized sugar refiner, for refining purposes only, under regulations by the minister, when exceeding 98 degrees, but not exceeding 99 degrees polarization, 31·64 cents per hundred pounds.

I have no fault to find with that rate of duty, but I want the committee to realize that this grade is practically refined sugar, and the present duty from Australia is $1.09 per hundredweight, so that this is a clear hand-out to the refiners of this country of 77.36 cents per hundredweight. On the 20,000,000 pounds of sugar imported from Australia at present this gives the refiners the nice little hand-out of $155,000 per annum.

Mr. MORAND: Think of the poor consumer.

Mr. McMILLAN (Huron): That is just what I am coming to. It has been suggested that Australia may be able to supply our entire requirements, which amount to some 800,000,000 pounds of sugar per annum, and this would mean an annual hand-out to the refiners of $6,188,000. I have no fault to find with the duty suggested under this item, but for God's sake give the consumers of this country a part of that reduction.

Mr. NEILL: A few moments ago the hon. member for Stanstead, speaking on the Paterson scheme, said it had been radically reduced. Those were his words as I took them down, but there is nothing to prevent its being radically increased again and we have given away the only measure by which we could have prevented that from happening, the dumping duty.

Mr. HACKETT: Article IX then would apply.

Mr. NEILL: No, I do not think it would apply, because any action under article IX would call for retaliation immediately. While I am on my feet may I do a tardy measure of justice and clear the reputation of my hon. friend from North Waterloo (Mr. Euler) by telling the Minister of Trade and Commerce that it was I who referred to that item regarding corsets. The reason I mentioned it only by number was because of that modesty which he would not allow me to possess half an hour ago. These two material errors of fact may be taken as a fair gauge of his accuracy with regard to other remarks of mine.

Mr. HOWARD: I do not accept the statement of my right hon. friend that we are charging one-half cent per pound more than under the old tariff, but I would like to direct attention to the fact that at the time we were charging 7 cents on Australian butter coming into Canada—

Mr. BENNETT: We never did.

Mr. HOWARD: —the price of butter in Canada was 35 cents a pound. To-day the price is only 20 cents per pound.

Mr. BENNETT: There never was a time when there was a 7 cents duty, and there never was a time when the price for duty purposes was 35 cents.

Mr. YOUNG: A moment ago the hon. member for South Huron spoke of the reduction in duty on sugar above 98 degrees polarization. I should like to ask the minister what further refining process is necessary in connection with that sugar. I notice in the tariff schedules there is nothing quoted above 98 degrees, which seems to be fully refined sugar. I should like to know if further refining is necessary.

Mr. STEVENS: Under our general tariff sugar up to 98 degrees carries a steadily increasing ratio of duty. From 98 to 99 degrees it jumps, instead of at about one cent per pound, from about 30 cents to 35 cents. There is a little higher degree of refining in the first process. As hon. gentlemen know, there are two general processes, the milling and the refining. In most of the countries exporting sugar to Canada the sugar is purified to 96 degrees, and some of it to 97 and 98 degrees. One colony, Mauritius, I think, purifies it up to 99 degrees, but when Australia installed their milling system, which merely deals with the raw cane, and established their refineries they did so on the basis of the first process carrying the purification up to about 99 degrees—I am not certain whether it is 98½ or 99 degrees, but for our purposes they are about the same. So in order to give Australia a portion of our Canadian market for what is known as raw sugar we increased the classification from 98 to 99 degrees, which permits the sugar from Australia to enter our market for refining purposes.

The hon. member for South Huron is mistaken, and I do not criticize him for it because these are technical matters. I do not pretend to be an expert in them, but I have given a good deal of study to this question during the past few months, and I can assure the hon. gentleman that there is no bonus at all going to the refineries under this item. They have to pay the same ratio of increase for this added degree as they pay down the whole list; it increases at a steady ratio, and sugar of 99 degrees polarization is not a refined sugar. Probably it is a little more intense, but they pay a little more for it for that reason, and this simply puts Australia on the same basis as the West Indies and other parts of the empire in that respect.

May I add this one word: I consider this one of the important items on the Australian side of this agreement. One of the difficulties in our trade with Australia is that much of our business with them is bulk business—paper, lumber, and heavyweight cargoes—while much of their business with us is more or less of confined space, like dried fruits, and so on. It was thought desirable to get some bulk cargoes back from Australia for freight-equalizing purposes, and sugar offers about the only commodity we can bring in. We expect that Australia will obtain from 50,000 to 100,000 tons a year of our business which she has not heretofore received from this sugar item.

Mr. YOUNG: I believe I have seen that sugar refined to 99 degrees, and it is a sugar that could be sold in the stores. I wonder why its importation at this rate is confined to refiners. Why should no one else be allowed to bring it in at the same rate?

Mr. STEVENS: I doubt whether that would be desirable. When I was a young lad in the old country, in some of the stores they used to sell what was known as Demerara sugar. That is a raw sugar and is very sticky and disagreeable to handle. It cannot be put into ordinary paper bags and containers of that sort, and it is difficult to handle in private use. I doubt whether it could be sold in Canada at all in the general trade. In its transportation through the country by rail it is usually shipped in hogsheads and sometimes in heavy jute sacks of 200 or 300 pounds. To handle it locally would, I think, be almost impossible.

Mr. YOUNG: I am afraid that either the minister does not understand me or I do not understand him. The sugar I refer to is plantation refined, a granulated sugar. It is not quite as attractive in appearance as the refined sugar which we are accustomed to buy, but still it could be sold in the stores at retail. I do not see any objection to allowing the wholesalers to import it for sale on the same basis as the other. It is not a sticky sugar.

Mr. STEVENS: The sugar to which the hon. member is referring does not come under this item; it comes under the general classification.

Mr. BENNETT: That comes now from Cuba.

Mr. EULER: The Prime Minister has laid down certain definite rules of policy in connection with the tariff, one of which is the desire that the Canadian producer should have at least an equal opportunity with the foreign producer. With that I agree. He has also laid down the principle of protec-

tion for Canadian industry. Further, he has said to-day—and I agree with him in this—that we should try to buy from other dominions those things which we do not produce ourselves in order that they may buy from us those things they do not produce. It seems to me there is one item in this schedule A which absolutely violates every one of these three principles. I approach it perhaps with some hesitancy because it deals with a commodity to which many people are opposed—brandy. I have no special brief for anyone in that business, but the committee will agree that so long as it is a legal commodity which is produced in this country it is at least as much entitled to protection as any other commodity. Brandy coming from Australia is allowed in at a duty of $8 per gallon. Brandy is produced in Canada.

Mr. BENNETT: Where? I am told not.

Mr. EULER: I understand it is. However, I will read a telegram which I have received and I shall be glad to get an adequate reply; because, so far as I can see, the protest is a just one. Australian brandy can come under this treaty at $8 per gallon. Canadian-produced brandy pays to the government an excise duty of $9 a gallon, so that it has not an equal opportunity. The two are not even on an equal basis, the Australian producer actually having an advantage over the home producer of $1 per gallon.

Mr. MANION: Where is brandy produced in Canada?

Mr. CHAPLIN: You are doing the same thing under the French treaty at this moment.

Mr. EULER: That may be, but two wrongs do not make a right.

Mr. CHAPLIN: I agree with you.

Mr. EULER: My hon. friend has protested against the reduced duty on Australian wines; but so far as wines are concerned the Canadian producer has at least a little protection left. The Canadian producer of brandy, if there are any producers,—

Mr. STEVENS: No.

Mr. EULER: —on the other hand, is discriminated against. Perhaps I had better read the telegram I have received. I repeat, I have no brief for them, but if there are legitimate producers of brandy in Canada they have a right to protection under the principles laid down by my right hon. friend. I have no doubt he has also received this telegram. It reads:

Understand Australian treaty allows entry into Canada of Australian brandy at eight dollars per gallon. At present Canadian excise duty on spirits is nine dollars per proof gallon so that a substantial preference is given to importers over the domestic manufacturer who employs Canadian labour not only directly but indirectly through many other industries. Canadian distillers are also large users of Canadian rye and barley. It is obviously unfair that this important Canadian industry which has thousands of shareholders should thus be discriminated against and we respectfully ask that appropriate steps be taken to remove the disadvantage placed on Canadian spirits.

It is signed by ten distillers. I need not read the names.

Mr. BENNETT: It might be just as well.

Mr. EULER: They are: Hiram Walker & Sons, Limited; Distillers Corporation, Limited; Jos. E. Seagram & Sons, Limited; Gooderham & Worts, Limited; Canadian Industrial Alcohol Company, Limited; Consolidated Distilleries, Limited; Wiser's Distillery, Limited; B.C. Distillery Co., Limited; United Distillers, Limited; Pioneer Distillers, Limited.

Mr. BENNETT: I suggested that my hon. friend should read the names for this reason. I say to him here and now that not one of those firms produces a single gallon of brandy.

Mr. EULER: If they do not, I have nothing to say.

Mr. BENNETT: I have under my hand from one of the largest of the firms who have signed the telegram—I need not mention the name—a letter in which the statement is made:

Answering your inquiry, would say no brandy is manufactured in Canada.

I wish to make that perfectly clear. And as the hon. gentleman has said that he has nothing further to say if there are no producers of brandy in Canada, it is not necessary that I should take up the time of the committee further.

Mr. EULER: If it is the fact that no brandy is produced in Canada, I have nothing to say.

Mr. BENNETT: That is the fact.

Mr. VENIOT: While there is no brandy produced in Canada, the preference given to brandy from Australia, as against the $9 per gallon excise on Canadian spirits, makes brandy cheaper and it therefore comes into competition with whiskies and other spirits manufactured in this country. That is why they are protesting. It will be observed that in the telegram they say "Canadian spirits;" they do not say brandy. Brandy having a $1

preference over the Canadian excise of $9 per gallon, it is so cheap as to come into competition with all Canadian spirits.

Mr. BENNETT: In view of the observations of my hon. friend from Gloucester (Mr. Veniot), perhaps I might add this. My hon. friend from North Waterloo will recall that this afternoon, when moving the second reading of the bill, I explained that it was our purpose to prefer, under equal conditions, the British dominions to foreign countries. This brandy comes into competition with French brandy, and we could not apply a higher rate than $8 because the French treaty stands in the way. This treaty was made by my hon. friends and fixed the duty at that rate. If Australian brandy is to compete in this country with French brandy, obviously the same rate or less had to be applied. France is something like three thousand miles away from this country while Australia is over twice that distance.

Schedule A agreed to.

On schedule B.

Mr. VENIOT: I would like to have an explanation of what appears to me to be a discrimination against fish packed in the maritime provinces.

Mr. STEVENS: There certainly was no intention to discriminate against the maritime provinces. It must be recognized that Australia fixed the rates in this schedule.

Mr. VENIOT: Why would they determine to give such a high preference to salmon? Surely the minister should have discussed the other fish.

Mr. STEVENS: We not only thought of it but this was one of the important items which were under negotiation.

Mr. VENIOT: It is a good thing for British Columbia but it would appear to be discrimination against the maritimes.

Mr. STEVENS: Crustaceans stand as they were before as far as differentiation is concerned, the preference being 1½d per pound, while the preference on salmon has been increased. This is not applicable only to the maritime provinces; it applies to all forms of canned fish other than salmon. I think my hon. friend has a suspicion that what has been done for British Columbia might have been done for the maritimes, but I assure him that that was not so. Australia made it clear to us that it was in her own interest that the other kinds of fish—

Mr. VENIOT: She does not can other kinds of fish.

Mr. STEVENS: Oh yes, they can some.

Mr. VENIOT: Not the type of fish we send to Australia. The largest sardine canning factory in the world is located in New Brunswick, and this country has always held the Australian market for sardines. The preference on sardines has not been increased while the preference on salmon has been doubled.

Mr. STEVENS: The duty on crustaceans is five cents per pound British Preferential and eight cents per pound general tariff. That is a three cents per pound preference on crustaceans.

Mr. VENIOT: And six cents per pound on salmon.

Mr. STEVENS: Yes, that is right.

Mr. VENIOT: Does the minister think that is a fair deal?

Mr. STEVENS: It is the best we could do.

Mr. VENIOT: I want to see this treaty go through, but I want to see fair play given to the people of the maritime provinces. I suggest to the minister that between now and the next session he take up this matter with the Australian authorities and see if we cannot obtain the same preference as applies to salmon.

Mr. STEVENS: We shall be glad to discuss it with Australia.

Mr. MACKENZIE KING: Is it not a fact that this agreement has to pass in its entirety and that no matter how long we continue the discussion, there is no possibility of amending it?

Mr. BENNETT: That is quite right.

Schedule B agreed to.

Bill reported, read the third time and passed.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Mr. T. H. STINSON (Victoria, Ont.): Mr. Speaker, by leave of the house I desire to move, seconded by the hon. member for West Algoma (Mr. Simpson):

That the following bills of the Senate, namely: Bill No. 137, for the relief of Pearl Whelan, and Bill No. 138, for the relief of Bruce Raymond Diamond, be now read a first and a second time and referred to the select standing committee on miscellaneous private bills.

Motion agreed to.

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

Thursday, July 23, 1931.

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

Ninth report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

NORTH FRASER HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine) moved for leave to introduce Bill No. 139, to amend the North Fraser Harbour Commissioners Act, 1913.

He said: This bill is intended, first, to define the respective jurisdictions of the New Westminster and the North Fraser river harbour commissions with respect to a certain part of the river, as to which both agree; second, to empower the North Fraser harbour commission to pass certain bylaws.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN NATIONAL RAILWAYS—MONTREAL AGREEMENT

Mr. LAVERGNE:

1. Did the government receive communication of a resolution passed by the Brotherhood of Firemen, on the Canadian National Railways, at their meeting in Montreal, on the 14th of March last, requesting the repeal of the Montreal agreement of May 1, 1926?
2. If so, has any action been taken by the railway to meet such request?
3. In such case, what action?
4. Does the minister intend to order an investigation under the provisions of chapter 20, of the statute 6-7, Edward VII?

Mr. CAHAN:

1. No.

2. Canadian National Railways state that no action has been taken, as the matter is covered by agreement with the Brotherhood of Locomotive Firemen and Enginemen, and the management has not been requested to open the agreement. They state further that the matter was passed upon by a board of conciliation in August, 1929, and the unanimous decision of the board was that the agreement was a proper one.

3. Answered by No. 2.

4. No application has been received for the establishment of a board of conciliation and investigation under the provisions of chapter 20 of the statutes 6-7, Edw. VII.

[Mr. Stinson.]

CANADIAN NATIONAL RAILWAYS—MUNICIPAL TAXATION, NOVA SCOTIA

Mr. RALSTON:

1. Have there been any arrangements providing for payments to the province of Nova Scotia by the Canadian National Railways, in lieu of municipal taxation?
2. If so, will particulars regarding same be laid on the table of the house?

Mr. MANION:

1. The arrangement made under authority of order in council P.C. 1352, dated September 2, 1926, whereby Canadian National Railways were to pay taxes to the maritime provinces for the years 1925 to 1930, inclusive, as follows:

	Per annum
Prince Edward Island.. ..	$ 40,000
Nova Scotia..	91,000
New Brunswick..	119,000

was by order in council P.C. 723 of March 30, 1931, continued for a further period not exceeding five years.

2. Answered by No. 1.

NEW FRASER RIVER BRIDGE

Mr. REID:

Have applications been made to the hon. Minister of Public Works for the right to construct a bridge over the Fraser river, British Columbia, at a point east of the present bridge at New Westminster?

Mr. STEWART (Leeds): Yes.

HUDSON BAY RAILWAY

TEST SHIPMENTS OF GRAIN THROUGH CHURCHILL THIS SEASON

On the orders of the day:

Mr. B. M. STITT (Nelson): Mr. Speaker, I desire to ask the Minister of Railways and Canals (Mr. Manion) a question in reference to a newspaper article appearing in the Ottawa Citizen to-day stating that the Saskatchewan government are going to furnish the entire trial shipment of 750,000 bushels of wheat for the first official test of grain shipments from Churchill. In my maiden effort in this house I attempted to point out to the government that in my opinion the excessive marine insurance rates might possibly strangle this whole enterprise. The people of the west are fearful of these rates, which are 3½ per cent as compared with ⅛ of one per cent out of Montreal. I should like to ask the Minister of Railways if he has any statement to make in regard to these test shipments, now that the Saskatchewan government has signified its intention of furnishing the cargoes.

Hon. R. J. MANION (Minister of Railways and Canals): The hon. gentleman told me yesterday that he was going to ask this ques-

tion, and in view of the wide discussion in Manitoba and Saskatchewan as to the statement made by me in this house on July 16, regarding shipments of grain from Churchill, I desire to make absolutely clear the position of the government, which has been subjected to unfair and unjust attacks.

In the first place, the fact that we have continued to push forward the work at Churchill at great expense, so that it is ahead of schedule while other important works in Canada have not been proceeded with, proves our good faith. Secondly, being assured of the port being ready for test shipment by September 15, as arranged for in the contract by the previous government, we then endeavoured to induce grain shippers to supply cargoes on the basis that ships would be available to carry such cargoes at rates not greater—including insurance and all charges —than via present through routes. But as pointed out in my statement of July 16, we did not succeed in this effort, and the government has no machinery with which to buy grain in Canada and dispose of it in Europe.

Since making the statement, certain newspapers and organizations in western Canada have criticized us severely for alleged inaction. I have requested western grain dealers to submit any reasonable proposition they thought desirable for providing cargoes of grain for the test shipments on the basis of a freight rate not higher than the present through rates, the natural and intended inference being that we would absorb any difference in rates due to increased insurance or other charges. The only proposal I have yet received in reply has been one wire stating that 150,000 bushels of grain can be assured. This is only about half a cargo.

In view of the above let me again state our position. If a proposition is made to the government to supply from one to three cargoes of grain for shipment via Churchill, the shipper to pay rates on the basis of present through rates from the prairies to Europe via Montreal, the government will see that ships are available and absorb any difference due to insurance or other transportation charges. That surely is a fair proposal on the part of the government. Now instead of criticism or abuse let the grain trade or some responsible organization come forward with cargo proposals.

Let me add that the statement that Mr. Dunning intended sending out five million bushels as a test movement cannot be verified or substantiated either by departmental records or officials, the same officials as obtained under the late government, and furthermore such a quantity could not be shipped out via Churchill this season, as it could not be handled between September 15 and the close of navigation.

If any action is to be taken it should be taken quickly as I am advised that vessel arrangements must be made not later than August 10.

May I just add, in regard to the statement of my hon. friend concerning Hon. Mr. Merkley, that so far we have had no proposition of any kind from this gentleman. Some days ago Mr. Merkley telegraphed me asking some questions, and I wired back telling him to put forward any proposition he might have and the government would give it fair consideration. As yet I have received no proposition from him, but if he brings forward any suggestion certainly it will be given fair and reasonable consideration in every possible way.

CANADIAN COPYRIGHT ACT

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): I should like to direct a question to the Secretary of State (Mr. Cahan) based on a press article appearing in to-day's Ottawa Morning Journal. It is a Canadian Press cable, and is as follows:

> Authors Complain On Canadian Law
> International Organization Registers Protest At Geneva
>
> Geneva, July 22.—The International Federation of Authors and Composers to-day complained to the League of Nations committee on intellectual cooperation with regard to the Canadian copyright law. The present session of the committee is under the chairmanship of Professor Gilbert Murray, of Montreal.
>
> According to the complaint, the Canadian law was in certain respects conflicting to the Berne convention, of which Canada was a signatory.
>
> The committee decided to uphold its 1928 resolution on arts and letters, attaching special importance to the question of copyright and expressing the hope it might be settled under the auspices of the permanent court of international justice.

I should like to ask the Secretary of State what action will be taken in view of this situation.

Hon. C. H. CAHAN (Secretary of State): I would say that no such complaint has been received by the government of Canada. If a complaint of this kind is received, even from any authors' association, it will receive due consideration, but on questions of international law the International Federation of Authors and Composers is not the final tribunal.

Mr. CHEVRIER: Would the Secretary of State say what is the final tribunal?

HALIFAX HARBOUR BRIDGE

On the orders of the day:

Mr. J. L. ILSLEY (Hants-Kings): I should like to direct a question to the Minister of Marine (Mr. Duranleau). I am informed that Sir Alexander Gibb is expected in Halifax to-day, to consult with the port authorities. I should like to ask the minister if it will be part of his duties to study and report on the bridge question at Halifax, that is, the feasibility and desirability of proceeding with the construction of a bridge across Halifax harbour, connecting Halifax and Dartmouth.

Hon. ALFRED DURANLEAU (Minister of Marine): The instructions given Sir Alexander Gibb have to do with the development of our national ports. If the construction of this bridge enters the question of the development of the port as a whole he may consider it, but I am not sure whether he will study that question. If it has to do with the development of the harbour he may report on it.

Mr. ILSLEY: Would the minister consider especially directing that matter to his attention?

Mr. DURANLEAU: The matter has not been considered as yet.

FRASER RIVER BRIDGE

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to ask the Minister of Public Works (Mr. Stewart) whether the Minister of Labour made any report to him, following his trip to British Columbia, with regard to the proposed bridge over the Fraser river.

Hon. H. A. STEWART (Minister of Public Works): The answer is no.

BANK NOTE CIRCULATION

On the orders of the day:

Right Hon. R. B. BENNETT (Minister of Finance): The hon. member for Battle River (Mr. Spencer) yesterday directed attention to the fact that an answer given to a question asked by him was at variance with the figures given in the official Gazette of July 11. This morning the officer in charge directed my attention to the fact that he had already noticed that the figures 123 should have been 143. The other figures are the same, with the exception of the last numeral. The computation had not been verified when the answer was prepared. The correct answer is $143,749,692, as published in the Gazette.

[Mr. Chevrier.]

MINISTERS OF THE CROWN

BILL TO REMOVE NECESSITY OF REELECTION UPON ACCEPTANCE OF OFFICE

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee on Bill No. 35, to remove the necessity of the reelection of members of the House of Commons of Canada on acceptance of office.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the bill which is at present before the house as a government measure is one which the house will recognize as a bill previously introduced during this session, by an hon. member, as a private measure. As such it was considered by the house, disposed of in the course of debate and dropped from the order paper. It has made its reappearance as a government measure, and the question which naturally suggests itself to the minds of hon. members is just what circumstance has developed which has occasioned the government to take this particular measure as a means of assisting itself along its own path as the years go by. Not only was the measure disposed of at this session some weeks ago as I have indicated, but it made its appearance in parliament several times in previous years only on each occasion to disappear. When the former Liberal administration was in office the hon. member for Cartier (Mr. Jacobs) brought in a similar measure and the government, though it had been in office for almost eight or nine years, intimated, when last the bill was introduced, that it saw no necessity for the enactment of any such legislation. We preferred to uphold the principle that we should keep the government and the people in as close contact as possible on all matters of concern to the nation as a whole.

Now the present administration proposes in this measure that a member of parliament, if appointed to office as a minister of the crown, may assume office without in the first place going back to the people for reelection. The bill is entitled:

An act to remove the necessity of the reelection of members of the House of Commons of Canada on acceptance of office.

I think it should read: "An act to remove the necessity of the present administration having by-elections when the same at any cost can be avoided". So regarded, the measure is in keeping with what up to the present time has been the practice of the administration. We have a statute which provides that by-elections shall take place

within six months after the chief electoral officer has been advised that a vacancy exists in any constituency. The intention of that statute was that all constituencies should be represented in the House of Commons, and that at least within six months from the time a vacancy occurred it should be filled by election. Two elections are being held next month, one to fill a vacancy which occurred in October last, and the other to fill a vacancy which occurred early in the month of January. But throughout this entire session the two constituencies in question, one in Ontario and one in Quebec, Hamilton East and Three Rivers-St. Maurice have not been represented at all in this House of Commons. The government of the day is responsible for that fact, and there must be a good and sufficient reason in the mind of the administration for its having hesitated to bring on by-elections in time to permit of the representation of these constituencies.

No doubt the Prime Minister is anxious to make certain changes in the administration. He has intimated to parliament that he does not intend to continue in the office of Minister of Finance. I presume that one of the objects of the bill is to enable him to bring into the ministry as Minister of Finance some hon. member he has in mind, to have him assume the office without the necessity of going back to the people for reelection. I imagine that what he will do will be to make one of his present colleagues Minister of Finance and then bring in some hon. member to fill the portfolio thus left vacant. At any rate, it is quite clear that the administration has to a very considerable extent lost confidence in itself, or it would not hesitate to appoint a new minister and let him go before his constituents for re-election in the usual way, it would seek the approbation of the electorate, as has been customary in this country from the days of confederation to the present time.

There are, I think, the strongest reasons why under representative institutions the government should seek an expression of the people's views as intimately and as frequently as the customary procedure of the constitution provides. The hon. the Minister of Justice (Mr. Guthrie) will probably tell us, if he speaks on the measure, that Great Britain has adopted a course similar to that proposed in this measure. There, since 1926, a newly elected minister is not obliged, if he holds a seat in the House of Commons, to go back for re-election. But there were two stages in effecting that change in the British system. The first change was to limit the time within which a minister who was a member might assume office without vacating his seat to the period of nine months after a general election. It was in 1919 that the British Act was first amended and amended in this way. It was felt that where immediately after a general election a government had been formed there was not the same necessity for a minister of the crown to go back for re-election; and the act as it then stood was amended to provide that if a new minister took office within nine months after a general election he should not be obliged to go back for reelection. But it was not until seven years after that, in 1926, that the nine month limitation was removed. I suggest that if this measure is to carry at all it should provide the same limitation that was enacted in Great Britain when the British act was first amended.

I was interested in some of the reasons given at the time the act was amended against the change, and one paragraph in the speech of Sir John Marriott delivered in the British House of Commons on February 12, 1926, is so much to the point that I shall read it. It contains, in a word, all that I would say at this moment on the measure. Sir John Marriott said :

> I want to suggest whether at this particular moment in the evolution of our constitution—and now, as always, our constitution is changing with very great rapidity—it is really wise to do anything that will further disturb the equilibrium of the constitution in favour of the executive and against the legislature on the one side and the electorate on the other.

That question, I think, may be asked with great pertinency with reference to constitutional development in this country to-day. Great Britain, as we all know, is a very compact country; the number of constituencies is large but they are all comprised within a very small area. Moreover, under the British system by-elections are brought on within a very few days and at most weeks after vacancies occur. So that in Britain there is constant opportunity for the electorate to express its views on the government's policies and the administration of the nation's affairs. With such a large number of members of parliament, the vacancies that inevitably occur are considerably more than those in a smaller body; and there the expedition with which by-elections are brought on affords a constant expression of the nation's view as to the way in which its affairs are being administered. In Canada, and particularly since the present administration has been in office, the tendency has been more and more to increase the powers of the governor in council, to with-

draw from parliament those opportunities for discussion of public questions which would be available if the governor in council was not being given such excessive powers. There has been the further tendency already referred to of protracting and delaying the filling of vacancies by by-election. In these and other ways the ministry is getting further and further away from the electorate; it cannot so readily ascertain the views of the people.

But there is this further fact which I submit is of great significance in a country like Canada. We have vast stretches of territory, there are racial, religious and economic considerations of which account must be taken in so many particulars that there is an ever present necessity for a ministry to be reconciling differences which in the nature of things are inherent by seeking to get the approval of the people in as many ways as possible. One would be any important changes made in the personnel of the ministry.

If this present measure goes through it will be possible for my right hon. friend in making future appointments to the ministry if he so desires to ignore altogether considerations of geography which are very important in the formation of a ministry. It would be possible also for him to ignore altogether considerations of a religious character which are important in the formation of a ministry, having regard to the diversity of religious beliefs of the people in our country. There would be also the possibility of ignoring altogether important economic considerations. I know my right hon. friend will say that when it comes to a general election the day of reckoning will have arrived and he will then have to take responsibility for all changes made. But much of mischief may have been wrought as a consequence in the interval. I submit that what is needed in Canada is that every important act of the ministry should inasmuch as may be possible be of a character which will not tend to emphasize differences, but which will tend to lessen them. The fact that a newly elected minister is obliged to go before the people for their approval before being permitted to continue as a member of the administration is a great safeguard in more ways than one.

It is not for me to advise the Prime Minister as to what may be in his own interest, but if he will allow me to say one word in all kindliness, it would be that I think he will find when this measure has passed that instead of his troubles being lessened they will be very greatly increased.

[Mr. Mackenzie King.]

A moment ago I was interrupted by the hon. member for York-Sunbury (Mr. Hanson). If my right hon. friend were changing his ministry to-morrow and the hon. member for York-Sunbury wished to be taken into the ministry, in giving as a reason why this might not be possible the argument would no longer be possible on the part of the Prime Minister that account must be taken of the particular part of the country from which he comes, of the particular profession which he follows, or of the particular religious belief which he holds. The Prime Minister will find that what is true with respect to one hon. member will be equally true with respect to all hon. members on his side of the chamber. Every hon. gentleman opposite should realize that once this measure passes whatever there formerly was in the way of necessary consideration on the part of the Prime Minister as to how the country is likely to view his appointment, will have largely disappeared. The Prime Minister will find increasingly that this is so in the minds of his followers. I am inclined to believe that that is something which my right hon. friend will discover to be even truer than at the moment he may believe to be the case.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, I do not desire to delay the house during the preliminary stages of this bill, except to say that the reason why this bill has been taken over is that it is sound in principle and its application will be found to be beneficial in this country just as it has been in every other British dominion as well as in the motherland. The hon. member for Bow River (Mr. Garland) who, in the absence of the original sponsor, moved the second reading of this bill, gave a very careful and full statement of the reasons why such legislation should be placed upon the statute books. Those who heard him speak were convinced of the soundness of his argument; those who did not hear him speak should read his remarks in Hansard.

The law now upon the statute book of Canada had its origin in the seventeenth century when there was probably a sound reason for the maintenance of such a rule. In those days the influence of the sovereign was very powerful and the subjects were very jealous of their rights. They demanded that no favourite of the king should be appointed to office without first giving them an opportunity of pronouncing upon the individual. This law arose from an effort of the people to maintain their rights against royal encroachment.

Mr. GARLAND (Bow River): If my speech was so immensely convincing, as the minister so flatteringly says it was, why was it that on that occasion I could not get any support from my hon. friend or those around him?

Mr. GUTHRIE: We on this side of the house thought that the bill was moving so smoothly and in the proper direction that we should not interfere with its passage, and we hope that it may move just as smoothly on the present occasion.

In those early days when this law was first introduced into the British parliament, members of parliament were not paid any salary or remuneration. They served freely in the parliament of Great Britain and it was thought that, having been elected under conditions which prevented their accepting salaries, when they obtained positions of emolument under the crown they should go back to the people in order that the people might ratify the appointments and agree to the emolument. Members of this parliament have at all times been in receipt of emolument so there was no reason for the adoption of this law in Canada. My right hon. friend stated that I probably would refer to the fact that in Great Britain and the other dominions this ancient law had been abrogated some time ago. Any hon. member who reads the bill will see these facts all set out in the explanatory note.

In 1919, Great Britain practically abrogated the law, but included a nine months limitation which provided that for nine months after a general election members of parliament upon being called to the cabinet should not be required to go back for reelection. That law worked for the succeeding seven years but it was then found that there was no necessity for the nine months limitation, and the parliament of Great Britain, in 1926, deliberately repealed that limitation. Now the law in England does not require that a member who has been called to the government go back for reelection, neither is this required in South Africa, Australia, New Zealand, the Irish Free State or in any other British dominion so far as I am aware. Why then in this parliament should we hold on to this antiquated statute? The hon. member for Cartier (Mr. Jacobs) introduced this bill once or twice in previous sessions, but for some reason or another the bill was never pushed to a conclusion. The hon. member for Cartier seemed to have rested on his oars for some reason best known to himself, and the bill never advanced to its second reading.

But the time has come when we believe we should put ourselves in line with the legislation of the rest of the British Empire in this respect. My right hon. friend's chief objection to this bill seems to be to its title. He imagines that it might more properly be called a measure to relieve the present government of the embarrassment of by-elections. I do not think this government fears anything or has anything to fear at this particular time in regard to by-elections. Let me tell my right hon. friend the leader of the opposition that a by-election is pending in East Hamilton and the Liberal party is not even represented in that constituency. I am inclined to think it may be some little time hence before the Liberal party is seriously represented in electoral constituencies in the Dominion of Canada.

There are, however, some very sound reasons for the adoption of a measure such as this. We urge it, first, on the ground of convenience; second, on the ground of expediency, and third on the ground of saving of expense. Those are three strong reasons for supporting this proposal. We know the delay in bringing on elections in this country is very great. I am told that in Great Britain a writ can be issued and a man be returned and take his seat in parliament in twenty-one days. In Canada this takes two months. This delay is very inconvenient. The expense of elections is very heavy.

Some hon. MEMBERS: Oh, oh!

Mr. GUTHRIE: My hon. friends opposite seem to have taken out of that statement a meaning which I did not attach to it and did not intend to have attached, but I know they can speak from experience.

Mr. MACKENZIE (Vancouver): So can my hon. friends.

Mr. GUTHRIE: But there is in the history of this parliament in regard to this very matter one outstanding incident which I think must be present in the minds of most hon. members opposite, when the services of one of the most illustrious sons of Canada could not be utilized by the government of the day on account of this antiquated rule in regard to by-elections. When the late Sir Wilfrid, then Mr. Wilfrid Laurier, in 1877 was called to a portfolio in the government of Alexander Mackenzie, it became necessary for him on account of this antiquated statute, to go back to Drummond and Arthabaska for reelection. He went back; he was defeated and the country lost his services.

Mr. LAPOINTE: No; Quebec East elected him immediately afterwards.

Mr. GUTHRIE: He was defeated in the by-election in Drummond and Arthabaska and he was elected in the general election of 1878.

Mr. LAPOINTE: No, in a by-election in Quebec East.

Mr. GUTHRIE: My statement is right that he was defeated in the by-election in Drummond and Arthabaska.

Mr. LAPOINTE: But the country did not lose his services.

Mr. GUTHRIE: The country did lose his services for the time being; and what happened in the case of so illustrious a statesman as Sir Wilfrid Laurier might happen again in connection with his successors. I am pointing out that it is a matter of inconvenience to a government, to parliament; it is a loss to the country to be deprived of the services of a man under such conditions. It may not and did not in that case affect a majority in the house, but it does affect the conduct of affairs in the Dominion of Canada. There is no sound reason for retaining the rule and there are very sound reasons for doing away with it. For those reasons we ask that the bill be now passed.

Mr. ARMAND LAVERGNE: (Montmagny): I listened to the address of the hon. member for Cartier (Mr. Jacobs) when he introduced this bill, and when the leader of the opposition (Mr. Mackenzie King) was speaking I was wondering whether he would say if he were in favour of the measure or not. Perhaps it was due to lack of understanding or poor hearing on my part, but I am not quite sure whether the leader of the opposition is in favour of this legislation or not. Probably, before asking this side of the house the reasons for such a bill, he might put his question to the hon. member for Cartier.

I have listened to the Minister of Justice (Mr. Guthrie) and I have heard his three reasons and the example cited. I am not supposed to be a democrat; on the contrary I am supposed to be a very strong Conservative; but being a Conservative I am in favour of the rights of the people being maintained, and I cannot see why a man who has been given a portfolio should not have to go back to the people to have his appointment confirmed. The fact that this rule has been abolished in Great Britain, the Irish Free State or South Africa is no reason to me. The important point of this bill is what is good for Canada. I believe, representing what I think are the rights of the people to approve the choice of a minister, they are the masters of the administration and no government should give a portfolio carrying a salary and the confidence of the government to anyone without its action being approved by the people. I think the measure brought forward by the hon. member for Cartier, this foundling left on the steps of the government, should not be adopted by the government. We are going against the rights of the people, against the constitution, against our institutions by adopting such a bill. I am only a very ordinary, humble member; I do not expect ever to be a minister of the crown, but I think any man who is chosen as a minister should not be chosen without having the approbation of the people, and he should resign his seat in order to stand for reelection. If the people reject him, they are the master and he should not be a minister. Therefore I am going to vote against the bill.

Mr. HENRI BOURASSA (Labelle): It is very interesting to follow debates on matters of this kind which have reference to historical developments. The Minister of Justice (Mr. Guthrie) has been interesting on this point, but I think he missed one historical connecting link. The measure as adopted in England was not based on the old claims of the people to control nominations. On the contrary, it was based on what happened after the revolution of 1688. As everyone knows or ought to know who intends to be faithful to British precedents and history, after the revolution there was an assertion on the part of the House of Commons as against both the claims of the crown and the claims of the House of Lords. Eventually the House of Commons came to be dominated largely by the nominees of the great Whig families who controlled most of the rotten boroughs, and, under the reign of George III, by the favourites of the crown. This measure in England, if I remember right —I am speaking from memory, and old memory—was enacted at the time of the reaction against the old Whig rule. The Reform movement was largely supported by Edmund Burke, and later on by Charles James Fox, and there came a time when the House of Commons was largely composed of the nominees either of the great aristocratic families or of the crown . It was not a question of official emolument, nor was it a question of official position under the crown. It was a question of influence.

Mr. GUTHRIE: My recollection is that the statute in question in England is a statute of Queen Anne, not of the time of Burke and Fox at all, but years and years before that.

Mr. BOURASSA: Quite so. The hon. gentleman is right. The statute was passed under Queen Anne, but perhaps the hon. gentleman will remember that under George I, Robert Walpole, one of the ablest men who ever ruled England, went around the statute and found means of filling the House of Commons either with placemen of the crown or nominees of the great Whig families. The reaction showed that the enactment of a statute is not sufficient to protect the liberties of the people or the independence of members of the House of Commons. Eventually when the reaction came on, curiously enough it was supported by such statesmen as Chatham and later by Edmund Burke, more or less connected with the old Tory tradition. They reacted against the Whig influence.

But to go into that would carry us too far. I think it is better to take the conditions as they are in Canada at the present time. For my part I have supported the principle of this measure ever since it was first introduced into this house by the hon. member for Cartier (Mr. Jacobs) in 1926, and I have seen no reason to change my views because the parties have changed sides. I was in favour of this measure when the Liberals were in power, and I am still in favour of it now that the Tories are in power, whether it favours one government or the other.

As far as the rights of the people are concerned, they are exercised in a general election. Then the people have an opportunity to show their mind when they vote for one party or the other, rightly or wrongly. Once a party is in power I do not see why choosing one member of the House of Commons or one member of the Senate to become a member of the administration should necessitate reelection for his maintenance in office. If the Prime Minister chooses one member of the House of Commons to fill a vacant office in his cabinet, I do not see how the people at large in the country have a chance of expressing their views for or against the policies of the government in a bye-election, which will be held in one single constituency, for the election of that particular member. In that regard I think the argument made by the right hon. leader of the opposition falls entirely short of the question. He says that there are considerations of geography and considerations of religion. I do not see what religion has to do with it, but I suppose he meant that the Prime Minister could choose a member of the house from one province or another to fill a vacancy. Well, after he has been chosen, I do not see what difference it makes to have to submit to reelection. If, for example, he has been chosen from Ontario to fill an office that has been vacated by a member from Quebec, it is not likely that he will offer himself for reelection in the province of Quebec, and so I do not see what chance the people of Quebec would have to vote against the choice of the Prime Minister from amongst his Ontario membership. If the new minister had to be reelected at large, there would be a kind of plebiscite which might allow an expression of opinion to the people at large; but since he has to be reelected in his own constituency, it is a hundred to one that he will stand a much better chance of being reelected as minister than as a private member of parliament.

Mr. MACKENZIE KING: My hon. friend has not caught the point I had in mind. He speaks of religion. May I say that in a country like Canada, speaking broadly of Roman Catholics and Protestants, it is generally understood that any ministry here will be made up with some regard to the proportion in the country of the adherents of both religions. Under this proposed arrangement a ministry, if the prime minister so desired, might in the course of a parliament become entirely Protestant or entirely Roman Catholic without the people having any say in the matter. In the same way a ministry might become an entirely western or an entirely eastern ministry, or a ministry composed entirely of lawyers, or agriculturists or manufacturers or some other class, without any opportunity of being given to the people to pass upon it so long as a parliament lasts.

Mr. BOURASSA: Of course one can always indulge in any amount of speculation as to the probable results of a measure, but in actual practice this bill concerns simply the reelection of one man in one constituency. I do not suppose any Prime Minister, either our present Mussolini, or the right hon. leader of the opposition, if he has a chance of coming back to power, or any other Prime Minister, would be foolish enough to resort to such a practice as the right hon. gentleman has suggested. But if he did, what chance would all the Roman Catholics of Canada, for example, have to express their disapproval of one Protestant minister taking the place of a Roman Catholic when that minister was being reelected in a Protestant constituency? They

would have no chance at all; their chance would be in a general election.

On various occasions I have endeavoured to bring back the minds of the house to this fact, that after all the only safeguard which the people at large have is at a general election. A by-election where a member of the government who is already a member of the House of Commons goes back to his own constituency for reelection affords very little relief to the people at large, in the nine provinces of Canada, belonging to this creed or that creed, this race or that race, this class or that class, or very little opportunity to express their opinion. On the other hand, I can see the practical results of this measure, the effect of which will be to avoid at least one by-election. I believe one of the curses under which this country of ours, as well as the neighbouring republic, is suffering, is in having too many elections, general elections and by-elections. We have municipal elections, provincial elections, and federal elections. There is almost no year in the life of a parliament, and hardly any month in any year in which some part of our country is not disturbed with political and electoral agitation. Of course, we are bound to have it, but once we have had a consultation of the people at large at the proper time and they have made their choice as to the party that should rule and the government that should be formed, I think the less we have of electoral agitation and the less going back to this or that particular constituency the better. I cannot see that the reelection of one or two members of a government for this or that constituency gives any indication of the attitude of mind of the millions of electors in the Dominion of Canada from one ocean to the other. I cannot see the significance of a by-election as far as the general policies of the government are concerned. I repeat, when the hon. member for Cartier introduced a similar bill on a former occasion I supported it, and nothing has developed in the meantime to prevent me from supporting the measure once more.

Mr. J. L. BROWN (Lisgar): For many years, Mr. Speaker, I have been in favour of this bill, and I am still. I readily admit that the reasons that were necessary two hundred years ago for a member of the house to seek reelection on acceptance of an office under the crown no longer exists. But although I am in favour of the principle of the bill, it seems quite evident to me from the speech made by the Minister of Justice that the government of the day is making a virtue of necessity.

[Mr. Bourassa.]

Hon. FERNAND RINFRET (St. James): Mr. Speaker, I should like to remind the hon. member for Labelle (Mr. Bourassa) that although the hon. member for Cartier (Mr. Jacobs) is a Liberal member, he never introduced a measure of this kind as a party measure, and certainly not as a government measure.

Mr. BOURASSA: Quite so.

Mr. RINFRET: So when he says he supports the bill whether he sits on one side of the house or the other, he is speaking for himself—

Mr. BOURASSA: Quite so.

Mr. RINFRET: —as he always does very nobly. There is something in the argument that other parts of the empire have adopted a similar measure. But I accept the argument of the right hon. leader of the opposition that in many respects we are different from other parts of the empire. When we were in power and wished to amend the Naturalization Act to put Canada on a basis similar to that enjoyed by other parts of the empire, the Prime Minister of to-day and several of his colleagues strenuously opposed the amendment on the ground that Canada was a different country from Australia or South Africa, and that the conditions prevailing here did not prevail in those dominions. I believe the same argument might well be advanced with regard to this bill. I would be in favour of it if it was limited in its application to a certain number of months after a general election. I do think that when a party is returned to power those of its members who are selected to form the new administration should not be subjected to the formality of a by-election, although I think a reference to past records will show that there has never been any opposition to the reelection of members of the government immediately after a general election. But when a government has been in power a number of years, I submit that sometimes circumstances may arise which create a very different condition of affairs. Let me give two concrete examples which are within my own memory and I am sure within that of most members of this house. In 1905 when Sir Wilfrid Laurier introduced legislation creating new provinces in the west, one of the most outstanding members of his cabinet resigned. It is to be supposed that when that minister resigned he had a following in his province which was opposed to the proposed legislation. The Laurier government could not go to another of its supporters and simply invite him to accept the vacant port-

folio; it had to have the new minister re-elected by his constituency. In that particular instance the government was forced to have its policy approved by the province from which the late minister had been elected, and from which his successor had also been returned.

Mr. BOURASSA: Pardon me; one constituency, not the province.

Mr. RINFRET: That is true; but the constituency does to a certain extent reflect the average political opinion of the province. Let me give another instance. When I came into this house in 1920 and in 1921, the province of Quebec was not represented in the then Meighen government by a French Canadian.

Mr. BOURASSA: It was never so happy.

Mr. RINFRET: That may be. But if this proposed legislation had then been in force what would have happened? There is no official record of it, but it is within the common knowledge of everyone who sat in the house at the time that the government came to our ranks and tried to persuade one of our members to accept a portfolio. Everyone remembers the famous breakaway of a then Liberal member who is now supporting the Conservative party. He made a long speech to explain why he was breaking away from the Liberal ranks. It is common knowledge that if it had not been for the obligation of having him reelected he would have joined the Meighen government. I quite agree with the member for Labelle that when a new minister is called from the ranks of his own party it does not matter very much if he has not to submit to reelection by his constituents, and ten times out of twelve he will be reelected; but when there comes a crisis as in 1905, when there was a division in the party ranks in the province of Quebec, or as in 1921, when the government tried to seduce a member from this party or from an independent party to accept a portfolio, then I do say that the necessity for the new minister to be reelected by his constituency is a very important safeguard. Suppose the right hon. Mussolini, as the hon. member for Labelle has called him, should go to him—

Mr. LUCHKOVICH: May I ask a question? The hon. member said that if the ministers had to go back for reelection that would be a test of the government's policy. Is not the by-election now in progress in Hamilton a test for the government?

Mr. RINFRET: In a way. I surmise from what the hon. member says that he is sharing our views. But I am urging the point that where a government desires to take into its ranks an hon. member who had not been elected to support it, then the necessity for a by-election is a safeguard. Suppose the Prime Minister had come to the hon. member for Labelle and had offered him the portfolio of Finance!

Mr. McGIBBON: A wild flight of the imagination.

Mr. RINFRET: I do not suppose he would accept it. But supposing he did accept the portfolio, would it not be fair to the electors of Labelle, who elected the hon. member as an Independent, to say whether they wanted to see him as the Minister of Finance in a Conservative government?

Mr. BOURASSA: They would express their opinion later on.

Mr. RINFRET: That might be at too late a date.

Mr. LAVERGNE: Does not my hon. friend from Labelle recall how on the naval question he declared the importance of the by-election in Drummond-Arthabaska?

Mr. RINFRET: It is usual for an hon. member who wishes to speak to another hon. member to do it through you, Mr. Speaker. I am quite willing to transmit the message from the member for Montmagny to the member for Labelle. I suppose the question would at least show that they are not as close together to-day as they were twenty years ago.

Mr. BOURASSA: Quite so.

Mr. RINFRET: But I accept the question of the hon. member for Montmagny as showing there are times in the life of a government when a by-election is desirable.

Mr. LAVERGNE: Hear, hear.

Mr. RINFRET: I think it is even more desirable when a Prime Minister calls in a member to become a minister of the crown that the electors should have a chance to approve of his acceptance of the portfolio. Under ordinary conditions, as has been pointed out, most likely the member will receive an acclamation. But the circumstances may be altogether different, and I do submit that as independent groups become stronger it becomes more and more desirable to maintain the safeguard of a by-election. That is my point. My hon. friend has mentioned that an individual member is likely to be re-elected in his own constituency if he goes back as a minister. That all depends on how he was elected in the first place. If he was elected as an independent, as a Labour

member or as a Progressive and he joined the Conservative government, surely his electors would have a right to say whether or not they would support him in his new political attitude.

I do think the government will go far enough in this sort of evolution if they limit the time within which a by-election is not required to a few months, which will cover the period immediately following a general election. I think in that regard this measure would be very satisfactory, but if a government has been in power a couple of years and fails to redeem a great part of its promises and brings down legislation which was not contemplated, before an hon. member becomes a member of the cabinet he should be forced to go back to his electors for their approval.

Hon. CHARLES MARCIL (Bonaventure): When the fathers of confederation framed the constitution of this country they had in mind government by the people for the people, and they took every means in their power to see that the people would have absolute control of this parliament. I would say, Mr. Speaker, that immediately following a general election it should not be necessary for an hon. member to go back to his constituency for reelection if he accepts office in a cabinet formed by his own party; I would have no objection to the removal of the necessity for reelection in a case of that kind.

There comes to my mind the occasion in 1877 when Sir Wilfrid Laurier went back to his constituents for reelection. The country was passing through an economic crisis at that time, and when the by-election took place the Conservative party, led by the late Hon. Mr. Tarte, who subsequently became Minister of Public Works, fought Sir Wilfrid day and night, to the great surprise of the country and to the dismay of Sir Wilfrid Laurier. That was one instance when the people were given an opportunity to pronounce a verdict. Another instance which comes to my mind is that of the resignation of a minister from the northwest in 1905, when the western provinces were incorporated. At that time I had the honour to be deputy speaker of this house, and a new minister had to be elected from the west. The minister elected was Hon. Mr. Oliver, who had to go back to the electors following his appointment to the cabinet.

We have made exceptions to this rule of requiring the reelection of ministers; the deputy speaker, and the leader of the opposition, are not required to follow this procedure. Those exceptions have been made by the internal management of this house, for reasons which are obvious. In the explanation given with regard to this bill it was stated that in the British parliament and in several of the dominions reelection is not required and I may say that the same thing applies in France also. In that country the government changes every ninety days, on an average, but the ministers are not required to go to the people; parliament is elected for a stated period, and the members remain in office even after their appointment to the cabinet.

I believe that if a member who was elected on July 28 last to support a particular policy and a particular party, to-morrow or six months or a year from now walks over to the other side of the house and accepts a portfolio with a different party, it is only fair that his constituents, whose representative he is, should be consulted on the new stand he takes. The downfall of governments has been brought about by such things; in 1879 the government of Quebec was defeated because three or four members who had been elected as Liberals walked across to the other side of the house.

I would be prepared to do away with the necessity for the reelection of ministers within say three or four months after a general election, but beyond that I think we should stand by the old principle and not abrogate in these democratic days the control of the people over this parliament. It is imperative that this control should be maintained. The hon. member for Labelle (Mr. Bourassa) seems to be maturing with age; I remember that in 1899 he resigned from this house in protest against the sending of a contingent to South Africa. He appealed to the electors of Labelle, and in the by-election which took place he was reelected. He took the stand that the people had not been consulted and that this should have been done before such a step was taken. That is another instance of the usefulness of these by-elections, and I think in the interests of the administration itself it should be able at times to feel the pulse of the electors in any part of the country. For these reasons, if the bill is not modified I shall have to vote against it, but if it is amended to cover only a short period after a general election I am prepared to support it.

Mr. M. N. CAMPBELL (Mackenzie): I desire to say just a word or two in support of this measure, which I believe is a reform long over-due. This requirement that a member accepting a portfolio must go back to the people for reelection is a hangover from

the days before responsible government. If I understand constitutional history aright it seems to me that Lord Dufferin first laid down the principle that a cabinet minister must be elected by and be responsible to the people. At that time cabinet ministers were not necessarily chosen from a legislative body, and it seems to me that safeguard was required at that time. But that time has gone by; after a member is elected to this house surely it should not be necessary for him to go back to the people for reelection.

Let us suppose, for instance, that the present government lost the confidence of this house and were defeated by an adverse vote. That should not necessarily mean a general election. If the right hon. leader of the opposition were voted into office I contend that he should be able to carry on the government of the country as long as he enjoyed the confidence of parliament. But in the present situation that would not be possible, and it seems to me that this condition of affairs should be removed. When a government is voted into office the Prime Minister almost invariably finds it necessary to reconstruct his cabinet to some extent. He wishes to bring in men who have not appeared before the people in the election as cabinet ministers. Although elected, the moment they are called upon to assume office, they must go back to the people for reelection. It may be necessary to call parliament at the earliest possible date, but delay is inevitable because of by-elections. I regard this as a reform long overdue.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton) in the chair.

On section 1—Seat of member not vacated by accepting office of profit.

Mr. LAPOINTE: I will not repeat what I said on the second reading of the bill. I agree with the objections stated by the leader of the opposition. I am willing to admit that, immediately after a general election, it is a tedious and largely a useless process to compel ministers forming the new government to go back to their constituencies for reelection. I believe, however, that after a certain time has elapsed and the government has adopted new policies which may or may not be approved of by the majority of the people, popular control of the government and of parliament should require any new appointment to the cabinet to be ratified by the electors of the member so appointed.

Mr. LAVERGNE: The hon. member will recall the case of the Hon. Mr. Dobell. In 1896 he was elected as a Conservative in Quebec West and he joined the Laurier cabinet. The people approved. Does my hon. friend agree with that?

Mr. LAPOINTE: He was appointed without portfolio and was not subject to reelection.

Mr. LAVERGNE: But even so.

Mr. LAPOINTE: Possibly, if he had been a member of the government with portfolio, he would have had a rough passage on going back to the then constituency of Quebec West. Of that I cannot speak with any authority. My hon. friend from St. James (Mr. Rinfret) has cited certain instances, and I think my hon. friend from Montmagny (Mr. LaVergne) did too. Perhaps I can give a more recent one. The history of Canada in recent years might have been different if this bill had been on the statute books in 1926, because the new Prime Minister who was called upon to form a cabinet would not have been defeated in the house had his ministers not been compelled under the law to withdraw from this parliament and run for office, seeking the approval of their constituents. I am sure my hon. friend from Labelle will admit with me that at the time he thought it was a proper requirement to make of new ministers. The reason which I gave on the second reading and which was repeated this afternoon by an hon. member is a strong one. If a government goes to another group in the house and invites to the cabinet a member who has been elected by his constituents to oppose the government, and that gentleman is willing to accept the invitation, I object to his transferring his electors with him to the government side. That is my strongest objection to the bill, and for that reason I propose that in this section we adopt the provision of the nine-month limitation which existed in the British statute until 1926. Nine months is as good as any other period. I want the new ministerial baby to be presented to the people of his constituency in order that they may see whether all the circumstances, physical, moral and spiritual, surrounding his birth, deserve their approval. I move, therefore:

That section 1 of the bill be amended by adding at the end of the proposed new section 13 of the Senate and House of Commons Act, the following words:

"and if such acceptance has taken place within nine months after the issue of proclamation summoning a new parliament."

(2) That section 1 of the bill be amended by striking out the last line of the proposed

new section (14) of the Senate and House of Commons Act and substituting therefor the following words:

"If such nomination has taken place within nine months after the issue of proclamation summoning a new parliament, and is not otherwise disqualified."

Mr. GUTHRIE: I can only say that we cannot accept the amendment. That would be going back to what the British House of Commons did in 1919 and subsequently found was improper or unworkable and therefore deliberately repealed. Surely we in this house can profit by the example of others. That was adopted in Great Britain and after a trial of seven years it was repealed. Why not let us take advantage of their experience? I do not see any sound reason for the proposed limitation; it does not appeal to my judgment at all. The measure is either right or wrong in principle; if it is right in principle, why have the limitation?

Mr. SPEAKMAN: I am interested both in the bill and in the proposed amendment. So far as I could follow the ex-Minister of Justice when he moved his amendment, he was actuated by the very laudable desire to safeguard the political morality of members in this house belonging to independent groups.

Mr. LAPOINTE: Or of any group, even of this group here. I assure my hon. friend that I was including all hon. members opposed to the government.

Mr. SPEAKMAN: I assure the former Minister of Justice that I was not taking it personally, as I do not believe any hon. member could imagine my being placed in that position. To my mind the main argument in favour of the principle of this bill and against the amendment is that when any government desired to appoint an hon. member to the cabinet there would be a possibility of the only consideration being the suitability of that individual by character, by training and by attainments. That should be the first, last and sole consideration. Under the present system that consideration is subordinated to the popularity of a particular hon. member or to the possibility of his being reelected by a large majority. At times we have seen appointments made which would not have been made had the suitability of the proposed member of the cabinet been the sole consideration. This bill would remove the necessity of considering the reelection of an individual as the main qualification for membership in the cabinet, and make it as it should be, that those best fitted for the positions will be chosen.

[Mr. Lapointe.]

Mr. LAVERGNE: Why have elections at all?

Mr. SPEAKMAN: The suggestion of the hon. member is hardly cogent. We have elections in order to ascertain what party shall be in power over a period of years. That having been settled, then the detail of deciding what individuals are to form the cabinet should be left to the discretion of the government which has been given a mandate by the people. This bill would obviate a situation which is too frequently found in this and other countries. The seeming necessity would be avoided of, I will not say, bribing but of influencing people to support a certain individual by making all sorts of promises which must be implemented out of the public purse. To the government would be left the responsibility of appointing to office the best man to be found to serve the people as a member of the cabinet. For these reasons I am in favour of the bill and opposed to the amendment.

Mr. BOURASSA: Mr. Chairman, I would gladly support the amendment moved by the hon. member for Quebec East (Mr. Lapointe) if it attained the object which he apparently hopes to attain. He told the committee that his object was to prevent the government bribing members of the various parties in opposition. As I understand the amendment, for nine months this would not be necessary, but after that time the government might have to resort to this method. It seems to me that it is rather difficult to prevent by text of law any government from bribing, directly or indirectly an hon. member of the house. That matter rests with the conscience of the members.

Mr. LAPOINTE: I did not use that word.

Mr. BOURASSA: Words are nothing. We have had examples of members belonging to one party giving support to other parties much more effectively than by crossing the chamber and waiting for a reward which might or might not come. As the Minister of Justice (Mr. Guthrie) has said, the principle of this bill is either good or bad. If it is good and it is considered that one of the prerogatives of the ministry is the recruiting of its own membership from among those chosen by the people, then I do not think that any impediment should be presented. If the principle is bad and if every member of the cabinet should be reelected, then the law should be allowed to remain as it is at present.

It may be said that when the people vote at a general election they do not vote for a ministry. Each constituency elects its representative and then a government is formed. The leader of the party having a majority occupies no constitutional position —it is purely a matter of tradition and habit —but he chooses his colleagues and they go back to the people to be reelected as members of the cabinet. There is something to be said in favour of the reelection of each member of the government, whether that takes place fifteen days, nine months or two years after a general election. I would be quite prepared to listen to an argument that the present law be maintained, but if we abolish the obligation placed upon a minister of going back to his constituency for nine months, I do not see why such action should be made obligatory after that time. We should either support the bill as it is or reject it in toto. The right of the people to elect a member of parliament and to reelect that member if he accepts office should be absolute. I think it will take the cogitation of many parliaments to discover such means as would remove the possibility of bribing any hon. member of any party.

Mr. LAVERGNE: Mr. Chairman, I think both the bill and the amendment dangerous. The amendment suggested by the hon. member for Red Deer (Mr. Speakman) would be clearer than that proposed by the hon. member for Quebec East (Mr. Lapointe). The theory of the former is that once elected, for five years a party will do whatever it pleases and if the people are not satisfied they can turn it out of office. I am surprised, not to say astonished at the hon. member for Labelle (Mr. Bourassa). I remember his having stated some time ago that he believed in the importance of by-elections as a means of teaching the government a lesson at certain times and giving to the people an opportunity of pronouncing on the actions of the government during a term of parliament. I must admit that I was convinced then by the hon. member for Labelle, but now it seems that everything is changed. I am probably one of the last monarchists left, I will not say in the house, but perhaps in the country at large. The hon. member for Labelle seems to have changed his viewpoint because in 1926, if my memory serves me aright, he denounced the use of the prerogative of the sovereign to turn out a government and call upon somebody else to form one. According to him the sovereign was only what we call in French "un roi-soliveau," that is, a king who had no rights and no powers of intervention, or of interference with the affairs of the nation. But to-day it seems that the rights of the people are not recognized any more. I am prepared to support the amendment of the hon. member for Quebec East as a "pis aller." I speak as a man who believes in the prerogatives of the sovereign on the one side and the prerogatives of the people on the other. That is the beauty of British institutions. I do not see why in our country of liberty and freedom we should pass a measure which would entitle the sovereign to call a minister who would not be subject to the approval of the people. We are told that after a general election this approval is not necessary. That may or may not be true, still I believe the people should be consulted and should have an opportunity to express their opinion in regard to the formation of a cabinet; but if we cannot have that, I shall accept the amendment of the hon. member for Quebec East.

A moment ago I quoted the instance of the late Mr. Dobell. He was a Conservative, elected as a Conservative in the constituency of Quebec West, who joined the Laurier cabinet. If he accepted a portfolio, I am inclined to think the people of Quebec West who had elected him as a Conservative were entitled to pronounce upon his change of allegiance and upon his acceptance of the Liberal doctrines of Sir Wilfrid Laurier. Being a Conservative in doctrine and a monarchist in sentiment, I maintain that the best guarantees of our freedom are to uphold the age-old and age-tested principles of the British constitution involving at the same time the rights of the sovereign and the rights of the people. To-day. when we see thrones tottering, when we see in different countries the great institution of monarchy declining we can say as British subjects that what has made the greatness of England and of the British Empire is the maintenance of age-old and age-tested institutions, on the one side the rights of the sovereign and on the other the sovereign rights of the people. They make for the liberty of the nation; they are the guarantees of the freedom of the people and we should adhere to those principles which underlie the British constitution—principles which have given freedom to the world.

Some hon. MEMBERS: Question.

Mr. LAVERGNE: I am quite willing to leave the question to the judgment of the house. I think the best guarantee for our institutions is what we call in French "la voix

des morts qui parlent," that is, the voice of those who came before us, who made the British nation, British institutions, the British Empire and the British freedom of which all Canadians are proud.

Mr. JACOBS: If I have not projected myself into this debate until the present moment, it is due to the fact that I have in mind the untimely fate that this bill met when it was introduced by me on several previous occasions. I felt that perhaps the unpopularity of the proposer was responsible for the death of the measure. I claim some little sagacity. I presented the bill to the Minister of Justice and I am glad to know by the expressions of opinions so far heard in the house that this bill has a chance of passing. It is a case of the stone which the builders have rejected becoming the cornerstone of the edifice. It is a popular measure, I can see, and I am glad to know the government is prepared to accept something at the hands of the opposition. I have listened to the eloquent remarks of the various members who have spoken on the bill, particularly the hon. member for Montmagny (Mr. LaVergne) who declared that he is and always has been a monarchist in principle; that he is in favour of monarchy in every phase. What does he say to the bill which was passed by the British House of Commons in 1926? We are five years behind the British. The trouble with the hon. member for Montmagny is that he is a monarchist of the Bourbon or Stuart type. By revolution or otherwise we put them into the discard a long time ago.

Mr. LAVERGNE: The best government France ever had was under the Bourbons.

Mr. JACOBS: I agree with my hon. friend in this respect that he has been born 150 years too late. He should have lived in the days of that monarchy. When I heard the eloquent observations of those who know what they are talking about, like the hon. member for Labelle (Mr. Bourassa) and others, I felt that my work was largely completed. I felt like old King Aeolus—I remember my Virgil to that extent—who sat in his cave and who sent out the west wind, the east wind and the south wind and they all did his work. The wind does the work and the man who starts it can sit in his cave.

So far no valid reason has been urged—and I say this with all due respect—why this bill should not pass. There has been some suggestion that members from another side of the house might be purchased. That might be. If they have the purchasable mind, what we call the mens rea; if they are ready to be purchased, we would like to know publicly that they can be purchased. The electors will deal with them in due time. Any person who sells himself for the temporary pleasure or advantage of being a member of the cabinet, will find he has been living, so to speak, for a short time only in a fool's paradise. When I say "a fool's paradise," I do not refer particularly to this government; I am using the term which is generally used to express the view that a man is living in a place which he thinks is a paradise and which turns out not to be one. It is significant that the Minister of Justice should have accepted this bill. He has had his experience with this side of the house; he knows that sometimes good people and good measures are not appreciated and it is only when they join the other side that they are appreciated at their true worth. When I came to deposit this child on somebody's doorstep on the other side I remembered the fact that my good friend the Minister of Justice was once an honoured member of this side of the house, and when I had something good to advance I went to my former friend who used to support us here.

As the bill is likely to go through I do not want to say anything which might in any way delay its passage. I am anxious that the bill should be passed because after all I am its legitimate father, and having turned it over we know the rule of law that once taken over by adopted parents the regular parents must in no way molest the child. For that reason I leave the bill in very good hands. If there is any measure which I think deserves the approval of the entire house it is this one. It is a pleasure for me to know that it is likely to go through. This is not the first measure of the kind that has been accepted by the government and introduced by me. Several electoral measures amending the Senate and House of Commons Representation Act I am proud to know were the children of my imagination. The measure which restricts the government to holding off elections to not more than sixty days is mine. The meaning of it has been somewhat tortured by the present government, but self-preservation is the first law of nature.

Mr. MANION: Is that why the Liberals have no candidate in the Hamilton by-election?

[Mr LaVergne.]

Mr. JACOBS: "God moves in a mysterious way His wonders to perform." We find that the electors of Hamilton have not yet attained that high degree of intelligence where they can accept a Liberal candidate, so we are trying them out with a Labour candidate first, and if that succeeds we will give them something better at the next election. I notice that my hon. friend does not refer to Three Rivers. I hope that he will be able to go down there and with his eloquent tongue make the people of Three Rivers believe that the present government is the best government that Canada has ever had, and when the opportunity offers I shall be one of the first to support the move that he be elected to the leadership of the Conservative party. It is very pleasing to me to see that the leading members of the present government are one-time Liberals. They got a good training with us and we are glad to know that they are spreading the light all over. It was rather restricted for them here, but now they are appreciated at their true worth. When I think of the little leaven that leavened the whole lump on the other side, I am glad to think that we are responsible for having provided the Conservative party with these gentlemen.

There is nothing further that I wish to say, Mr. Chairman. I am very sorry indeed to be obliged to differ from my party on this bill. On several occasions I brought up the bill, and it did not receive very favourable consideration. I withdrew it at the request of our party, who were not in favour of it, but I think the time has now come when in the interests of the country, party for the moment should be discarded and patriotism take its place. It is in the role of a patriot that I provide this bill to the country, and I hope that when the proper time comes my efforts will be commemorated by a bronze figure on Parliament Hill.

Amendment negatived, on division.

Section agreed to.

Bill reported, read the third time, on division, and passed.

VOCATIONAL EDUCATION

PROPOSED ANNUAL EXPENDITURE OF $750,000 CONDITIONAL UPON AGREEMENTS WITH PROVINCES

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 53, for the promotion of vocational education in Canada.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, when on May 26, my hon. friend the Minister of Justice introduced the resolution on which this bill is based, he made certain references to his own attitude and to my attitude with respect to the subject of technical education. I felt at the time, and still feel, that if not deliberately, then unintentionally he totally misrepresented my attitude. In order that in the future there may be no mistake as to what my attitude has been from the outset, I should like to clear up any difference there may be between us and establish if possible the true position. My hon. friend is reported in Hansard of May 26, 1931, at page 1973, as follows:

> Just a word in regard to the very learned address—

That is in reference to my remarks which had preceded his own:

> —offered to the house by my right hon. friend the leader of the opposition. This I will say in regard to his address, that the attitude which he has taken to-day in regard to the proposal to make federal grants in aid of technical education in the various provinces has been pretty consistent with his whole course since this question was first brought to the attention of the federal parliament, for I well remember that when I moved for the first time in this parliament a quarter of a century ago for the appointment of a commission to inquire into technical education, my right hon. friend the present leader of the opposition was the one who moved a motion which killed mine, and I was the only one then on the Liberal side who voted in favour of such a commission. However, a year or so afterwards, he decided that the popular demand in favour of something being done by the federal government was so great that it was time to act, and my right hon. friend, who was then Minister of Labour in the Liberal administration of that day, did issue a commission for the purpose of inquiring into technical education, and that commission made a very valuable report to parliament.

I wish to say that those statements contain a false and unwarranted implication as to my attitude. The statements are not true, and I think I can prove they are not true by the words of my hon. friend himself. I hope if his remarks have been unintentional that when he replies to me he will not hesitate to correct a statement which is not accurate but which he has repeated many times in this house and elsewhere on occasions when I have not been present and able to reply. My hon. friend says:

> —when I moved for the first time in this parliament a quarter of a century ago for the appointment of a commission to inquire into technical education, my right hon. friend the present leader of the opposition was the one who moved a motion which killed mine.

When my right hon. friend moved his motion in the House of Commons a quarter of a century ago—it was in 1907; that is when his motion was first made for the appointment of a royal commission on technical education. I was not, Mr. Speaker, a member of the parliament of Canada at the time my hon. friend moved that resolution. I hope that is an all sufficient answer.

Mr. GUTHRIE: The resolution to which my right hon. friend refers was not acted on, nothing came of it, no vote was taken. One or two years afterwards I was induced by the trades and labour congress to move the motion which was blocked by my right hon. friend by a motion to adjourn the debate, which sent my motion to the bottom of the list.

Mr. MACKENZIE KING: Let me read my hon. friend's words again:

When I moved for the first time—

That was in 1907.

Mr. GUTHRIE: I am not quibbling about a word. My right hon. friend was not in the house then.

Mr. MACKENZIE KING: I was not in the house when the motion was moved.

Mr. GUTHRIE: I mean the motion I moved when my right hon. friend was in the house.

Mr. MACKENZIE KING: I am going to speak on that, too. Let me repeat his words:

—when I moved for the first time in this parliament a quarter of a century ago for the appointment of a commission to inquire into technical education, my right hon. friend the present leader of the opposition was the one who moved a motion which killed mine, and I was the only one then on the Liberal side who voted in favour of such a commission.

The first motion was made in 1907. I was not a member of parliament at the time, and I did not kill his resolution. He goes on to say:

However, a year or so afterwards, he decided that the popular demand in favour of something being done by the federal government was so great that it was time to act, and my right hon. friend, who was then Minister of Labour in the Liberal administration of that day, did issue a commission for the purpose of inquiring into technical education, and that commission made a very valuable report to parliament.

There are two distinct statements there: one that I defeated the resolution of the present Minister of Justice when he first moved it.

Mr. GUTHRIE: Don't trouble about the first.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: And that two years later, repenting of that act, as Minister of Labour I introduced the resolution that had to do with the appointment of the commission on technical education. Let me read what my hon. friend himself said in parliament with respect to the resolution which he alleges I killed. I think my hon. friend is on record as having been responsible for the defeat of his own motion. I have in my hand Hansard of December 6, 1909, page 1023, from which I am quoting:

Mr. Hugh Guthrie (South Wellington) moved:

That in the opinion of this house it is advisable that a commission of inquiry be forthwith appointed to investigate the needs of Canada in respect to technical education and to report on ways and means by which these needs may be best met.

He said: During the session of this house in 1907, I had the honour to move a motion framed in terms very similar to those of the motion which I have now the honour of bringing to the attention of the house. But on that occasion the motion came up for discussion at a very late hour of the evening, and before a very thin attendance of members; the discussion was exceedingly limited, and the subject did not, I think, receive the attention which its importance deserved. I do not think that upon that occasion I was able to impress either the house or the government with the soundness of my argument, or with the propriety or necessity for the motion, strongly as I was able to impress myself.

That was the reason why my hon. friend's first resolution was defeated—the resolution which he said I killed in 1907—his own inability to impress either the house or the government!

Mr. GUTHRIE: My right hon. friend is quibbling over the first or second resolution. What I referred to was the motion I moved when my right hon. friend was Minister of Labour and when he moved adjournment of the debate, which was in December, 1909; not the one I moved when he was not in the house at all.

Mr. MACKENZIE KING: I am coming to that. I am referring to the resolution which he said I killed. But now, confronted with his own words, he ought to admit that since he himself was unable to impress the house in regard to the importance of the matter, the resolution was withdrawn. The other resolution was the one he brought in two years later and which I may say was withdrawn not in order that it might be killed but in order to ensure the appointment of a commission.

Mr. GUTHRIE: It was not withdrawn; it was voted on, and voted down.

Mr. MACKENZIE KING: It was voted down or rather not accepted, in order to enable the government to make the necessary inquiries of the provinces to ensure the speedy appointment of the technical education commission.

Mr. GUTHRIE: That is the excuse you gave.

Mr. MACKENZIE KING: Not at all, as I can show from my hon. friend's own words I am now going to read what my hon. friend at the time said was the attitude of the government of the day. He said he accepted the government's action in good faith, and more than that, at the time he congratulated me very warmly not only on the speech I made but for cooperating with him in seeing that a commission on technical education was appointed.

Mr. GUTHRIE: Subsequently I approved it, yes.

Mr. MACKENZIE KING: Let me quote from the debate. As reported in Hansard of December 6, 1909, at page 1062, I spoke, as follows. This was not a year or so after but at the very time the motion was introduced:

Mr. Mackenzie King (Minister of Labour): Mr. Speaker, I feel that I am only voicing the opinion of every member of this house when I say that our thanks are due to the hon. member for South Wellington (Mr. Guthrie) for having brought this important subject to the attention of parliament and for the exceptionally able, forceful and comprehensive manner in which he introduced his resolution. I think, too, sir, the house is to be congratulated on the very full discussion which has taken place on this resolution, to be congratulated because the subject is one which, no matter what view we may take as to the jurisdiction of this government or a provincial government to deal with it, cannot be viewed other than as one of great national concern.

Then a little further on, having pointed out the importance of the subject as one of national concern, I continued as follows as reported at page 1076:

I think, the risk should not be run of raising a great constitutional question in a matter of such great national importance until at least the exact position of this government with regard to this question is fully and rightly understood by the different provinces and by the people in the country.

Then a little further on I said:

But I am not so sure that the exclusive right to make laws with regard to education means the right to exclude the Dominion from gathering information on any subject which may be deemed a subject of national importance. However, that may be a debatable constitutional question, and in view of the importance of the subject of this discussion, I think it would be well if the mover of this resolution would allow the government a further opportunity to consider the question from this point of view, and not press it to a division to-night.

Then a little later:

I hope that one of the results of this debate will be that the true relationship of the provinces to the Dominion on this question of great national concern will be brought out in bolder and clearer relief than ever before, and if the subject be brought up again, as I hope it will be, there will be no doubt in the mind of any member of this house, or in any group of responsible persons outside, as to whether or not the Dominion would be trespassing in endeavouring to cooperate with the provinces —for it is cooperation alone that would be expected—to the extent the mover of this resolution would desire. I would beg to move therefore the adjournment of the debate.

The purpose of the adjournment of the debate, as is shown clearly there, was to get over any constitutional difficulty and to enable the government of the day to communicate with the governments of the several provinces with respect to the commission that was to be appointed.

Now, what did my hon. friend himself say in regard to my attitude? Before I quote his words I might quote those of the late Right Hon. Mr. Fielding, who also stated the government's purpose in asking for the adjournment of the debate. On December 6, 1909, at page 1089 of Hansard, Mr. Fielding is reported as having said:

I must take exception entirely to the observation of an hon. gentleman opposite that the motion to adjourn is a motion to side-track this resolution. . . .

Speaking on the resolution the other day, the present Minister of Justice spoke of Mr. Fielding as one who understood what the position of the Liberal government was and what its intention was with respect to this question of technical education. I am now giving him the words which he himself heard and accepted in the House of Commons at the time:

. . . . and while I propose to vote for the motion to adjourn, I do so on altogether a different ground. After the discussion we have had, after the abundance of information brought before the house, showing the great need of this movement in Canada, it would indeed be strange if nothing further should be done. We are all of the opinion that something should be done, and the only question is what is the better way of doing it.

Then a little further on he said:

I do not say that the Dominion parliament should not step in and assist them. I am going to vote for the adjournment of the debate, not for the purpose of side-tracking the matter, but that we may have further opportunity of considering, not the wisdom of doing something, but the best way in which to do it.

Mr. Fielding concluded:

. . . . and in voting for the motion to adjourn I do so in order that we may have the oppor-

tunity of considering further what is the best way to aid a movement which seems to have received the favour of the whole house.

My hon. friend the Minister of Justice concluded the debate, and this is what he said:

As mover of the resolution I may say a word on the motion to adjourn. After dealing with the question somewhat fully this afternoon, and endeavouring to impress upon the government the propriety of the motion, and also the expediency of appointing a commission forthwith, I hardly think it would be consistent for me now to vote for the postponement of my own motion. However, I accept in absolute good faith the statement made by the Minister of Labour in asking for an adjournment of this debate in order to give the government further time to consider the question.

A little further on my hon. friend said:

But I accept the statement of my hon. friend the Minister of Labour, and the positive assurance given to this house by the Minister of Finance that the government does feel in sympathy with the main purpose of this resolution, but requires further time for consideration.

Then my hon. friend concluded with these words:

. . . . I do not ask anyone to support what may be my vote if a division is taken. I would, for the sake of consistency, if there is a decision, have to vote for my motion, but I do not do so with the idea of antagonizing the government or of placing myself in a false position with regard to it.

That was the position of my hon. friend; he said, "I accept in absolute good faith the statement of the Minister of Labour," but from that day to this he has been telling the house and the country that I was acting in bad faith. I do submit that my hon. friend rather owes it to the debate itself, if not to myself, to remove the false impression which he has since created with regard to my attitude at that time.

May I go just a little further. Speaking on May 26, 1931, my hon. friend not only said I had killed his motion—whereas the record shows I helped to advance the object of it —but he said I was consistent also in raising a constitutional objection with a view to preventing anything being done. Here is what my hon. friend said just the other day:

The attitude of my right hon. friend the leader of the opposition, as I said, has been consistent on this question. Speaking in this house in 1929 he took the same position that he did to-day. In 1929 the matter came up on a bill to renew the grant which at that time had expired, and my right hon. friend the leader of the opposition said on that occasion, as reported at page 162 of Hansard for 1929:

There was no thought at the outset that the federal government would be called upon to go further than simply to supply the information to the provinces which would enable them to develop their educational systems along lines of industrial training and technical education.

Evidently that was not the view of the late Mr. Fielding, who was a member of the government that appointed that commission.

I have already quoted Mr. Fielding's remarks, which make perfectly clear what his view was as to the purpose of the motion. In reply to my hon. friend I went on to say this on May 26 of this year:

I think my hon. friend will find in the report of the royal commission to which he has referred that there is there printed an exchange of correspondence between the federal government and the governments of the different provinces. The premiers of the various provinces were approached before the federal government instituted the commission, with respect to what its powers should be, and my recollection is, and I think it will be borne out by the correspondence, that they agreed that no exception could be taken to the federal parliament having information gathered on any subject, but that the commission could not go beyond that, that its duty was to gather information and place the information at the disposal of the provinces.

I have in my hand, Mr. Speaker, the report of the Royal Commission on Technical Education, which contains the order in council under which the commission was appointed, the recommendation to council, the commission itself, and also the correspondence which took place between the government of the day and the government of the several provinces before the commission was appointed. In order that the house may have the exact dates in the matter, may I say that the debate in the house took place on December 6, 1909, and was adjourned in order to give the government time to consult the provinces. The letters were sent to the different premiers on December 13, 1909; the order in council regarding the commission was passed on June 1, 1910. As Minister of Labour, I made the recommendation for the appointment of the commission. The commission was formally appointed on June 22, 1910; it made an interim report in March, 1911, and the final report on May 31, 1913. The final report is in four parts and covers over 2,300 pages. I shall have a word to say in a moment as to the recommendations contained in the report, but bearing out what I have just said as to the understanding on which the commission was appointed I should like to read to the committee a letter which was sent to the premiers of the different provinces by myself as Minister of Labour, dated at Ottawa, December 13, 1909. I will just read the first and last paragraphs:

Dear Sir:

The Dominion government is considering the advisability of appointing a royal commission

to inquire into the needs and present equipment of the Dominion as respects industrial training and technical education, and into the systems and methods of technical instruction obtaining in other countries, particularly in Great Britain, France, Germany and the United States. It is intended that the commission shall be solely for the purpose of gathering information, the information when obtained to be published in a suitable report to be at the disposal of the provinces and available for general distribution.

Then in conclusion:

It is recognized, however, that the work of such a commission, to be of national service, should have the hearty endorsation of the governments of the several provinces of the Dominion, and I am, therefore, writing to ask if the appointment by the federal authorities of a commission of the character and scope suggested would meet with the approval of your government, and to inquire, in particular, inasmuch as some doubt has been expressed on the point, whether exception to such a course would be taken on any ground of jurisdiction.

Yours faithfully,

(Signed) W. L. Mackenzie King.

I shall not read all the replies, but here is a typical letter from Hon. J. D. Hazen, premier of New Brunswick:

I have no hesitation in saying that the appointment by the federal authorities of a commission of the character and scope suggested in your letter would meet with the approval of my government, and no exception would be taken to such a course on any ground of jurisdiction.

The late Sir James Whitney, then premier of Ontario, wrote as follows:

I understand the object of the proposed commission, to inquire into the needs and present equipment of the Dominion as respects training and technical education and into the system of methods for technical instruction obtaining in other countries, will be solely for the purpose of gathering information. This being so, I see no objection to the creation of the commission, and no exception will be taken to it on the part of the province of Ontario.

Then the late premier of Manitoba, Sir Rodmond Roblin, wrote as follows:

I appreciate the fact that education is a matter under the constitution entirely vested in the provinces, and realize that it is a delicate question on which to give advice such as you solicit.

He goes on to say that for the purpose of gathering information no exception will be taken to the action of the government.

The late Sir Lomer Gouin was at the time premier of the province of Quebec and his letter, dated December 30, 1909, is important. I will quote it:

We are of the opinion, my colleagues and myself, that anything pertaining to public education—whether the subject be special teaching or general teaching—belongs to the provinces exclusively and I want to write you so in order that there may be no misunderstanding on that point. As, on the other hand, you give me the assurance that the federal authorities, in instituting a commission of investigation, would simply do it with a view to help the provincial governments by having collected information which they would later on put at the disposal of the latter, we see no objection to the appointment of such a commission. Please accept, sir, the expression of my highest regard.

Lomer Gouin.

These letters are sufficient to make perfectly clear, what I have stated all along, namely that the provinces gave their consent to the appointment of a royal commission on technical education on the understanding that it was a body solely for the purpose of gathering information which would be placed at their disposal. And in any attitude I have taken as to the ground on which this parliament should further proceed in the matter, I have had in mind the assurance given by the federal government to the governments of the several provinces at the time the commission was appointed.

I hope that clears up any misrepresentation there may be as to what my interest in the subject of technical education has been from the outset. What I have read would indicate that while I am quite prepared to give my hon. friend all the credit in the world for sincerity in his desire to see technical education further developed in this country, he ought to be equally ready to believe in the sincerity of my wish to further industrial training and technical education in Canada. I submit that he should not longer continue as he has been doing in the last few years, to seek to leave the false impression that I have been trying to kill resolutions or bills that have to do with technical education and trying to raise constitutional objections that had no place in the matter when it was originally considered.

I am wholeheartedly in favour of the development of technical education and vocational training in this country I believe that both the Dominion and the provincial governments should do their part in helping to further this great work, which, as I have said all along, is of national importance. I do submit, however, that more will be achieved in the end if the government of the Dominion and the governments of the several provinces confine themselves in their efforts to what beyond question comes within their respective jurisdictions. I suggest that they perform the services expected of them and raise their own revenues for the purpose, and that any expenditures that are made be controlled by the

government that is responsible for the services and for the raising of the money.

We have progressed very far in Canada in some fields of our industrial development and the time has now come to consider carefully, if we are going to continue, as I hope we are, the expenditure on technical education and industrial research, just how far the provincial and Dominion governments respectively should go. When some years ago the government of the day introduced an act making a contribution in the form of grants to the provinces, they fixed upon a period of ten years. At that time the industrial research work that was being carried on at Ottawa was comparatively limited. No provision was made for it by any special act of parliament, but in the course of years there were persistent representations from industrial and labour organizations in Canada, from manufacturers' associations and from departments of government, regarding the need of more highly developed research work on the part of the Dominion government. When the Liberal government was in office we were faced with the question how best that additional demand could be met. We considered that the act fixing the period of ten years had been framed expressly to enable the provinces to get on their feet. Very little had been done up to the time the act was passed and the purpose of the act was to give the provinces a real start in technical education. We understood and the report of the commission and of the debate will show that the intention was to allow for a period during which buildings might be erected and equipped, teachers trained, staffs organized, and the work advanced to some extent. We did not believe it was intended by the parliament that enacted the measure that the grant for a period of ten years, made in that way, should be permitted to become a perpetual thing. We did feel, on the other hand, that the necessity for doing more at Ottawa in the way of providing facilities for technical and scientific research was becoming more and more apparent every day. Therefore, some years before the act expired, we notified the provinces that at the end of the ten years they must not expect the grant to be continued but must make provision for providing in their entirety the services which they had themselves started. We required additional money for federal purposes. It was because we had cut off the grant in one direction, that we felt justified in coming before this parliament and asking for a very large expenditure to develop allied research work on a scale theretofore never undertaken in Canada by the national research council which had come into being in the intervening years. We not only asked parliament to give increased votes to the national research council, but we asked for a vote which I think amounts altogether to something like $3,000,000 for the erection in the capital of Canada of the finest industrial research building to be found anywhere. That building will later be still further equipped for scientific research work.

That phase of the work, we thought, the federal parliament should engage upon. My hon. friend the Minister of Justice, speaking the other day, said quite truly:

> Technical education has become associated rather with work of a scientific or investigational nature and work of university grade.

It was with regard to technical education that this commission was appointed; it was with regard to technical education that the grants were being made by parliament. And, as my hon. friend has said, technical education is now being associated rather with work of a technical nature and work of university grade. That is exactly the class of work done under the national research council; it is work of that kind that is being carried on in the laboratories here. So that, instead of impeding the work on technical education, the late Liberal administration did more to advance technical education in Canada than had been accomplished by all previous efforts put together. Not only was this building erected as I have said, but additional appropriations were made for research purposes.

I have in my hand the Research Council Act passed on August 27, 1917. This act had not been passed at the time the royal commission of inquiry into technical education was appointed; it was some seven years later. Under this act a new body was formed under which industrial research was to be carried on by a federal advisory council for scientific and industrial research under the control of a committee of the privy council on scientific and industrial research. Let me read a paragraph of the act which deals with the duties of this council. Section 6 reads as follows:

> The council shall have charge of all matters affecting scientific and industrial research in Canada which may be assigned to it by the committee, and shall also have the duty of advising the committee on questions of scientific and technological methods affecting the expansion of Canadian industries or the utilization of the natural resources of Canada.

That is precisely the work described by the Minister of Justice as constituting technical education, namely, work of scientific or investigational nature and of university grade.

Section 10 which covers the powers of the council reads as follows:

Without thereby limiting the general powers of the council conferred upon or vested in it by this act, it is hereby declared that the council may exercise the following powers, namely:—

(c) To undertake in such way as may be deemed advisable—

(i) to promote the utilization of the natural resources of Canada,

(ii) researches with the object of improving the technical processes and methods used in the industries of Canada, and of discovering processes and methods which may promote the expansion of existing or the development of new industries,

(vi) the investigation and standardization, at the request of any of the industries of Canada, of the materials which are or may be used in, or of the products of, the industries making such a request,

(vii) researches, the object of which is to improve conditions in agriculture;

(g) Subject to the approval of the chairman, to publish, from time to time, such scientific and technical information as the council may deem necessary.

Subsection 2 of section 11 reads as follows:

The council, with the approval of the governor in council, may pay to its technical officers and to others working under its auspices who have made valuable discoveries, inventions or improvements in processes, apparatus and machines such bonuses or royalties as in its opinion may be warranted.

Here we have a statute of Canada, now known as the Research Council Act, 1924, which makes provision for the federal government going into the whole work of technical research and investigation on a scale never before contemplated. In discontinuing the grants to the provinces the Liberal government had in mind the increase of the work to be carried on by this industrial research council. What has been done in that regard is best shown by a reference to the estimates which this house has been considering this year. In the estimates of this year for the Department of Trade and Commerce, there appears on page 71, an item of $500,000 to cover the work of this research council. Last year there was an item of $500,000, making $1,000,000 in two years. This money was not being expended prior to 1917, nor was it being expended at the time a previous administration made the grants in aid of technical education to the provinces for a period of ten years. We are now committed to an annual expenditure of at least half a million dollars to carry on research work right here in the capital. As I pointed out the other day, the estimates of the Public Works department show an item of $2,000,000 for laboratories and equipment for the national research council, while in the previous year an amount of $1,541,330 was voted for this purpose. Taking all amounts, within the last two years we have spent between four and five million dollars on scientific and industrial research. When the estimates were before the committee the other evening the minister was asked whether or not scholarships could be granted in the universities to promising students to enable them to engage in industrial and scientific research, and the minister replied that that was what was being done under this very act. At the present time this parliament is voting money for scholarships for industrial and scientific research and making payments out of federal funds for the training of young men and women in colleges and universities. However, we are controlling our own expenditures; we are using them in connection with our own sphere of work.

When the estimates of the Department of Mines were being considered the minister asked for something like $750,000 for research work. I asked the minister if that work was all in the nature of industrial research and technical work and he replied that it was. I drew attention to the fact that here again the federal government was expending large sums of money for the purposes of technical education and industrial research.

It has not been with any desire to restrict industrial training or technical education that I have questioned the wisdom of continuing these grants. The truth is quite the opposite. I see the extreme necessity of our own federal government raising increasingly large sums of money for work in the federal sphere. I am anxious that that work shall be carried on in as large a way as may be possible. It cannot be so carried on unless we have the necessary funds, and funds are becoming more and more difficult to provide.

There is another point, one which I have mentioned at different times. It is not wise from the point of view of principle for one government to raise taxes and pass them over to other governments to be expended. The government which raises the taxes ought to control their expenditure. I believe that was the principle laid down at the time of confederation. It was recognized that the provinces would need something in the way of subsidies to supplement their sources of income, but I contend that one of the bases of the confederation act was the idea that the federal and provincial governments would have certain definite fields of services assigned to them, that they should have complete control

over those services, that they would raise the moneys necessary and see to their expenditure. If for any reason the division is not fair, then adjustments should be made by the paying of additional or altered subsidies.

I have no objection to any just increase which might result from proper revision of the subsidies, but I would point out to my hon. friend that before having the country go further into debt, before imposing more in the way of taxation upon the people, it would be advisable for the government to call a dominion-provincial conference and review the different services which are being carried on by the different administrations, take into account all grants which have been made in the past and are now being made to the provinces by the federal administration and see if it is not possible to make some definite arrangement whereby the provinces on their part and the Dominion on its part will themselves thereafter raise all that is necessary for the carrying out of the particular services which may be assigned to them. If the provinces have not a sufficient latitude in the way of fields of taxation, then more latitude should be given. I think it will be found with respect to taxation that the provinces have been finding new avenues for raising revenue at a time when the federal government, although it has been making much larger expenditures, is finding it increasingly difficult to obtain revenue. For example, the provinces derive a large revenue from the control of the liquor traffic; they derive large revenues from the licensing of motors and the like; they derive revenues from other sources which were not thought of at the time of confederation.

An hon. MEMBER: Beauharnois.

Mr. MACKENZIE KING: The hon. member says the provinces have derived revenue from Beauharnois. Does he mean to say that that is the way Beauharnois has been spending its money, by paying it to the province of Ontario? I am quite interested in hearing that from a Conservative member. I think the country will take note of that.

Mr. BENNETT: Don't talk like that.

Mr. MACKENZIE KING: The Prime Minister was not in his seat when I was interrupted.

Mr. BENNETT: I heard the remark.

Mr. MACKENZIE KING: I think my right hon. friend would hardly approve of it. It was applied by one of his own supporters to the words I was using at the time I was saying that the provinces had other sources of revenue to-day which they did not have at the time of Confederation. I was interrupted by a Conservative member who called out "Beauharnois". I said that I was rather surprised that should come from Conservative sources at this time, and I am. On the other hand may I say that the federal government has been losing certain sources of revenue. The federal government has turned over to the provinces the natural resources, which had constituted a source of revenue. Therefore, on the one hand the provinces are getting new sources of revenue and we as a Dominion are losing others.

I do not wish to take more than a few minutes more, but in order that I may press home an argument of which I think full account ought to be taken at the moment, may I give to my hon. friends opposite, not the views solely of those on this side of the house, but the views of members of the administration itself in regard to what is wise with respect to these grants. I wish to quote from what the present Secretary of State (Mr. Cahan) said on the subject when speaking of grants in aid to the provinces for the old age pensions. He was speaking in reference to grants from the federal treasury to the provinces, but this applies equally to grants in connection with vocational training. It is wholly applicable to the very bill which we had before us the other day increasing the grants to the provinces in regard to old age pensions. This is what the Secretary of State in the present administration had to say on April 15, 1926, as reported in Hansard, page 2472 of that date:

> Furthermore, this scheme contemplates that in its operation there shall be cooperation between the provincial governments and the federal government. I suggest, Mr. Chairman, that in the recent political history of this country we have proceeded altogether too far in the way of cooperation between the federal government and the provincial governments, in respect, for instance, to road appropriations, which are within the proper jurisdiction and control of local legislatures. The same refers also to certain building schemes in which there was cooperation, but in respect of which the federal treasury, which provided the money, really had little or no control over the management of the funds and little or no supervision over the actual expenditures made. I do not want to stress the matter, but I went through for several weeks, as counsel, an investigation in my native province of Nova Scotia which clearly disclosed to me that when provincial governments or provincial legislatures are expending moneys which are not raised on their own credit and responsibility, and in respect to which their sole responsibility is that of expenditure, it leads to wasteful expenditure and very wide latitude indeed in the making of those expenditures.

That is a member of the present administration speaking. The Prime Minister also gave his views with respect to these matters and in particular in regard to binding one parliament by the action of a previous parliament. When we were speaking the other day on the tariff board bill, my right hon. friend said that I was stretching his point a little in applying it to appointments of officials to the tariff board. He said that he had been talking about money grants which would bind one parliament following another, and he took strong exception to that on the score of principle. This legislation which we have before us involves the expenditure of something like $750,000 a year for a period of fifteen years, so that if we pass it we shall be binding at least three or four subsequent parliaments, as may happen to be the case. What did my right hon. friend say? He was speaking in the house on April 24, 1928, the debate at the time being in reference to moneys appropriated for the Federal District Commission. This is what he said as reported in Hansard of that date at page 2352:

> Five years is the life of a parliament, and I cannot think it quite consonant with the ideas of the right hon. gentleman as heretofore expressed that this parliament should bind the hands of future parliaments.

A little further on the hon. member for Lincoln (Mr. Chaplin) moved an amendment to the third reading of the bill and he used the following words in reference to it:

> My chief objection to the bill is that this parliament, through a commission, is making commitments for fifteen years, which in the ordinary course of events will cover the lifetime of possibly three, if not four, parliaments. I think the principle is wrong, and I am surprised that it should be seriously proposed, especially after what the Prime Minister said in this house when in opposition and since he became head of the government. To give to a commission the expenditure of moneys over a period of fifteen years is to my mind preposterous, and to take away from future parliaments the right to say how that money shall be spent, I think is also preposterous.

Mr. McGIBBON: Was that not my right hon. friend's own proposal?

Mr. MACKENZIE KING: Not in relation to special aid grants, I discussed that the other day. I have been quite consistent in the matter of special aid grants. I did not renew the old act but extended its provisions for five years. There is still $1,500,000 to be paid under it.

Mr. McGIBBON: But the right hon. gentleman is willing to bind future parliaments?

Mr. MACKENZIE KING: Not in relation to this particular subject.

Mr. GUTHRIE: The right hon. gentleman has bound us.

Mr. MACKENZIE KING: The present Prime Minister (Mr. Bennett), as reported in Hansard of April 26, 1928, had this to say on that date:

> Personally I have held a very strong view for some considerable time as to the undesirability of any legislature or parliament tying the hands of succeeding legislatures or parliaments with respect to annual expenditures. That idea may or may not be sound, but I do not think that when matters of policy are affected—and matters of policy always are affected in relation to grants of public moneys—this parliament should tie the hands of two or three succeeding parliaments. Not denying that parliament has always the right to repeal legislation, I submit that it is undesirable to create vested rights with respect to legislation; and the undesirability of such a policy can never be more apparent than it is in this particular measure.

May I go a step further? My right hon. friend made a reference specifically to technical education. He continued:

> I cannot but think that the principle involved —the principle which the right hon. gentleman when in opposition always contended should be applied—is the soundest possible principle with respect to the expenditure of public money. No parliament should create a condition which leaves a succeeding parliament under the necessity of either repealing existing legislation with respect to which vested interests or rights may have arisen, or of carrying on regardless of the views of that succeeding parliament, simply because the preceding government has done what is being done in this case. The cases which have been referred to, with respect to technical education—

The very question we are discussing.

> —highways and matters of that kind, in my judgment, stand in exactly the same position, unless there are very extraordinary conditions which can be submitted to parliament, and without those very extraordinary conditions, which might arise on questions touching the public debt and the necessity of liquidating it, one parliament should not say that in its wisdom it has placed upon its successors a burden which they must respect because of the interest which may have grown up under it. . . .
>
> As I say, it is with regret that one has to deal with this matter as a matter of principle with respect to this particular legislation.

All I say to my right hon. friend is that that argument is as strong and effective today as applied to technical education and grants of this kind as it was on the day when he made the pronouncement.

I might go on to quote what he said on a previous occasion on another important aspect of these grants. As reported in Han-

sard of February 18, 1927, at page 481, my right hon. friend had this to say:

> Now it might be well to look on the political side of the matter. You know what took place in Australia under conditions such as these. You are going to have a system that is not contributory. An election is coming on. They go out and say that more money should be given, that $20 is not enough. "Well, we will give them $25 if we get into power". . . . I was simply pointing out what might be said with respect to such a matter as this. That is the position. That is what happened in Australia. . . . The contending parties, the government and the opposition, were endeavouring to outbid each other in the matter of old age pensions. . . . The contending leaders were intending to secure the popular vote by promising to make an increase in old age pensions. Those are the facts. Consider what would happen in Canada.

And so forth. These are all principles that are worth keeping in mind, and all that I suggest to my right hon. friend is this: Since those very admirable principles were stated, conditions have become such not only in this country but throughout the world that governments are required to consider more than ever where they can best economize, where they can avoid increasing burdens on municipalities and provinces—that is one of the indirect effects of making these conditional grants—and how they can manage to keep down the public debt. I would suggest to the administration that they seriously consider whether the time has not arrived when they might well call a Dominion-provincial conference and discuss with the provinces the whole question of readjustment of finances as between the Dominion and the provinces before proceeding to bind future parliaments for a period of fifteen years. I do not say to do away entirely with this legislation, but I do say that it might be well to postpone it to another session holding in the interval the Dominion-provincial conference to which I have referred. This is a great bargaining instrument which the government will have in making its adjustments with the provinces, just as the old age pension grants and grants for highways, and as will be the grants for unemployment relief. The government in the interests of the country as a whole ought not lightly to disregard these important considerations in arriving at an adjustment which sooner or later will have to be made.

Mr. WOODSWORTH: May I ask what the right hon. gentleman means when he says that this legislation will place heavier burdens on the municipalities? I do not quite follow him.

Mr. MACKENZIE KING: I am glad the hon. member has asked the question. The municipalities are saying to-day that the provinces have been passing on to them—they did with respect to old age pensions—the obligation of raising a certain amount of the money, that the provinces have not been meeting the expenditure themselves, and more than one municipality has stated that it has been driven into bankruptcy because of the contributions that the province is compelling it to make in order that the province may get its full share of the grant.

Mr. PRICE: Take a seat.

Mr. MACKENZIE KING: Perhaps my hon. friend, if he is controlling the house—

Mr. SPEAKER: It being six o'clock—

Mr. BENNETT: Is the right hon. gentleman going on after eight o'clock?

Mr. MACKENZIE KING: Not after that remark.

Mr. BENNETT: I would not notice that.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, one of the difficulties that one has to contend with in parliamentary government is that frequently he finds leaders of parties relying upon the statements of their opponents when they were in opposition for the purpose of justifying the action which they now take. Now, either my right hon. friend opposite was right a few years ago when he contended that parliament was following the correct course in permitting grants to be made payable beyond the term of the parliament which was making them, or he was not. He convinced at least a majority of the House of Commons of that day that he was right, and the majority of the House of Commons so decided. It therefore follows that at that particular time at least the party to the left of the Speaker was wrong, and the party to his right was correct in the view which it took.

This afternoon the right hon. gentleman relied upon certain statements made by myself when in opposition as to the unsoundness of making grants of money that extended beyond the life of the parliament that was making them. He referred to my observations on the Old Age Pensions Bill when it was being considered by parliament. He also referred to certain observations I made in connection with the Technical Education

Act and the Canada Highways Act. But I observed as he read, as doubtless the house did, that I said "except in very extraordinary circumstances or conditions." Now when this bill was considered by the government it was realized that something should be done for technical education by the federal authorities, and as education is primarily a matter for consideration by the provinces it was felt that we would do well to follow the course adopted in 1919. In that year parliament appropriated a very large sum of money, amounting in the aggregate to $10,000,000, for the purposes of technical education.

Now, I submit to this house that technical education is a matter in which the Dominion has a very great interest and a very great stake. Apart altogether from trade and commerce and all that is implied in that, it also has an interest in technical education as distinguished from the narrower interest of the provinces to deal with education as such. We have the interest of the nation, a concern in the ability of our people to meet competition and to carry our wares, our goods, our merchandise successfully into every part of the world. Believing that, we determined, after the commission made a report many years ago, to make an annual grant. This year, however, confronted with extraordinary economic conditions, instead of making a lump sum grant, or a grant which would expire with the life of this parliament, we realized that we must cut our garment according to our cloth—to use an old saying—and therefore we have appropriated a smaller sum of $750,000 to be granted annually for the next fifteen years. It is true that that period of time is far beyond the life of this parliament. It well may be—although there are no indications that warrant such a conclusion just now—beyond the lifetime of the present party in office as a government. But, as I say, there is no likelihood of that being so judging from present appearances.

Mr. MACKENZIE KING: Don't be too sure.

Mr. BENNETT: I rely largely on the Toronto Globe in that respect.

Mr. MACKENZIE KING: Read it to-night.

Mr. BENNETT: Fixed up, is it?

Mr. MACKENZIE KING: It is a correct report this evening.

Mr. MANION: The editorial is pretty strong.

Mr. MACKENZIE (Vancouver): Other things may have been fixed up.

Mr. BENNETT: I do not think if I were sitting for Vancouver Centre I would make any statement of that kind.

Mr. MACKENZIE (Vancouver): You would not?

Mr. BENNETT: I just think I would not —there are some reasons why, too.

As I was pointing out, with the economic conditions prevailing in this country at the moment, it was concluded that it would be desirable, as I say, to cut our garment according to our cloth, and therefore we make a grant of $750,000 per annum extending over fifteen years. We come exactly within the terms of the observations I made from which the right hon. gentleman quoted. The extraordinary circumstances and conditions which I then had in mind now obtain, and there is nothing left for us to do but to take one of two courses, either discontinue this aid altogether, or continue it for a longer period with a smaller annual payment. We have chosen the latter course, and have continued assistance to technical education on a smaller annual grant, extending over a longer period of time.

That is all I have to say on the reasons that have governed us in the action we have taken. But once more I desire to direct attention to the strange anomaly of the right hon. gentleman relying on statements I made while in opposition, which the house did not then adopt, and which he says now should be adopted, and that the advice which he then tendered to the house should not have been so tendered. On that ground he asks the house to reject this measure. I do not think the house will conclude that that is a sound reason, but will conclude that if the right hon. gentleman was right on that occasion, he at least is not right in saying that the extraordinary circumstances to which I alluded on the former occasion do not now prevail. The principle I believed in then I believe in still, I think it should have application, and now is the opportunity to make it applicable to the purposes intended.

Mr. A. L. BEAUBIEN (Provencher): Mr. Speaker, I wish to make a few brief observations on this bill. If the federal government is in a position financially to make grants to the provinces I do not think it should tie any strings to those grants. If a member on this side of the house ventures to criticize this measure the impression is conveyed to the country by some members on the opposite side that we are against technical education

As far as I am concerned, I am not against technical education. But I think the most important part of education to-day, especially under the conditions now prevailing, is primary education. I am going to confine my remarks mainly to Manitoba, because I am more familiar with matters concerning education in that province than with such matters in the other provinces.

In Manitoba, primary education is supported by the municipalities. We have a law under which the municipal authorities contribute $3.60 for every school day in the year —two hundred days—for every school teacher in the municipality, or an annual contribution of $720. Under present economic conditions in western Canada I do not know how we are going to keep our primary schools open. I am not trying to exaggerate the economic conditions, but judging from the latest reports I have—and I think every member from western Canada has been similarly advised—taxes are not being paid. This being the case, where are we going to find money to keep our primary schools open? Under this proposed legislation we are forcing the provinces to come to an agreement with the federal government in regard to expenditures for technical education. When the federal government votes certain grants to the provinces for education the provinces make every effort possible to comply with the conditions surrounding such grants. It will be so under this bill. What benefit is a child going to get from technical education if he is not able to receive a primary education? In the rural parts of Canada how many of our children take advantage of technical education? Very few of them I venture to say. The reason is that very few pass the higher grades in our primary schools to enable them to take advantage of technical education. If the federal government is in a position to grant moneys to the provinces for educational purposes, let the provinces administer the grants for the benefit of all those under their jurisdiction. I repeat, I am opposed to this proposed legislation—I am not opposed to technical education when it is possible, but I am opposed to this bill because it ties the hands of the provinces—forces them to make certain expenditures which under present conditions they can ill afford to make.

Mr. D. B. PLUNKETT (Victoria): Mr. Speaker, I desire to say a word or two on vocational training, because to my mind it concerns the city which I represent and many other cities throughout Canada. Sometimes I think, in legislating for dominion affairs, we altogether forget the provincial side of the question, so to-night I am going to lay before this house some facts in regard to the tremendous cost entailed to the government of British Columbia in social legislation for which they must tax the people.

In the social legislation of this country I think there are many departments which might well be condensed and a saving made, and I am going to enumerate some of those which affect British Columbia, my own province. Social legislation in British Columbia is becoming more expensive each year, and the burden of taxation has become extremely heavy. Social legislation in British Columbia comes under several headings, and I should like hon. members to listen to this list, because they may be surprised to know that a provincial government should have to carry such a load. Here is the list: conduct of the Labour department; mothers' pensions; old age pensions; home for incurables; charitable institutions; the aid of the destitute; the burial of indigent persons; Tranquil sanatorium for tuberculosis patients; superannuation; health; provincial home; grants to hospitals; the Infants' Act; care of the poor and sick; mental hospitals; industrial schools and unemployment and destitutional relief. That may seem a startling list, and perhaps British Columbia is a little ahead of some of the other provinces in social legislation; as a matter of fact I think it is the leading province in Canada.

What does this mean to the people who have to bear the burden? It will be admitted by every hon. member of this house that federal taxation is a little more indirect than provincial taxation, so the people of the provinces feel this provincial taxation far more than they feel the federal taxation. In the year 1916-17 grants by the province of British Columbia to provide for this work totalled $963,049.03; in 1922-23 the total was $2,447,666; in 1928-29 the amount had increased to $4,099,654.84, while the estimates passed by the British Columbia provincial legislature at the recent session for 1931-32, for those services, totalled $4,466,515.35. It will be seen that the increase from 1916 to 1931 amounts to over $3,500,000.

With regard to education the amount provided by the department in 1916-17, exclusive of the amounts provided by the municipalities, was $1,806,311.76, while last year the vote for education amounted to $4,787,912 or an increase between the years mentioned of over $2,981,600. In passing I might recall to the minds of hon. members that the population of British Columbia is about equal to that of the city of Toronto, while I believe it is the second or third largest province in

Canada in area. We have a tremendous difficulty in carrying on educational work in the mountainous districts where the lumber interests are centered, and this entails an added expense to the Department of Education in providing schools for those districts; some of them may be only temporary, but they must be provided for the children.

We must look at this measure in two ways. If we are going to have trained mechanics in order to compete in the commerce of the world we must have training schools in which they may obtain a knowledge of their business. It is no use trying to build up an export trade in manufactured goods if we do not build up the knowledge of our citizens in order to produce those goods. I quite agree with what the right hon. leader of the opposition (Mr. Mackenzie King) said to-day with regard to the money voted for the national research council; I believe he mentioned two years in each of which $500,000 was voted. But I would ask this question. What good is that national research council to the citizens of my city or to the citizens of Prince Rupert if there should be a young man who wants to learn a trade and acquire technical knowledge at the same time? Is it not necessary to have some of these schools in the larger cities? Unfortunately it is true that a technical school is the most costly of all our institutions of this kind; the machinery and equipment require a great deal of money, and I think the government might go further and give some allowance to the provinces to help maintain these schools after they are established.

I commend the action of the government in this regard; I think money could not be spent in a better way. Some time there will come a readjustment of the taxation system of this country, and our taxes will be rearranged as between the province and the Dominion. At the present time I feel that the provinces have too heavy a burden, and therefore I am pleased to support the action of this government in voting money for this purpose.

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

Mr. GUTHRIE: I suppose if I say a word I will close the debate.

Hon. CHARLES MARCIL (Bonaventure): Before the minister closes the debate I should like him to explain whether the benefits of this legislation will extend to the rural municipalities. At the present time in Quebec we have splendid technical schools in Montreal, Quebec, Three Rivers and other larger cities, but there are no schools of this kind in the rural constituencies, which include about half the population of the province. I should like to know also what is meant by this word "vocational." Will this include farming, fishing and other occupations which may be taken up in the country districts?

Mr. J. L. BROWN (Lisgar): Perhaps before the minister replies I may be permitted to say a word. I should like to make it clear at the outset that I am heartily in sympathy with the principle of vocational training. It was my honour and privilege for a time to be president of the school trustees' association of Manitoba, and on one occasion I chose vocational training as the theme of a presidential address. Undoubtedly in the past our school curricula have tended more to produce professional men than men who will take part in the ordinary business of life. Perhaps two years ago I would not have had the slightest hesitation in heartily endorsing this bill, even though there may be involved such constitutional questions as jurisdiction and the rights of the provinces and the Dominion. I have not usually attached undue importance to these questions. But according to the reports that come to us from the west, those provinces—I know this for a fact—not only this year but for some years to come will find it very difficult indeed to support the primary schools. There can be no question about that. Someone foolishly made the statement the other day in a newspaper interview that one good crop would bring Saskatchewan back. That is absolute folly. Debts have been piling up during the last two or three years and obligations have been incurred from which the provinces, either as governments or as individuals, will be unable to escape for many years. In the face of this fact it seems to me that it would be well for us to go slowly. I believe in vocational training with all my heart, but as things are in our western provinces I believe the government would be wise not to ask the provinces just now to assume obligations which they will not be able to discharge. It is quite possible that Ontario and Quebec, these central wealthy provinces, will be able to fulfil the conditions imposed by this bill. I am quite satisfied that the prairie provinces will not be able to take advantage of the opportunities here offered for technical education, and possibly what is true of those provinces is true also to some extent of the maritimes. Of the maritime provinces, however, I cannot speak. That is my attitude to this bill; not one of opposition

but a firm conviction that under the present circumstances it woudl be well for the government not to pass this legislation inviting the provinces to take on responsibilities which I am sure they will not be in a position to bear.

Mr. COWAN (Long Lake): In Saskatchewan we have already assumed all these obligations; we have spent hundreds of thousands of dollars in the building of technical schools. Does my hon. friend want to drop all this? Does he want us to abandon all that we have done, or shall we continue?

Hon. HUGH GUTHRIE (Minister of Justice): I have just a word to say at this point in the debate. The questions asked by my hon. friend from Bonaventure (Mr. Marcil) and by my hon. friend from Lisgar (Mr. Brown) I should prefer to discuss when the bill is in committee; we shall have wider scope then.

I do not know that I should have risen to say anything now had it not been for the speech of the leader of the opposition (Mr. Mackenzie King) this afternoon, when he tried to take me to task for certain statements I have made in this house at various times with reference to his own record upon technical education. I do not want to quibble with my right hon. friend as to whether I mentioned the "first occasion" or the "second occasion" when I spoke upon the introduction of the bill. I realize that the first occasion on which the question was brought to the attention of this parliament, and by myself, was in 1907. My right hon. friend was not then a member of the House of Commons and therefore I could not have made any reference to him in regard to that first occasion in 1907.

Mr. MACKENZIE KING: My hon. friend's words were that I killed his first resolution.

Mr. GUTHRIE: There is the quibble on the word "first." I meant the first time I moved the resolution, when the right hon gentleman was present. Is that clear? I am not referring to the occasion two years previously, before he was a member. Let us fix the occasion definitely, whether you call it first or second: It was in December, 1909. My right hon. friend was Minister of Labour; I was a humble member supporting the Liberal party and the government of which he was a member. And at the instance of very important bodies in this country, notably the Trades and Labour Congress of Canada, and various similar organizations, I brought forward a resolution for the appointment of a commission to inquire into questions relating to technical education. The right hon. gentleman, as Minister of Labour, discussed my motion in an elaborate and very interesting speech. The whole temper of the house was distinctly in favour of my resolution, but unfortunately for it my right hon. friend saw fit to move the adjournment of my motion. though he knew, as I knew, and every other member in the house knew, that should his motion of adjournment carry my motion would be relegated to the foot of the list. And under the rules of the house in those days my motion would not be reached again. He knew that; the whole house knew it. When he moved the adjournment of my motion the opposition of the day immediately challenged him upon the ground that he was trying to sidetrack the whole question—that was the word used in the debate. It was assumed by the opposition, of course, that the move of my right hon. friend as Minister of Labour was for the purpose of killing my motion, or postponing it, or, as was said on that occasion, sidetracking it. That was why Mr. Fielding got up and explained that the government did not intend to sidetrack it: he knew what the house believed. Well, the matter was put to the vote, the majority prevailed, and my right hon. friend's motion to kill my motion carried. And on that occasion I voted for the first time with the Conservative party. That vote constitutes one important milestone in my career.

My motion having been adjourned, or abandoned, or sidetracked, whichever way my right hon. friend wishes me to refer to it, considerable agitation arose throughout Canada among the parties interested; and if my right hon. friend will turn up the Toronto Globe of the day following he will see how strong was the protestation against the abandonment of the matter. At any rate, as I remember well, after the Christmas adjournment I was one of a deputation that waited upon Sir Wilfrid Laurier. In that deputation, I think, were Mr. Draper of Ottawa, Mr. O'Donoghue of Toronto, Mr. James Simpson of Toronto, a gentleman from my own riding and myself, and we urged upon the Prime Minister that the matter should not be dropped. These people were serious; they insisted that a commission should be appointed. Later on in that spring the then Minister of Labour, now leader of the opposition, did communicate, as he says, with the various provinces and did appoint a commission. The appointment was made in June 1910. Then ended the first step in the matter.

My right hon. friend in the speech which he made on my motion expressed the warmest sympathy with the subject of technical education.

Mr. MACKENZIE KING: My hon. friend said it was later on in the spring, but the communications I read this afternoon were dated December 30, 1909.

Mr. GUTHRIE: The commission was not appointed until June.

Mr. MACKENZIE KING: The communications with the provinces were immediately after.

Mr. GUTHRIE: That is the end of the first period. Those expressions of sympathy which permeated his address were couched in the beautiful language in which he always expresses such sentiments in this house. What the men who were earnest and interested in this matter wanted was not sympathy, but action, and the only action taken, and that under a certain amount of pressure, was when in June the commission was appointed.

When the commission made its report, a long and very interesting one, the government of Sir Wilfrid Laurier was out of office and the government of Sir Robert Borden was in office. No further practical step was taken in the matter until 1919. The war intervened. I was a member of the government in 1919 but I do not think my right hon. friend was a member of the house at that time. The government of that day brought in a bill to grant $1,000,000 per year for ten years to the various provinces in aid of technical education. It is interesting to note that the late hon. Mr. Fielding was in the house in 1919. I believe I placed on record the statement which he made in the house in the session of 1919 in regard to the bill, but I will mention it again just to emphasize what Mr. Fielding said. The following appears on page 3796 of Hansard of June 20, 1919:

> As regards technical education, it is worth remembering that this grant, although it is late in coming, is the outcome of a policy which the government of Sir Wilfrid Laurier took up some years ago.

The money grant by this parliament was the outcome of the policy of Sir Wilfrid Laurier, in whose government my right hon. friend was Minister of Labour. The grant of 1919 was the outcome of the policy of the government in which my right hon. friend sat. Mr. Fielding also said:

> When the government of Sir Wilfrid Laurier appointed that commission, headed by Professor Robertson and including a number of able men, we certainly created the impression that in some degree the matter was a dominion one, and I look upon this movement as a belated endeavour on the part of the government to carry out the intentions which the Liberal government had in mind when they appointed that commission.

That is a very clear and distinct statement from an able and prominent member of the Liberal administration, the late Hon. Mr. Fielding. When the bill passed the house in 1919 I do not think my right hon. friend was in the house. No further action was taken until 1929 when my right hon. friend was Prime Minister of Canada. The matter came up again at the instance of the opposition. The ten years period had expired, some of the provinces had received almost their whole allotment of money while other provinces had a considerable balance yet to be received. The question was: would the grants lapse or would they be continued? When the matter was brought to the attention of the house on that occasion, my right hon. friend used the following language:

> There was no thought at the outset that the federal government would be called upon to go further than simply to supply the information to the provinces which would enable them to develop their educational systems along lines of industrial training and technical education.

My right hon. friend stated there was no thought that the government should do more than gather information. Mr. Fielding stated that the grant of 1919 was the outcome of a Laurier policy. I think Mr. Fielding was correct notwithstanding the statements made in this house in 1929 by my right hon. friend, as I have just quoted them.

Mr. MACKENZIE KING: What about the letter addressed to the premiers of the provinces, and the replies thereto?

Mr. GUTHRIE: Which letter is that?

Mr. MACKENZIE KING: The letter which stated what the commission was for and asking the consent of the provinces to the appointment of such a commission.

Mr. GUTHRIE: In answer to that, I will read from the report of the commission appointed by my right hon. friend. The following appears on page 26 of the report:

> 5. The very considerable increase in the population of Canada by immigration is throwing additional burdens for elementary education upon the communities and the provinces. The enhanced public revenues due to growth by immigration goes in a large measure into the Dominion exchequer. The increase of the volume of trade brings in larger amounts through the customs offices. This would indicate that the new financial responsibility and burdens for industrial training and technical

education, on a scale large enough and generous enough to be available to all the people between the ages of 14 and 18, should be sustained in large measure by funds from the Dominion government.

Mr. MACKENZIE KING: What date is that?

Mr. GUTHRIE: That is the report of the commission.

Mr. MACKENZIE KING: Which was made in 1914. My remarks had reference to what took place at the outset in 1909.

Mr. GUTHRIE: I did not interrupt my right hon. friend and he should not interrupt me.

Mr. MACKENZIE KING: I hope my hon. friend wishes to state matters accurately.

Mr. GUTHRIE: I am reading from the report of the commission appointed by my right hon. friend. I quoted the statement made in this house by the Hon. Mr. Fielding, and I continued with the statement made in 1929 by my right hon. friend that the government had no thought of anything like financial responsibility in connection with this scheme. In 1929, my right hon. friend told the provinces and told this house that he did not approve of grants from the Dominion in aid of technical education, but his government passed an act to continue those grants for a further period of five years in so far as the unexpended balances were concerned and to the provinces which were entitled to receive such balances, but provided that such grants should lapse in the year 1934. My right hon. friend made a contract to run until 1934 and to provide for payments by a government other than his own. He tied the hands of that government in respect of these payments for another five years, and now he objects to that government following out the same principle and making grants for the next fifteen years.

Mr. MACKENZIE KING: Those were not new payments, they were extensions of the old grants.

Mr. GUTHRIE: As a result of the legislation sponsored by the then Minister of Labour, the government made future contracts with all provinces entitled to participate on a five-year basis, whereas all previous contracts had been made from year to year. That is the information which came to me this evening from the Department of Labour.

Mr. MACKENZIE KING: Will my hon. friend say that a new contract was made with the province of Ontario?

[Mr. Guthrie.]

Mr. GUTHRIE: No, because that province had received its full allotment.

Mr. MACKENZIE KING: My hon. friend has just stated that new contracts were made with all provinces, and that is not true.

Mr. GUTHRIE: All provinces entitled to unexpended balances. That is the position as I see it, and I think I have stated it correctly. There has never been a time when my right hon. friend has not poured out his heart in sympathy over the cause of technical education and vocational training. His sympathy has been abundant but that is not what the provinces want. They want practical assistance in this great work. Whenever the question of giving practical assistance has come up my right hon. friend has merely extended his sympathy and has refused financial support from the Dominion treasury.

I do not know that I should go any further into this matter at this stage. I shall have to furnish considerable information during the committee stage, and I think for convenience and expedition the bill had better be permitted to go into committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

Sections 1 to 3 inclusive agreed to.

On section 4—Agreement with province.

Mr. MARCIL: The minister might explain what the government have in view in regard to the application of this grant.

Mr. GUTHRIE: It is not proposed under the present bill to limit or restrict the application of these moneys as was done under the former bill, and should provinces so desire, such portion of the grant going to them may be used, for instance, in agricultural education or training. This was not permitted under the former bill. The reason for the exclusion of agriculture under the former bill was that another act had been passed by parliament in 1919 or 1920 providing for a specific grant in aid of agricultural education. That state of affairs continued until 1928 or 1929 when the Duncan report was made in regard to the maritime provinces, after which a change was made in the regulations allowing provinces if they so desired, to utilize their grants in agricultural education.

Mr. VENIOT: Was that not applicable only to Prince Edward Island?

Mr. GUTHRIE: I think it was applicable only to Prince Edward Island, as all the other provinces had availed themselves of

the grant for the purpose of what we understand as technical education or vocational training schools. "Technical education," as defined by the department, is as follows:

"Technical education," as defined in section 2 of the act, means and includes any form of vocational, technical or industrial education or instruction approved by agreement between the minister and the government of any province as being necessary or desirable to aid in promoting industry and the mechanical trades, and to increase the earning capacity, efficiency and productive power of those employed therein.

Mr. BROWN: Does that definition appear in the bill?

Mr. GUTHRIE: No, that is a definition made by regulation under the bill, and it is, I think, broad enough to include almost anything that the provinces desire in regard to special training that will promote industry or increase the welfare of any particular class in any province. Experience has shown that there is a good deal of diversity between the various provinces concerning what they desire to teach. In the past the wishes of the various provinces have been met in this respect. The federal department which has had charge of the administration of this fund has, I think, in every case been able to come to agreeable terms with the provincial authorities, so that there has been no clash, no hitch, no disagreement as to the application of the grants that were made to the different provinces, while the act of 1919 remained in force. The extent to which advantage has been taken in the various provinces of that enactment has been marked. It may be interesting to know, if I can give it in brief form, just what has been accomplished in that respect. For instance, in the report made to the department on June 30, 1930, we find that the attendance at the vocational school classes in Canada amounted last year to 127,873, while the total attendance in 1919, when the act came into force, was 60,546. During that period the attendance at those classes has been doubled and as divided amongst the provinces, the showing is particularly good. The number of pupils attending these classes in the different provinces is as follows:

British Columbia	11,778
Alberta	4,844
Saskatchewan	2,845
Manitoba	6,984
Quebec	19,893
Ontario	57,321
New Brunswick	3,158
Nova Scotia	6,725
Prince Edward Island	1,094

Or a total of 127,873 attending these special courses or classes.

Mr. MARCIL: I understand these pupils all atend these schools in the large cities or towns, but I should like to know the present policy of the government. Do they intend to come to an arrangement with the provinces whereby the benefits of this legislation may be extended to the rural districts? In Quebec we have industries in Montreal, Quebec, Sherbrooke, Three Rivers and so on, but in the rural districts the vocations are limited to farming, fishing, lumbering. Is any of this grant to be extended to the rural parts?

Mr. GUTHRIE: I fancy that if any province concerned were to make a reasonable proposal for any special section of its territory or in regard to any special class of its people, it would be favourably considered if it were for the purpose of vocational education or training. My attention has been drawn to the fact that without exception the provinces have endorsed this scheme and have asked for these grants in a definite way. Letters have been received during the present year, but at the meeting that was convened in Ottawa by the government of my right hon. friend in 1927, all the provinces were represented and all the resolutions passed there were to the same effect, commending the system as inaugurated by the government of the Dominion of Canada, commending the operation of the plan in the various provinces and asking for renewals of the grants. At that time of course they were in some doubt whether the act would be renewed or not, but the scheme has so far been commended by all the provinces. If they desire any special treatment or arrangements of their grants or to apply them in any particular way which still brings them within the general scope of the term "vocational training" or "technical education," there will not be the slightest difficulty in having the money applied in the way the provinces desire.

Mr. RHODES: With respect to the question just submitted by the hon. member for Bonaventure, as I understand it there never has been any limitation imposed as to the method employed by the several provinces so long as they come within the terms of the act. Speaking for Nova Scotia, a very important branch of the system there is the conducting of schools in the far-flung sections of the province through the correspondence school section of the provincial technical education college, and there is no reason in the world, so far as I understand it, why the same method could not be employed in the province from which my hon. friend comes.

Mr. HEENAN: I take it for granted that the government contemplate making similar agreements under the act to the ones now in existence. If so, the Dominion government will have very little to say as to where the schools shall be established. The provincial law will obtain in that regard, and the provinces require the municipalities, through their taxation, to take the initial step. I take it that that is right.

Mr. GUTHRIE: I think that is correct.

Mr. HEENAN: So my hon. friend from Bonaventure is right in saying that schools would not be established in the isolated rural districts unless the province makes arrangements to that effect. Take, for instance, towns like Kenora or Fort Frances; they are probably three hundred miles away from a large city, yet they are the centre of a large and important section of the country. The young men and the young women from that part of the country would of necessity have to travel as far as Fort William in order to obtain the benefit of technical education. I was wondering if the minister would not think it advisable to make provision in the agreements to be entered into with the provinces to assist those distant localities to a greater extent, so that the benefits of technical education will not all be concentrated in large cities like Fort William, Winnipeg, Toronto and Montreal. I think the point raised by my hon. friend from Bonaventure is very well taken. It is one that I was going to suggest to the minister, and I commend it to him because the people in the distant rural parts —this is the least important factor—are paying their share of the cost of technical education through taxation, yet they are unable to secure any of the benefits of it because of the fact that they live in scattered rural districts, where taxation is already very high. Kenora, with a population of 8,000 thought of establishing a technical school, but when the Ontario government sent their inspector up there to inquire into the situation, they determined that the school would hardly fit in with the taxation of the town and everything else connected with it. I would suggest to the minister that it might be well to take into consideration ways and means of assisting these localities through the agreements. As the agreements read at the present time—I have a copy of them here—we have very little to say except in the matetr of assisting the provinces with a grant. They themselves determine where the technical schools shall be established, and they spend the grant that we give them.

[Mr. Rhodes.]

Mr. GUTHRIE: That is the principle of the act, that this government does not carry on the work of education. It supplies the money, and the province works out all the details. I should have thought that as good a town as Kenora, with 8,000 people would probably have some kind of vocational school now. I think it ought to have, but that is a matter for the residents of Kenora and the government of the province. It would be fatal to the whole scheme if this government were to start to intimate what should be done and what should not be done. That should be left exclusively to the provinces and the municipalities concerned.

Mr. BROWN: How will the existing agreements extended up to 1934 be affected under this legislation?

Mr. GUTHRIE: They will not be adversely affected. The provinces will receive the amounts to which they are entitled notwithstanding this legislation. The legislation of 1929 had application only in respect of unexpended moneys under the former vote The amount unexpended at the present time is $1,152,165.26.

Mr. BEAUBIEN: What is it by provinces?

Mr. GUTHRIE: The table I have here shows the amounts available for the fiscal year ending March 31, 1930, as follows:

British Columbia	$ 68,563 73
Alberta	21,779 82
Saskatchewan	695,054 99
Manitoba	528,340 07
Quebec	125,302 35
Ontario	.....
New Brunswick	106,768 60
Nova Scotia	363,067 89
Prince Edward Island	126,522 07

Those amounts have been further reduced by payments since March 31, 1930. The total amount on hand on March 31, 1931, was $1,230,715.58. There are only five provinces now entitled to anything, as follows:

Saskatchewan	$436,259 15
Manitoba	448,177 12
New Brunswick	4,791 68
Nova Scotia	267,873 20
Prince Edward Island	73,614 43

Mr. BROWN: With the inclusion of agricultural training in the definition of vocational training, the provinces will be enabled more quickly to take advantage of the grant?

Mr. GUTHRIE: I expect they will.

Mr. VENIOT: They cannot take advantage of the amount unexpended for agricultural instruction. The minister meant under this bill?

Mr. GUTHRIE: Except in the case of Prince Edward Island, but as far as this bill is concerned all of the grant can be expended, if they so desire, for agricultural instruction.

Mr. VENIOT: Saskatchewan has an unexpended balance of $436,000 over a period of eleven years, Manitoba an unexpended balance of $448,000 over a period of eleven years, and Nova Scotia, which the Minister of Fisheries said was taking such advantage of the grants and desired to have them continued, has an unexpended balance of $267,000 over a period of eleven years. There is proof positive that those three provinces at least are not so very anxious that these amounts be voted to them, because they have not been taking advantage of the amounts hitherto available. Here we have over $1,000,000 in three provinces unexpended after eleven years' operation of the act, and in order to give them further time to take advantage of the grant we had in 1929 to extend for a further five years the term during which the unexpended balance might be spent. Two years afterwards we find that Saskatchewan has reduced its unexpended balance by only $200,000, and Manitoba has reduced its unexpended balance by less than $80,000, and Nova Scotia has reduced its unexpended balance by only $93,000. Yet we are told that these provinces are appealing to the government to vote this $750,000 a year for fifteen years. The facts as laid before the committee by the hon. Minister of Justice certainly do not show that Manitoba, Saskatchewan and Nova Scotia are anxious to take advantage of even what has been granted to them since 1919.

Mr. BROWN: Unless the act of 1929 be amended to allow the unappropriated balance to be spent on agricultural training, I am afraid the western provinces will not be able to take very much advantage of this legislation. Is it possible for the Minister of Justice to take that course?

Mr. GUTHRIE: I would have to have some request from the province before any arrangement of that kind could be made. All the provinces have approved the scheme. Speaking for myself, I may say that if Manitoba, Saskatchewan or Alberta desired to divert any considerable amount of the unexpended balance still due them, and they made representations to that effect, I think it might be very favourably considered. They have not made such representations.

Mr. BROWN: Does the minister mean that all the provinces have approved the scheme within recent times, or is he referring to the general approval given as far back as 1927?

Mr. GUTHRIE: Oh, no, within the last few months.

Mr. VENIOT: Do I understand the minister to say that should Saskatchewan, Manitoba, Alberta or even Nova Scotia, wish to divert the unexpended balances for agricultural purposes, the proposal would be favourably considered?

Mr. GUTHRIE: If the provinces asked for such diversion.

Mr. VENIOT: You could not grant that diversion.

Mr. GUTHRIE: I could, by an amendment to the bill. But that is what was suggested by my hon. friend from Lisgar (Mr. Brown); he asked me if we would consider an amendment to the bill for that purpose. I said no, unless the provinces themselves take the initiative in the matter.

Mr. BROWN: I think there can be no question of the attitude of the western provinces in regard to the matter. Would it not be possible to amend the legislation in that way so that the provinces can take advantage of it?

Mr. GUTHRIE: No request has been received in that respect yet, and I do not know whether my hon. friend speaks for all the western provinces or not.

Mr. BEAUBIEN: What is the total amount that Manitoba has received under the scheme introduced in 1919?

Mr. GUTHRIE: The total amount we have paid Manitoba for the ten years from 1919 to 1927 is $191,406.49.

Mr. BEAUBIEN: What is still unappropriated?

Mr. GUTHRIE: The unexpended balance amounts to $448,177.12.

Mr. BEAUBIEN: My contention is that the province of Manitoba, for which I spoke, has received only $191,000 in ten years out of a total of around $700,000. Unless the western provinces use the unexpended balance under the act of 1919 for agricultural purposes, I do not see how they are ever going to spend the $448,000, to say nothing of the money to be voted under this legislation. I desire to impress on the minister that if he is going to give the western provinces any grant for education, he should certainly not put any strings on it because those provinces are going to have the hardest time of their life keeping their primary schools open, and I doubt if all of them will open this fall.

Mr. MARCIL: The greatest problem we have in Canada to-day is to keep our people on the land. The majority now live in the towns and cities. It was not so in former years. The riding I have the honour to represent is 300 miles from the nearest city, Quebec. The young people scattered over this riding, 250 miles long, have to leave home and go either to Quebec or to Montreal, and many go to the United States to get this education. Under section 4 the federal government is authorized to come to an agreement with the provinces. Would it not be possible for the minister to give a very valuable service to the rural districts by making the grant conditional on the provinces extending the benefit of this education to the rural districts? I am not speaking merely for my own constituency, but for the rural districts generally. The minister will realize what an immense service he would render to the whole of Canada by adopting my suggestion.

Mr. GUTHRIE: I may state quite candidly to my hon. friend that if he means the money should be applied to primary education or to ordinary scholastic training in rural districts, that is not the purpose of this bill. Its purpose is to provide vocational and technical training.

Mr. MARCIL: Supposing a farmer's son wants to remain on the farm and to learn something connected with agriculture?

Mr. GUTHRIE: Agricultural courses might be provided at the agricultural colleges; but for primary education this grant is not intended.

Mr. BROWN: I am quite satisfied that the scheme would be much more useful in Manitoba if agricultural training were included. Would it be possible to have two agreements running side by side? For instance, take Manitoba, would it be possible for the province to make an agreement with this government to get a part of the fund applied to agricultural education, so the two agreements might run side by side?

Mr. GUTHRIE: An agreement was made in 1929 which continues for five years; that is not in any way involved in the present bill. That was a restricted agreement under the former act, under which I do not think agricultural education would be included. But a new agreement now will be made, if this bill is passed, and in the new agreement it will be possible to divert to the purposes of agriculture such portion of the money as the governments of the provinces may desire.

Mr. BEAUBIEN: Of the unexpended money?

[Mr. Beaubien.]

Mr. GUTHRIE: No, that is subject to the agreement made by the former government, which I suppose will be carried out.

Mr. BEAUBIEN: Has there been any request from the province of Manitoba to include agricultural expenditures in connection with the agreement made in 1929?

Mr. GUTHRIE: For the unexpended balance? No, none has come to my notice.

Mr. BEAUBIEN: That was done for Prince Edward Island?

Mr. GUTHRIE: That was done because of the report of the commission on maritime rights.

Mr. GERSHAW: I should like to suggest one point to the minister. I notice that the amount which would come to Alberta would be somewhere in the neighbourhood of $45,000 per year. The technical institutions, I think, are wholly in two of the cities, but in all the rural districts the pupils are taught practical agriculture, and to some extent text books are supplied on this subject. Would the minister consider an arrangement by which text books or supplies used for teaching practical agriculture in rural schools could be paid for out of this money?

Mr. GUTHRIE: If it is technical agriculture, properly so called, and it is requested by the province, under the present act there will be no difficulty in arranging to supply those books out of this money.

Mr. LUCHKOVICH: I think the allocation of this money in the rural districts would be a matter for the Department of Education of the province.

Mr. GUTHRIE: And the municipalities.

Mr. LUCHKOVICH: Yes. At the present time they teach only a little theory; very little practical work is done, so that it would be difficult to allocate any sum to the boys and girls taking up technical subjects in the public schools. I understand this grant is handed over to the province for technical education, and if they have a school in Edmonton or in Calgary naturally a certain portion of the money goes to that school. Is that it?

Mr. GUTHRIE: The money is handed to the provincial government under the terms of an agreement, and it is expended by the provincial government as that government sees fit, in compliance with the terms of the agreement.

Section agreed to.

Sections 5, 6 and 7 agreed to.

Bill reported.

Mr. GUTHRIE moved the third reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, on the second reading of the bill my hon. friend the Minister of Justice (Mr. Guthrie) in closing the debate, said he would not have spoken but for the remarks of the leader of the opposition. May I say that I had no intention of speaking on the third reading, but I am doing so now in virtue of the speech made by the Minister of Justice.

In his speech my hon. friend repeated what he had previously said and what after the quotations I gave this afternoon from his own speeches I thought perhaps he would correct when he came to speak to-night. His statement was to the effect that I had been responsible for killing his motion at the time it was introduced. I think even to my hon. friend himself it is now quite clear that his first motion was killed by himself; for in the speech he made in the house on a subsequent occasion with regard to it he said that his own words had not been effective enough to convince the house. But with regard to the second motion, so that there may be no possibility of any quibbling about the matter, my hon. friend said that unfortunately my motion, as Minister of Labour, was made to kill his motion. In other words, he repeated what he previously said, that in 1909 when I moved the adjournment of the debate it was to kill his motion.

Mr. GUTHRIE: It had that effect.

Mr. MACKENZIE KING: I said this afternoon that my purpose in moving the adjournment of the debate was to enable the government to make progress in appointing a commission, and that the whole purpose was to get the consent of the governments of the provinces so that there would be no question of jurisdiction raised to embarrass the work of the commission, and to get the commission appointed at the earliest possible date. Now I wish to repeat what my hon. friend then said with respect to my motion for adjournment, in order to show what was his view at that time, and I would ask the committee to judge for themselves whether these words sound as though my motion, in his estimation, was killing his motion. I refer to page 1096 of Hansard for December 6, 1909:

> As mover of the resolution I may say a word on the motion to adjourn. After dealing with the question somewhat fully this afternoon, and endeavouring to impress upon the government the propriety of the motion, and also the expediency of appointing a commission forthwith, I hardly think it would be consistent for me now to vote for the postponement of my own motion. However, I accept in absolute good faith the statement made by the Minister of Labour in asking for an adjournment of this debate in order to give the government further time to consider the question. If I thought there was the slightest foundation for the statement of the hon. member for Grenville (Mr. Reid) . . . .

Who, by the way, had said that the motion was in order to sidetrack the whole matter. Then my hon. friend goes on to say:

> . . . . I would be the more inclined to press the matter with all the resources at my command. But I accept the statement of my hon. friend the Minister of Labour, and the positive assurance given to this house by the Minister of Finance that the government does feel in sympathy with the main purpose of this resolution, but requires further time for consideration.

Then a little later on he said:

> However, as I feel satisfied that the government has evidently the intention of going ahead on this matter and desires only time for consideration, I do not ask anyone to support what may be my vote if a division is taken.

Those are my hon. friend's words in reference to two persons, myself, and the late Right Hon. W. S. Fielding, who is no longer here to speak for himself. I propose to say a word on my own behalf, and I also propose to say a word with respect to the late Right Hon. Mr. Fielding, who is no longer in this parliament to answer my hon. friend. With regard to myself, and to show that my motion was simply to enable the government of the day to get some information that we might proceed with the speedy appointment of a commission, my hon. friend said:

> However, I accept in absolute good faith the statement made by the Minister of Labour in asking for an adjournment of this debate in order to give the government further time to consider the question.

When my hon. friend said he accepted my word in absolute good faith he was speaking as one gentleman to another, in the presence of gentlemen in the House of Commons. He was doing more than that; he was then, as he described himself this evening, a humble member of parliament speaking to a minister of the crown. To-day he is speaking as a minister of the crown to a humble member of the opposition, and what my hon. friend in 1909 said he was prepared to accept in good faith as a gentleman, and as a member of the House of Commons, to-day as a minister of the crown he says is a matter of bad faith. I am sorry for the changes the years have brought in the attitude of my hon. friend. I thought the present Minister of Justice was a man of his word; I thought that the present Minister of Justice, when he said to anyone, "I will accept your statement in good faith", would, so long as he

lived, remain true to his word. I can only regret that hereafter I shall not be able to feel that, when Minister of Justice in the government of another party, he was as true to his word as he was when a humble member of the Liberal party.

May I say a word on behalf of the Right Hon. Mr. Fielding? The present Minister of Justice has brought into this debate the name of a gentleman than which none is more honoured in the parliament of Canada. The hon. member has cited Mr. Fielding because of his known integrity, because of the type of man he was, a gentleman whose word he knew would weigh with all hon. members of this House of Commons. This evening he has given to the house, from the speech made by Mr. Fielding in 1909, certain citations which he says confirm the view that my motion made in that year was intended to kill his and that what was being done by the government in 1919 was in furtherance of the original intention of the Laurier administration, and that this original intention was not to gather information as I have said. Let me read what the Right Hon. Mr. Fielding said, and let me lend to his words the added emphasis of one who is not here to speak for himself but whose name is revered even by the present Minister of Justice. This is what Mr. Fielding said, as reported in Hansard of December 6, page 1089:

> I must take exception entirely to the observation of an hon. gentleman opposite, that the motion to adjourn is a motion to side-track this resolution.

That was what Mr. Fielding said regarding the comment that had been made by Doctor Reid, who was member for Grenville, that the motion was to sidetrack the resolution. The Minister of Justice tried to convey to the house to-night the impression that in Mr. Fielding's opinion there was an attempt through my motion to sidetrack the resolution, and these are the words of Mr. Fielding:

> I must take exception entirely to the observation of an hon. gentleman opposite, that the motion to adjourn is a motion to side-track this resolution; and while I propose to vote for the motion to adjourn, I do so on altogether a different ground. After the discussion we have had, after the abundance of information brought before the house, showing the great need of this movement in Canada, it would indeed be strange if nothing further should be done. We are all of the opinion that something should be done, and the only question is what is the better way of doing it.

Then further on:

> I am going to vote for the adjournment of the debate, not for the purpose of sidetracking the matter, but that we may have further opportunity of considering, not the wisdom of doing something, but the best way in which to do it.

And finally:

> I do so in order that we may have the opportunity of considering further what is the best way to aid a movement which seems to have received the favour of the whole house.

I do not believe there is a single member who will not accept, verbatim et literatim, every word uttered by the late Mr. Fielding at that time. I could wish for the Minister of Justice that when he has passed away, and when his words are being quoted in this parliament in years to come, they might be received as unreservedly as the words of Mr. Fielding have been accepted by himself.

I was a little over generous when I said a moment ago to my hon. friend that the letter which I sent out immediately after the debate in question was dated December 30. I find that the letter was sent on December 13, the 30th being the date of one of the replies. That was not as he said a year or so after my hon. friend's motion was voted down. My hon. friend made his speech in the House of Commons on December 6. He knows, as hon. gentlemen do, all that is involved in departmental correspondence, the preparation of communications, and so on. I ask whether much time was lost in carrying out the promise of the then administration given by myself as Minister of Labour to take steps immediately to appoint a commission. That promise was made on December 6, 1909, and on December 13, 1909, the following letter was sent to each of the premiers of the different provinces:

> Department of Labour, Canada.
> Ottawa, December 13, 1909.

Dear Sir:

The Dominion government is considering the advisability of appointing a royal commission to inquire into the needs and present equipment of the Dominion as respects industrial training and technical education, and into the systems and methods of technical instruction obtaining in other countries, particularly in Great Britain, France, Germany and the United States. It is intended that the commission shall be solely for the purpose of gathering information, the information when obtained to be published in a suitable report to be at the disposal of the provinces and available for general distribution.

I may say that the view of the government is that a commission of the kind suggested might render valuable services to the Dominion as a whole, since it would be in a position to conduct an inquiry on a wider and more comprehensive scale than might be considered desirable or possible in the case of the different provinces, and which if undertaken by the provinces individually must lead inevitably to the duplication and reduplication of energy and expense.

It is recognized, however, that the work of such a commission, to be of national service, should have the hearty endorsation of the governments of the several provinces of the Dominion, and I am, therefore, writing to ask if the appointment by the federal authorities of a commission of the character and scope suggested would meet with the approval of your government, and to inquire, in particular, inasmuch as some doubt has been expressed on the point, whether exception to such a course would be taken on any ground of jurisdiction.

Yours faithfully,

W. L. Mackenzie King.

Then the replies came from the different premiers. I read some of them this afternoon, but inasmuch as my hon. friend this evening sought to have the committee believe that I was stating something that was not correct, when I said that the original purpose of the commission was solely that of gathering information, that that was the ground on which the commission was appointed, let me read again a paragraph or two from some of the replies. Here is a communication from Sir James Whitney:

Office of the Prime Minister and President of the Council, Ontario

Toronto, December 16, 1909.

Hon. W. L. Mackenzie King,
Minister of Labour,
Ottawa, Ont.
Dear Sir:

I have your letter of the 13th instant.

I understand the object of the proposed commission, to inquire into the needs and present equipment of the Dominion as respects training and technical education and into the system of methods for technical instruction obtaining in other countries, will be solely for the purpose of gathering information. This being so, I see no objection to the creation of the commission, and no exception will be taken to it on the part of the province of Ontario.

Yours very truly,

J. P. Whitney.

I will give one other letter—reference to others will be found in the speech I made this afternon on the second reading. This letter is from the premier of the province of Quebec. It will be seen that I have taken the two largest and most important provinces.

Office of the Prime Minister, Province of Quebec

Quebec, December 30, 1909.

Hon. W. L. Mackenzie King,
Minister of Labour,
Ottawa, Ont.
Sir:

I have submitted to my colleagues of the executive council the letter you were kind enough to write to me on the 13th inst., asking me whether the government of the province of Quebec would approve the appointment by the federal authorities of a commission to make an investigation concerning technical instruction in this country.

We are of the opinion, my colleagues and myself, that anything pertaining to public education—whether the subject be special teaching or general teaching—belongs to the provinces exclusively, and I want to write you so, in order that there may be no misunderstanding on that point. As, on the other hand, you give me the assurance that the federal authorities, in instituting a commission of investigation, would simply do it with a view to help the provincial governments, by having collected information which they would later on put at the disposal of the latter, we see no objection to the appointment of such a commission.

Please accept, sir, the expression of my highest regard.

Lomer Gouin,
Prime Minister.

These letters I have quoted will show the reason for my repeated statement that the original intention in appointing the commission was solely that it should gather information to be placed at the disposal of the provinces, so that there should be no question of invasion by the Dominion of provincial jurisdiction in the matter of education. Having been responsible for the appointment of the commission, I have ever since felt responsible to the provinces for maintaining the position which I then took. I have before me a copy of the order in council which covered the appointment of the commission. It reads:

Certified copy of a report of the committee of the privy council approved by His Excellency the Governor General on the 1st June, 1910.

Let me direct attention to the date of that recommendation. As hon. members know, while parliament is in session ministers find it very difficult to arrange the personnel of commissions and the like. The last replies received from the different provinces came in around January or February, and in May of the same year, as Minister of Labour I made my recommendation to the cabinet for the appointment of the commission. The order in council reads as follows:

On a memorandum dated May 28, 1910, from the Minister of Labour stating that industrial efficiency is all important to the development of the Dominion and to the promotion of the home and foreign trade in competition with other nations—

Mr. BENNETT: Those are functions of the Dominion.

Mr. MACKENZIE KING: That is why I was citing them. It was my duty as Minister of Labour to state why the Dominion government should appoint a commission to inquire into this matter. May I read again without interruption?

Mr. BENNETT: I extend my regrets for having interrupted.

Mr. MACKENZIE KING: I am sure my right hon. friend meant no impoliteness, but three very insulting interruptions occurred this afternoon from the other side of the house. As my right hon. friend leads the house I have a right to expect him to set an example to his followers. That is why I took exception to his interruption. I do not believe the Prime Minister meant anything discourteous, but the interruptions this afternoon were most discourteous; they were entirely uncalled for and insolent; I venture to say the Prime Minister would not have supported them. I take the position in this parliament that while speaking in opposition I am as much entitled to a respectful hearing as is the Prime Minister, and I will look to you, Mr. Speaker, to see that during the rest of the sessions of this parliament a fair hearing is given to myself and to all hon. members on this side of the house. If we cannot get that hearing in the parliament of Canada, we will be heard somewhere else. The order in council reads:

Certified copy of a report of the committee of the privy council, approved by His Excellency the Governor General on the 1st June, 1910.

On a memorandum dated May 28, 1910, from the Minister of Labour, stating that 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 and can be best promoted by the adoption in Canada of the most advanced systems and methods of industrial training and technical education.

May I ask, Mr. Speaker, that order be maintained in the chamber?

Mr. SPEAKER: Hon. members will kindly desist from loud conversation while the right hon. gentleman is speaking.

Mr. MACKENZIE KING: The order in council continues:

The minister further states that the premiers of the several provinces of the Dominion have expressed on behalf of the governments of their respective provinces, approval of the appointment by the federal authorities of a Royal Commission on Industrial Training and Technical Education.

The minister recommends that authority be granted for the appointment of a royal commission to inquire into the needs and present equipment of the Dominion as respects industrial training and technical education, and into the systems and methods of technical instruction obtaining in other countries; the said commission to be appointed pursuant to vote No. 477 of the supplementary estimates for the fiscal period ending March 31, 1910, and to consist of the following gentlemen, viz.:—

[Mr. Mackenzie King.]

James W. Robertson, Esq., C.M.G., LL.D., of Montreal, Que., Chairman.

Hon. John N. Armstrong, Esq., of North Sydney, N.S.

George Bryce, Esq., LL.D., F.R.S.C., of Winnipeg, Man.

M. Gaspard DeSerres, of Montreal, Que.

Gilbert M. Murray, Esq., B.A., of Toronto, Ont.

David Forsyth, Esq., M.A., of Berlin, Ont.

James Simpson, Esq., of Toronto, Ont.

The minister further recommends that the said commissioners be instructed and empowered to pursue their investigations at such localities as may appear necessary, in the Dominion of Canada, in the United Kingdom of Great Britain and Ireland, the United States of America, France, Germany, and, subject to the approval of the minister, elsewhere on the continent of Europe; also that the purpose of the commission shall be that of gathering information, the information when obtained to be carefully compiled, and together with such recommendations as it may seem expedient to the commission to make, published in a suitable report to be at the disposal of the provinces and available for general distribution.

The minister further recommends that the commissioners be appointed under the provisions of the statute respecting inquiries concerning public matters, and report the results of their investigations together with their recommendations to the Minister of Labour.

The minister further recommends that Mr. Thomas Bengough, of Toronto, be appointed secretary and reporter to the said commission.

The committee submit the same for approval.

(Sgd.) F. K. Bennetts,
Asst. Clerk of the Privy Council.

That is the story. On December 6, the government of the day promised that it would take immediate steps to appoint a commission, but it desired first to communicate with the premiers of the different provinces to make sure that no question of jurisdiction would be raised. On December 13, 1909, communications were sent to the premiers of the provinces and replies were received during the balance of that year and extending into the next. One was dated Victoria, January 15, which would reach Ottawa the latter part of the month. On March 13, 1910, an amount appeared in the supplementary estimates for the fiscal year ended March 31, 1910, as an appropriation for the commission. That amount was not included in the estimates for the following year but in the supplementary estimates for the fiscal year ended March 31, 1910. This was done so that the commission could be speedily appointed. The recommendation to the council was made by the Minister of Labour on May 28, 1910, and the authority for the appointment was dated June 1, 1910.

The commission then started on its duties and visited different parts of this country.

It made several interim reports but it was not until 1913 that the final report came in. My hon. friend has said that they acted on the final report the next year, but let me read what the commission said.

Mr. GUTHRIE: I said that the government of which I was a member took action in 1919.

Mr. MACKENZIE KING: In 1919 the government took action upon the report which had been brought in in 1913. Let me read one paragraph of the report, as follows:

> The commission recommends that the sum of $3,000,000 be provided annually for a period of ten years by the parliament of Canada and paid annually into a Dominion development fund.

Did the government of the day act on that recommendation? Instead of acting on it and making an annual grant of $3,000,000 for ten years, it passed an act to provide for the annual payment of $1,000,000 spread over a period of ten years. It gave less than one-third of the amount suggested by the commission as being necessary as a development fund.

Mr. GUTHRIE: My hon. friend must not forget that a war had occurred in the meantime.

Mr. MACKENZIE KING: There was a war in the meantime and ever since this country has been endeavouring to pay for that war but has not succeeded. While that war was proceeding every dollar of the finances required on war account was money borrowed by the government then in office, and it was left to subsequent governments to meet the expenses. We have to-day a condition in this country which, considered from the point of view of its possible effect upon trade and industry, is almost as serious as periods of war have been in different countries at different times. We have at the present time a condition in Canada to meet which the Prime Minister intends to announce to-morrow night, I do not know what measure of relief. I shall be very much surprised if this parliament is not asked to vote some such sum as $50,000,000, $75,000,000 or $100,000,000 to relieve the present situation. Many men and women have no work, they have no food to eat, some no clothing to wear, and are unable to pay their bills. Is this a time for the government to be asking the people to spend additional amounts of money in grants to the provinces, when, as has been pointed out to-night, some of the provinces have not been able to use the total amount of grants that have been made to them; when in addition to that, municipality after municipality has been communicating to the provinces its inability to carry the burden resulting from the provinces passing on to the municipalities the raising of amounts equivalent to some of the grants which the Dominion has furnished for certain purposes? I am as strongly in favour of promoting technical education and vocational training and I have done as much in regard to getting industrial training developed as any other man in the country. I was responsible for the appointment of the commission the report of which lies at the basis of this whole matter. I was the one who brought into parliament the recommendation for the appointment of a commission to study the question of technical education when the present Minister of Justice says himself that he could not have his voice heard in the matter of getting support for his proposals. This commission made its report and my hon. friend tells us to-night that on the basis of this report the governments of the day have since acted. Yet he would seek to deny the administration of which I was a member any credit for any part in this matter, and particularly in regard to myself he would seek to make out that I had killed his motion, citing in a manner wholly misleading in support of his statement the words of one who is no longer here to speak for himself. I do not wonder hon. gentlemen opposite sigh. After all, there are some things that are befitting even in parliamentary debate.

When this afternoon I spoke on the second reading I pointed out that within the last two years this very parliament of which we are members at the present time will have voted —if we include what is in the estimates to-day, has already passed the house and will shortly receive His Excellency's assent—the sum of $1,000,000 for industrial research work, which is part of the technical education work of the country, to be given to the industrial research council that was not in existence at the time the technical education act was first passed. May I point out that in addition to that the house will have voted within the past two years something approaching another $3,000,000 for the construction in this very city of Ottawa of the finest research laboratory on the continent; that this house has voted another $750,000 for further research work in connection with the Department of Mines. According to the statement of the Minister of Trade and Commerce (Mr. Stevens) the other evening the national research council itself has been awarding scholarships to

young men and women throughout the country to go into the universities, technical colleges and elsewhere in order to qualify as experts in matters of industrial and technical research. I have supported all these measures, and been largely responsible for some of them. I have pointed this out to make clear that I am not opposing any aid to industrial and technical education. I have shown that inside two years something like $5,000,000 has been voted for this purpose. This measure calls now in addition for the expenditure of a sum of $750,000 a year for a period of fifteen years.

Surely these are things of which account ought to be taken, and I again appeal to the ministry, although I know my words will not be harkened to, to consider whether the time has not come when we ought to call the provinces into conference to find out, where there is any doubt, what services should be carried on by the provinces, what services should be carried on by the Dominion, what is a fair adjustment of financial arrangements between them, what are the sources of revenue and taxation for each of them to have. If as a result of that conference it is decided that the British North America Act should be amended so that the federal parliament shall take over in its entirety the work of industrial and technical education in all parts of Canada, I shall be prepared to support a recommendation of that kind. If, on the other hand, it is decided that the provinces shall do the work of vocational training and that the Dominion government shall do that of higher industrial research work of the type in which the universities are engaged, I shall be prepared to support that. If it is decided that the Dominion should take over the old age pensions scheme and administer it in its entirety, I shall support that gladly and I say here and now that is what I think ought to be immediately done. If, further, it is decided with respect to unemployment and other matters there is to be a division whereby the Dominion will assume certain obligations and the provinces other obligations, I shall be prepared to consider favourably recommendations that are made along those lines.

What I submit, however, is this; whether we have made mistakes in the past—and I was frank enough the other evening to say that with respect to some of those grants I did make the mistake of countenancing contributions to the provinces, but I thought experience had shown that was not wise—if as a result of a conference of that kind, we come to the conclusion that these different grants should not be continued, but that larger subsidies should be given to the provinces; that the provinces should be allowed certain fields of taxation which are not used by them at the present time, I shall be prepared to consider all these things on their merits. The constitution of this country was framed by men who gave the matter very serious thought, who were very careful in outlining respective spheres of action for the provinces and the Dominion, and who showed, that by making provision for the adjustment of accounts through subsidies, they felt that any money that went from the federal treasury should go to the provinces to be dealt with by the provinces as they might deem best, but not that provincial jurisdiction should be invaded by the Dominion nor that the Dominion should seek to put pressure on the provinces.

The Minister of Justice said the other day that this legislation would give more power to the provinces, and he supported it on that ground. Is not that an extraordinary position for the Minister of Justice of the federal government to take? More power to the provinces where federal finances are involved means less power to the Dominion. The Minister of Justice is here to maintain the power of the Dominion. One thing which we as members of the federal House of Commons have to safeguard is the rights of the Dominion. In this house many speeches have been made, to which no exception can be taken in any particular, about the needs of provinces and what the provinces should do; but this is the parliament in which to discuss the needs and taxation of the Dominion, and this is the place where primarily matters of federal and not of provincial obligation must be settled.

May I conclude with this word: I remember very well when in 1916 this parliament was discussing the question whether it would without sanction of the electorate extend the term of parliament for one year, when under the constitution it had not the authority so to do. I was not a member of parliament at the time, but I was in very close association with the late Right Hon. Sir Wilfrid Laurier who honoured me with his confidence in matters of the kind, and I know something of the discussions which took place. I remember very well Sir Wilfrid Laurier saying at that time: Once we trifle with the constitution and seek to do things which by the constitution were never intended, we put profane hands upon the ark of the covenant and no one can say how far the resultant injury is likely to extend. That is a very sound doctrine. If the constitution is not right, amend it; make it as it should be; but as

long as we have a constitution setting forth certain powers for the Dominion and certain powers for the provinces, we shall not err very much but will rather be doing our duty as members of the federal parliament if we adhere to that constitution in spirit as well as in letter.

Motion agreed to, and bill read the third time and passed.

CUSTOMS TARIFF AMENDMENT

Right Hon. R. B. BENNETT (Minister of Finance) moved the second reading of Bill No. 111, to amend the customs tariff.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

Mr. BENNETT: All the sections, Mr. Chairman, have been considered in committee on the resolutions. They have been very carefully compared and reprinted, and I think they are wholly in order.

Sections 1 to 3, inclusive, agreed to.

On section 4—Powers of governor in council.

Mr. MACKENZIE KING: I notice that one of the principal changes in this section is the adding of the words "from time to time" in various places. May I ask my right hon. friend whether those words either add to or take from the previous section in any material particular?

Mr. BENNETT: Some of them add to; others are as they were. This makes them uniform and confers upon the governor in council the power from time to time to exercise the authority mentioned, namely, to extend or withdraw the British preference or intermediate tariff, as the case may be.

Mr. MACKENZIE KING: May I ask my right hon. friend to indicate the sections that give additional power to the governor in council?

Mr. BENNETT: In paragraphs (a), (b), (c), (d) and (h) the underlined words "from time to time" are new; in paragraphs (e), (f) and (g) the words were already there.

Mr. MACKENZIE KING: Let me understand this. I would gather that for purposes of uniformity the insertion of the words may have some advantage, but do the sections as sections of a statute change in any particular the powers that are given by the act?

Mr. BENNETT: The words "from time to time" were added to make clear what had been taken to be an inference of law from the language, to remove any doubt with respect to the matter. Paragraph (e) of section 4 is new, giving the governor in council power from time to time to extend to any British country the benefit of rates of customs duties more favourable than those of the British preferential tariff.

Mr. MACKENZIE KING: That is very desirable, I think.

Mr. BENNETT: The next paragraph, it will be observed, is the complement of that, and paragraphs (g) and (h) are really complementary, the one authorizing the granting of an extension, and the other its withdrawal.

Section agreed to.

Section 5 agreed to.

On section 6—Undervaluation.

Mr. BENNETT: I trust that the committee observes that midway in the section are the words "under the Australian Trade Agreement Act, 1925, the said special duty shall not exceed 15 per cent ad valorem in any case." That will not apply when the new treaty comes into force, but it is left in because if anything should happen by which that treaty did not come into force we would be without the provision to which the hon. member for Sherbrooke referred last night, namely the dumping provision.

Mr. MACKENZIE (Vancouver): Does the Australian treaty come into force when it is passed by Australia?

Mr. BENNETT: It comes into force on proclamation.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Fish caught in Canadian vessels to be free.

Mr. VENIOT: Is that sufficiently clear, "domiciled in Canada?"

Mr. BENNETT: The hon. member for Gloucester will remember that when the resolutions were before the committee some discussion took place with respect to this matter. It is as clear as under the circumstances it can be made, having regard to the difficulties of Canadian nationality and matters cognate thereto as explained by the Secretary of State. It will be observed that it says, "Fish caught by fishermen in vessels registered in Canada." That is the first thing. Then it says, "or owned by any person domiciled in Canada."

Mr. VENIOT: Although registered elsewhere; that is what it means?

Mr. BENNETT: Exactly. That is as clear as it was thought desirable to put it having regard to the conditions referred to when the resolutions were before the house.

Section agreed to.

Sections 10 to 17 inclusive agreed to.

On the schedules:

Mr. BENNETT: I promised my hon. friends opposite that ample opportunity would be afforded on the schedules for discussion, and I suggested last night that if they desired to discuss the September legislation they might do so now or later, as they preferred. We will proceed with the schedule and they may speak at the end of it or as they may be advised.

Customs tariff—76. Seeds, viz.: Cauliflower, celery, onion, pepper and tomato, when in packages weighing more than one pound each, per pound: British preferential tariff, free; intermediate tariff, 25 cents; general tariff, 25 cents.

The first change is No. 76, page 14. It will be observed that in 76d the word "celery" is the third word. It is a typographical change. The hon. Minister of Fisheries (Mr. Rhodes) will move the amendment. It has been checked up very carefully.

Mr. RHODES: I move:

That item 76 be amended by striking thereout the word "celery."

Amendment agreed to.

Item as amended agreed to.

Customs tariff—184c. Magazines in which the advertising matter does not exceed twenty per centum of the total space: general tariff, free.

Mr. BENNETT: The next item is 184c. During the discussion the other day in committee the question was raised as to the sufficiency of the language to make clear that religious, educational, scientific philanthropic, agricultural, labour or fraternal publications should be free. This amendment will make it abundantly clear:

Magazines maintained by and in the interests of religious, educational, scientific, philanthropic, agricultural, labour or fraternal organizations or associations not organized for profit and none of the net income of which inures for the benefit of any private individual.

Those are the words used in other countries, and we have followed them here, so that no question will arise as to the reciprocal character of our operations. I was struck with the way in which the question was put the other day; hence this takes the place of the language employed.

Mr. RHODES: I move the amendment accordingly.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—184d. Periodicals or portions of newspapers consisting largely of fiction and/or feature stories or articles and/or comic supplements, per pound: general tariff, 15 cents.

Provided, that the duty under this tariff item shall be not less than per copy: general tariff, 15 cents.

Provided, that nothing in tariff items 184, 184a, 184b, 184c or 184d shall affect in any way the provisions of item 1201 of schedule C to the customs tariff.

Provided, further, that the governor in council may make such regulations as are deemed necessary to carry out the provisions of tariff items 184, 184a, 184b, 184c and 184d.

Provided, further, that the rates of duty specified in tariff items 184b and 184d shall be effective on and after the first day of September, 1931.

Mr. BENNETT: With respect to this item it is proposed that after the words "September, 1931," the following words be added:

—except as regards the portions of newspapers, includig comic supplements, referred to in tariff item 184d, in respect of which newspapers and/or supplements the rates of duty specified in said item shall become effective upon proclamation by the governor in council.

I need hardly point out to the committee that possibly some members knew what had not clearly been made known before, that there are contracts outstanding in these matters, the breaking of which would very seriously embarrass financially the people who are parties to the contracts, and in addition the effect would be to establish a monopoly in Canada with respect to some of these comic supplements about which I spoke the other day. The only way in which it can be met involves the consideration of very complex problems, some of a postal character and some otherwise. So it is proposed to defer operation of that portion of item 184c until proclamation by the governor in council.

Mr. RHODES: Mr. Chairman, I move the amendment accordingly.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—438d. Horns, distributors, instrument board lamps, oil gauges, gasoline gauges, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, annular ball bearings and parts thereof, lock washers, speedometers and parts thereof, vacuum tanks, composite gaskets of copper and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls and body stampings of metal, including front, rear, side, door and seat stampings, not welded or riveted, nor further manufactured than as stampings, all of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c and 438e for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b and 438c: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: The next item is 438d. It is only a question of making clear a matter about which the persons concerned think there might be some doubt. If the committee will be good enough to turn to page 20 and look at the fifteenth line from the bottom they will find these words:

—body stampings of metal, including front, rear, side door and seat stampings, not welded or rivetted, nor further manufactured than as stampings, all of a class or kind not made in Canada.

The trade were fearful that a wrong construction might be placed upon these words, because it was only intended to meet cases in which stampings were not further manufactured than welded or rivetted for shipping purposes. In order that that may be cleared up the item will read now as follows:

438d. Horns, distributors, instrument board lamps, oil gauges, gasoline gauges, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, annular ball bearings and parts thereof, lock washers, speedometers and parts thereof, vacuum tanks, composite gaskets of copper and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls, and body stamping of metal, including front, rear, side and door stampings, not further manufactured than welded or rivetted for shipping purposes, all of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c and 438e for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, and 438c.

Mr. RHODES: I so move.

Mr. EULER: Are these necessarily of metal?

Mr. BENNETT: Yes, they are all of metal.

Mr. YOUNG: Mr. Chairman, the other night when we were dealing with items 438 and 438a I made a statement to the effect that whenever the minister under the authority of an order in council—which order in council would be issued under the authority of the customs act passed at the special session—placed an arbitrary valuation on goods for duty purposes, the valuation invariably would be above the invoice value, that this always tended to induce the importer to pay a higher price for the goods to the foreign producer than he would otherwise pay, and that if he did not do so the customs department would impose a fine on him in the form of a dumping duty equal to the excess price he might pay. I stated further that the importer because of that condition would always be tempted to pay a foreign manufacturer more than was necessary, thus transferring to the coffers of foreign producers money that otherwise might come into the treasury of the Dominion. I mentioned automobiles. The minister at the time informed me that that could not happen. My purpose in speaking to-night is to show that it can happen, that it does happen, and that it is inevitable that it should happen.

It will be recalled that in 1922 the government of the day passed an amendment to the customs act known as 47a. That amendment gave the minister power to place an arbitrary valuation on natural products coming into the country, which valuation should be the value for duty. That amendment remained a dead letter on the statute books until 1926, when my hon. friends opposite were in power. They enforced the act; they passed an order in council giving the minister power to place this arbitrary valuation on certain natural products.

Mr. BENNETT: Fruits and vegetables.

Mr. YOUNG: Yes, fruits and vegetables. Not only did the minister fix this valuation and thereby increase the duty, but the officials of the department took that arbitrary valuation as a basis for accusing the importer of dumping, and they added the dumping duty. When we discovered that this was being done we protested to the departmental officials. They insisted on their right to charge that dumping duty; we insisted they had no such right, until finally they consented to appeal to the Department of Justice for an opinion. The Department of Justice declared they had no right to impose a dumping duty because of the arbitrary valuation which had been placed on the article. In spite of that they continued for a time to

collect that dumping duty until finally an appeal was taken to the governor in council and the orders in council were rescinded.

Matters remained in that state until the September session of the present parliament, when amendments were passed to the Customs Act which gave the minister power to place an arbitrary valuation not only on natural products but on almost anything coming into this country, such valuation to be the value for duty. Those were the amendments to the Customs Act, and having done that an amendment was passed to the customs tariff. That is section 6 of the customs tariff, which was the dumping clause, and I wish to read that section as it was amended last fall:

> In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, or is less than the fair market value or value for duty thereof as determined under the provisions of section thirty-six of the Customs Act, or is less than the fair market value thereof as fixed by the governor in council under the provisions of section thirty-seven of the Customs Act, or is less than the value for duty thereof as determined by the minister under the provisions of paragraphs (a) and (e) of section forty-one of the Customs Act, or is less than the fair market value thereof as fixed by the minister under the provisions of section forty-three of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the article for export and the said fair market value thereof or value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such article although it is not otherwise dutiable.

This is the meaning of that amendment: Where the minister has exercised his power of fixing a value for duty on almost any goods—since the power goes that far now—if that value is higher than the price the man actually paid for the goods then the man shall be charged a dumping duty equal to the difference between the price so fixed by the minister and the price he pays. The other day my contention was that the man was thereby tempted to pay a higher price to the foreign canufacturer, with whom very often he is friendly, rather than pay the dumping duty, and that the effect of this legislation is to force Canadians to pay higher prices to foreign producers than those producers receive from their own people, and higher prices than it is necessary for the Canadian to pay. The minister said such a thing could not happen, but I have here three letters which I think will convince him that it not only can but does happen. Here is a letter from the Edgerton Manufacturing Company, Plymouth, Indiana, who I believe manufacture baskets for packing fruit. The letter is addressed to the Norfolk Fruit Growers' Association of Simcoe, Ontario, and the paragraph I desire to read is as follows:

> You may be interested in knowing that the freight rate on the cars we shipped you during the 1930 season averaged 17·6 cents per dozen packages. This amount added to the price of $1.80 per dozen as fixed by the Dominion government would result in a cost to you of $1·976 per dozen without taking into consideration the duty. The action of the Dominion government would increase your delivered price approximately 25 cents per dozen and, likewise, would result in a profit to us of about 20 cents per dozen higher than that which we enjoy on sales made in the states. We feel that our profit on Canadian business should be approximately the same as that received in connection with business done in the states.

Here is a firm which frankly states that because of the action of the customs department they are compelled to charge Canadians 20 cents a dozen more than they charge Americans for the same goods. I also have a letter from the Western Cartridge Company of East Alton, Illinois, dated May 6, 1931:

> On January 3rd this year we reduced ammunition prices to all of our customers in the United States by 10 per cent, and we extended the same discount at the same time to our customers in Canada. The Canadian commissioner of customs has refused to accept this extra discount of 10 per cent on shipments of our goods into Canada, and has threatened to charge dumping duty against our goods so invoiced; and, based on this decision of the commissioner, we have been obliged to withdraw these reduced prices from our Canadian customers and are now invoicing them at a price 10 per cent higher than we charge any of our domestic jobbing trade. This additional 10 per cent is, of course, in the last analysis, paid by the consumer of Western ammunition in the Dominion, and we regard it as distinctly unfair to him and his interests.
>
> We have been told that the commissioner's decision was based on a brief presented to the Dominion government in Ottawa by the Dominion Cartridge Company, in which brief they indicated their reasons for protesting the reduction in price of American-made ammunition. We should like to obtain a copy of this Dominion Cartridge Company brief as presented to the government, in order to be in a position to present, if advisable, our answer to it.

I might say that I asked for a copy of that brief in order that we might find out what the cartridge company asked for and whether or not their claims were proper and sound, but the government saw fit not to grant that request.

Mr. BENNETT: To whom is that letter addressed?

Mr. YOUNG: This letter is addressed to Mr. R. J. Deachman, Ottawa, and is signed by W. T. Birney, sales manager for the Western Cartridge Company. The other night, speaking on this matter, I was referring particularly to automobiles. To illustrate I mentioned the importation of an automobile which retails for $1,000, the discount on which should be 30 per cent but by the order in council passed by the government is limited to not more than 20 per cent. That was the case with respect to which the minister said it could not possibly happen that the importer would pay higher prices to foreign producers. I have here a letter dated Ottawa, March 22, addressed to the same Mr. R. J. Deachman, which reads as follows:

> In reply to your inquiry as to the effect of the change in discount on imported automobiles, basing the former discount at 30 per cent and the present discount at 20 per cent—the list price of the car being $1,000—I have to advise you as follows:
>
> $1,000 less 20 per cent equals $800 at 20 per cent, $160 duty.
>
> $800 plus $160 equals $960 duty paid value at 5 per cent, $48 excise tax, $960 at 1 per cent, $9.60 sales tax.—Total, $217.60.
>
> $1,000 less 30 per cent equals $700 at 20 per cent, $140 duty.
>
> $700 plus $140 equals $840 duty paid value at 5 per cent, $42 excise tax, $840 at 1 per cent, $8.40 sales tax.—Total, $190.40.
>
> Additional duty and excise taxes payable, $27.20.

Then note this paragraph:

> If the importer pays $800 for his car special duty will not be applicable; on the other hand if he purchases the car at $700, a special duty equal to $100 will be payable.

That is signed by R. W. Breadner. My contention was that if the man paid the higher price to the American manufacturer he did not have to pay the dumping duty; if he purchased the car at $700 the government stepped in and said, "Because you purchased that car at $700 instead of at $800 we will charge you an extra $100 duty." I argued that the man always would be tempted to pay the higher price to his business associates on the other side of the line in order to avoid paying the duty to this government. There the action of the government has the result of transferring to the pockets of foreign producers money which otherwise might come to the treasury of this country. The commissioner says it will happen, and by the very amendment to the act as I have read it it cannot but happen; or the act says that the extra duty shall be levied, collected and paid. There is no alternative. The whole trouble is with the amendments of last fall, and now that the matter has been called to the Prime Minister's attention he should take steps to repeal these amendments.

Mr. BENNETT: It is disturbing to find the hon. gentleman so inaccurate. The first case, the Edgerton case, is one in which the goods were being sold at less than cost of production, and the minister had nothing to do with it. It is covered by a statute of this parliament. That statute was not enacted by this government; in the form to which I have directed attention it has existed for many years. When it is suggested that the dumping duty was treated in the manner indicated, I recall that when the Minister of Customs of that day, Mr. Bureau, introduced the legislation in question he indicated that the dumping duty would apply, and it was subsequently discovered, as the hon. gentleman knows, that that was not the case. But inasmuch as it was the intention of parliament that it should, when this government did legislate it legislated to give effect to the intention of parliament as Mr. Bureau had then stated it, and as parliament understood it, although it was opposed by my hon. friends opposite and to the right, and supported by the Conservative party of that day. So that the legislation as it now stands means exactly what the Minister of Customs of that day said it was intended that it should mean, and what it was regarded as meaning. Now keeping that in mind and the fact that the Johnson case—the fruit baskets—is one that comes within the letter of the law and in which the minister had nothing to do with fixing either values or prices, but which automatically involved the application of the duties to which the hon. gentleman has referred, I think he will agree with me that that passes out of the picture. That is No. 1. No. 2, the cartridge case, considerably intrigued me when I heard my hon. friend refer to it the other day. I took the trouble to investigate it. The truth is that that American cartridge company for whom apparently the gentleman named has been so solicitous was selling cartridges in this country at what was represented to be a price less than cost of production.

Mr. YOUNG: By whom was it so represented?

Mr. BENNETT: By the manufacturers of cartridges and by others in this country, the merchants who were dealing in Canadian-made products in competition with the American product. The result was that the minister directed an investigation to be held—not the

minister but the administrative branch of the Department of National Revenue. I need hardly point out to so well-informed a gentleman as my hon. friend from Weyburn (Mr. Young) that these investigations are being held continuously. Investigations are proceeding every day of the year with respect to this much-vexed question of the prices at which goods are being sold, thereby displacing Canadian goods in our markets. This is nothing new. It is not the caprice of a minister; it is a well-established principle of our customs law. Nor has it been in force only since a new government came into being; it was in force during the long years from 1896 to 1911. In fact, it was during those years that it developed, because during the years of the war very little attention was paid to that sort of thing. But since then, with the lowering of currencies in continental Europe, with costs of production fluctuating as they did, it became essential to apply this statute to which I have just referred, based as it is upon the domestic cost and the selling price of the commodity in the country of origin. Bearing that in mind, I am sure the hon. gentleman will realize that there is nothing new in investigations being carried on. In this case the order was issued that pending investigation certain rates of duty should be applied, which involved, of course, the application of the clauses of the statute to which the hon. gentleman has just referred. The result of the investigations was unfavourable to the importer. The dumping duty was removed and the circular went to the customs houses accordingly. Thus vanishes case No. 2. Case No. 3 will also vanish when I tell the hon. gentleman that the automobile interests concerned have decided to establish agencies for the sale of their product in Canada. They have done so, and up to the present time there is no evidence that the conditions to which the hon. gentleman has called attention prevail.

Now I wish to tell the hon. gentleman the principle upon which this administrative action was taken. In a falling market, with surplus production, dealers will offer their commodities for export consumption at a discount which they will not accord to their home consumers. A few months ago my attention was drawn to a particular case in which a Canadian merchant in the city of New York inquired the price at which he could secure silk hose. He was told the price; it was the domestic price. He was then asked where they were to be sold and he replied, in Canada; whereupon a much lower price was quoted. Now to meet that situation is not always easy. On the one hand the ultimate consumer says, "I should be permitted to acquire these goods at the lowest possible price, and if I am fortunate enough, because of surplus production, to acquire that surplus at a lower price than prevails in the country of production, that is all to my advantage." On the other hand, there is the class of Canadian who believes that you cannot maintain industry without variety; for variety is essential to national development. The population cannot all be fishermen or lumbermen or wheat growers; and if variety is necessary there must be some stability in our industrial life. That stability is predicated upon a fair return to the producer, whoever he may be. We should try to see that the farmer, who is the ultimate creator of most of our wealth, receives a fair return. We should try to have the lumberman and the miner, or anyone else engaged in any form of industry, given a fair return. If he does not get a fair return bankruptcy is inevitable; for no man should be in business without some profit, whether it be farming or lumbering or mining or anything else. Under these circumstances I think the committee will agree that some action had to be taken by this country. You could not deal by legislation with every specific case as it arose, and I may assure the committee that the action taken last fall was not taken without much consideration. I leave it to the committee, as I have left it on other occasions, to say how otherwise the situation could be met. A tariff would meet it within bounds, but to meet the extreme cases which I have put to the committee would involve a tariff so high as to make it ridiculous; it would amount in some instances to several hundred per cent. On the other hand I think it is fair to say that notwithstanding occasional outbursts to the contrary there is no hon. member of the committee who does not believe in a tariff of some kind. Certainly I do not think there is any hon. member in my sight who does.

The extent of the tariff depends on what you are endeavouring to do with it. If you seek to use a tariff merely for exploitation, to use the word "protection" in the large sense in which it is sometimes used, then you are wrong. If it is used to give the Canadian an even chance with those who are trying to take his market away from him, then I submit, as I have so often done, that no man properly can urge anything against it. We have endeavoured to meet the class of case where a reasonable rate of tariff fails to accomplish the purpose aimed at, where frec-

dom of trade is impossible. We have been compelled to put a value for duty purposes upon that commodity in order that there may be some sort of protection to the Canadian engaged in that industry.

I shall not take up the time of the committee in explaining again the circumstances under which we fixed the rate of discount upon motor cars. It was bound to work some hardship on those who were willing to give any rate of discount in order to get rid of their product. If a man is quoting a rate of discount far beyond what may be regarded as reasonable, something should be done to protect the Canadian against such a practice. We fixed 20 per cent as the arbitrary rate of discount which should be allowed with respect to importations. I agree with the hon. member for Weyburn that in some instances higher discounts have been quoted, but a decision has to be made and a line has to be drawn. I think it is regarded by those who have studied the question that the rate we decided on is a fair one. I regret that at the present time most businesses are not making money; at any rate we fixed it at 20 per cent. I appreciate the point raised by the hon. member, but I think he will be able to ascertain that those who are interested have established Canadian selling agencies to meet the situation. The effect of the new tariff on the higher priced cars may be such as to prove a strong case for an increase of the discount, but that matter will have to be considered on its merits. This is all I have to say regarding the three cases presented to the house by the hon. member. I think he will agree that two have disappeared entirely, and in respect to the third, the producer in the foreign country has met the situation by providing selling agencies in Canada.

Mr. YOUNG: I am not as much alarmed as my right hon. friend over imports at a time when most of our people cannot buy the clothing they need, the boots and shoes they need, the fuel they need or the hundred and one other things they require. I think it little short of a crime that they should be denied the opportunity to buy those things where they can.

Mr. MORAND: Why can they not buy them?

Mr. YOUNG: Largely because of the tariff.

Mr. MORAND: Because they have no work and have no money.

Mr. YOUNG: And one of the principal reasons why they have no work is the tariff.

An hon. MEMBER: If it were not for the tariff there would not be any work.

Mr. YOUNG: I am not alarmed at these things coming into the country. The more goods that come into the country, the more goods will be available for the use of our people. However, if our people were to be given the opportunity to get these goods for nothing, my right hon. friend would not allow them to come in. If our neighbours to the south offered to feed us, clothe us and house us for nothing, the right hon. gentleman would not have it.

Mr. CHAPLIN: That would be dumping.

Mr. BENNETT: Our self respect probably would rebel.

Mr. YOUNG: We get the sunlight free and we do not rebel against that.

Mr. CHAPLIN: There is no dumping there.

Mr. YOUNG: No country is going to send goods in here for nothing. When we take the goods that are sent in we must produce others to send out to pay for them, so that the more goods we take the more employment there will be at home to produce the goods with which to make payment.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: My hon. friends may laugh, but let one of them get up and disprove that statement. I am delighted to learn that the one instance has been eliminated, that an investigation was made and it was discovered that the charge that these people were dumping cartridges was unfounded and the dump duty is not being collected.

Speaking about baskets, my right hon. friend tells the committee that they were being sold at less than cost. I do not know whether or not his investigators were accurate.

Mr. BENNETT: The cost to the domestic consumer in the country of origin.

Mr. YOUNG: This company was selling these baskets in the United States, the country of production, at the same price as they were selling them to us. The American government was quite willing that that company should go on and operate, whether at a profit or loss. However, our government, taking a benevolent interest in the American manufacturer, say to him: You are not making enough profit, so you must charge Canadians more in order to make more profit. Can you conceive of anything more ridiculous.

Some hon. MEMBERS: No

Mr. YOUNG: The tariff law of this country is being set up and enforced for the sole purpose of guaranteeing profits to American manufacturers. Can you conceive of anything quite so ridiculous?

Some hon. MEMBERS: No.

Mr. YOUNG: Hon. members cannot, neither can I.

Mr. PORTEOUS: Did not the hon. member give his support to the Dunning budget?

Mr. YOUNG: There were no dumping duties in the Dunning budget. What I am referring to is the amendments to the tariff which were not touched by the Dunning budget.

Mr. PORTEOUS: The hon. member is talking as a free trader; he never talked as a free trader when a member of the government.

Mr. YOUNG: The hon. member was not here at the time, so he does not know what I talked about.

An hon. MEMBER: But he is going to be here for a long time.

Mr. YOUNG: With regard to automobiles, my right hon. friend says that the difficulty has been overcome by the American manufacturers establishing agencies in Canada. That may be true as applied to automobiles, but every exporter of goods to this country cannot establish agencies here. A manufacturer of a small article cannot come over here and establish selling agencies in order to function in such a way as to escape the duty. The only remedy is to amend the act so that this cannot occur.

Mr. EULER: Mr. Chairman, it is not my desire to delay the committee, but one point has been brought out in the debate, especially in the remarks of the hon. member for Weyburn (Mr. Young), to which I would like to refer. I think the committee is aware that I have no objection to a reasonable dumping law; in fact I applied it myself when I was at the head of the department. I do not intend to deal with the application of the dump where goods are brought into Canada to be sold at less than the cost of production, but I should like to refer to what might be termed a typical case, that of automibiles. I am speaking of the importation of automobiles at normal prices and in normal times, not in times of over-production or slaughter conditions in the country of origin. As explained by the hon. member for Weyburn and referred to by myself the other day, suppose an automobile is invoiced at a list price of $1,000. With a bona fide discount of 30 per cent the car will be billed at $700 net to the dealer in Canada. But the Dominion government or the Department of National Revenue has decided that the fixed discount for purposes of duty shall be only 20 per cent. That means that the discount allowable for duty purposes is only $200 although the actual discount to the Canadian dealer is $300. In other words, although the price at which the automobile enters Canada is really $700, the Department of National Revenue applies the tariff on the sum of $800. That makes the duty higher. I have no fault to find with the fixing of the discount at 20 per cent, but it seems to me that it is going far enough to collect an additional duty on the extra $100, the result of the reduction of the discount from 30 per cent to 20 per cent. The point I want to make particularly is that made by the hon. member for Weyburn. It surely would be a pity if the Canadian dealer, in order to escape paying the dumping duty of $100, the difference between the actual price of $700 and the amount of $800 fixed by the department as the value for duty were to pay that extra $100 to the United States dealer, who does not really want it because he is getting sufficient profit when he sells the car at $700. Surely some other means could be found to serve the purpose the government has in view. The Minister of Finance says that what is suggested does not happen; that the United States automobile manufacturers will overcome that by establishing their own branches in Canada. That may be true in a practical sense.

Mr. BENNETT: I mean sales branches.

Mr. EULER: The dumping duty of which I have spoken may never have been applied; I do not know. But I doubt whether every automobile manufacturer in the United States would or could establish or find it worth while to establish his own branch in Canada.

Mr. BENNETT: What I meant was not manufacturing branches but sales branches.

Mr. EULER: I understand. The manufacturer in the United States must of necessity be the proprietor of that branch and, I suppose, take a loss in his Canadian branch because he can only get a 30 per cent discount by establishing his own branch.

The same principle will apply not only to automobiles but to any other commodity. In September last the government did two things affecting the importation of automobiles. By order in council they gave authority to the Minister of National Revenue to fix any value for duty on any commodity

imported, and on automobiles they fixed the discount at 20 per cent. I think the minister will agree that if in regard not only to automobiles but to other commodities as well that heavy dumping duty is charged as a result of fixing an arbitrary value, it will indeed be unfortunate, particularly if the money goes into the pocket of the foreign manufacturer rather than into the treasury of Canada. It occurs to me, that since the government have taken the power to fix values they might say this: We will fix values of automobiles, if you like, at such a sum that when the regular tariff rate is applied it will serve our purpose without our having to apply the dumping duty. I was going to make this suggestion for the consideration of the minister, that where an arbitrary value has already been fixed at a point sufficiently high for all practical purposes, the dumping duty should not apply. That would avoid all possibility of those moneys going into the pockets of the United States manufacturer rather than into the Dominion treasury, and would at the same time serve the purpose of protecting the Canadian manufacturer of automobiles or of any other commodity.

Mr. BENNETT: My hon. friend remembers the difficulty he had in dealing with fruits and vegetables, a difficulty which he overcame practically by utilizing the dumping duty—although he called it by another name. Fruits and vegetables cannot be successfully dealt with unless recourse is had to the principle involved in the dumping duty. What the hon. member has said relates to a matter that has seriously engaged the attention of the government, as to just how it can be met and made of universal application, which is what one should endeavour to attain. Except in the manner I have indicated, we have not yet been able to discover a more suitable method.

Mr. EULER: I quite appreciate the difficulties that arise in the administration of the act—

Mr. BENNETT: These are emergent conditions.

Mr. EULER: —but there should be no great difficulty—if there is an emergency or if it is desired to give protection without raising the tariff rate—in fixing the value at such a figure that the purpose will be served without the necessity of applying that excessive—for it is excessive—dumping duty.

Mr. BENNETT: Automobiles happen to be a commodity in regard to which there are serious difficulties, because they are charged on a list price, and you cannot very well fix for duty, as you can in connection with other commodities, a price at variance with the list price. My hon. friend is quite familiar with the difficulty, and I do not in any sense minimize it. But I know of no method of universal application of dealing with it except that which I indicated last fall, again a few days ago, and again to-night.

Mr. YOUNG: The Minister of Finance spoke of United States manufacturers of automobiles establishing their own sales agencies in Canada. I suppose when they did that they dismissed all their Canadian agents.

Mr. BENNETT: It was for the purpose of giving them employment, according to the letters they gave to me. Many of them owned agencies here anyway through stock control, and they said they wanted to continue their organizations. They did not care to drop the Canadian market with all that was involved and to permit the organizations which they had built up during the years to perish simply because we are living in times of great economic stress. Two or three sent communications of that kind.

Mr. YOUNG: I refer to a Canadian dealer in automobiles having the agency for two or three makes in the United States. Was he notified that his services would no longer be required because they were now going to open branches of their own?

Amendment agreed to.

Mr. BENNETT: Owing to the date the duties become effective it is thought desirable to adopt the language in connection with the duty payments that was adopted by the late Mr. Fielding in 1906, which is the standard clause. The one originally in the bill was one of ten years previous. The amendment I desire to have moved is to meet the situation as it is to-day.

Mr. RHODES: I move to substitute the following for subsection 5 on page 27 of the bill:

5. This act shall be deemed to have come into force on the second day of June, one thousand nine hundred and thirty-one, and to have applied to all goods mentioned in the preceding sections imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for consumption for which no entry for consumption was made before that date.

Provided, that goods which were imported or taken out of warehouse for consumption, and on which duty was paid, on and after the second day of June, one thousand nine hundred and thirty-one, in accordance with the rates of duty set forth as payable on such goods in the resolutions respecting the customs tariff introduced in the House of Commons on the first day of the said month, shall not be subject to further payment of duty, by reason of such rate of duty having been increased by any resolution introduced subsequent to that in accordance with which such duty was paid.

Amendment agreed to.

The CHAIRMAN: Shall the schedules carry, as amended?

Schedules as amended, agreed to on division.

Mr. BOTHWELL: There is one item in connection with the tariff schedules of last September on which I wish to speak. Will an opportunity be given for that?

Mr. BENNETT: I will defer the third reading to afford my hon. friend the opportunity.

Mr. HEENAN: I move to amend the bill by adding the following as section 18:

The governor in council may direct from time to time that any industry, the products of which receive protection under this act, shall demonstrate to the satisfaction of the governor in council that freedom of association for employees for all lawful purposes is permitted in the operation of such industry, and that the hours of labour and rates of wages are observed consistent with the provisions of the labour part of the treaty of Versailles concluded at Paris, France, on June 28, 1919.

I discussed this amendment on a previous occasion and I will not discuss it further to-night.

Mr. BENNETT: As I stated previously to the committee, inasmuch as the tariff board is authorized to deal with these matters this bill is not the place for such an amendment, and we cannot accept it as an amendment to this measure.

Mr. MACKENZIE KING: The tariff board gets a chance to deal with it only if the Minister of Finance asks them so to do.

Mr. BENNETT: That is the same as this. The governor in council has to do it, and that is the minister.

Mr. HEENAN: Of course, I am not in a position to have the amendment carried if the Prime Minister says no. I wish, however, to discuss it briefly on the third reading.

I would ask the Prime Minister if he has not some statement to make to clear up a misunderstanding in connection with a statement I made in the house when I quoted from a paper called Labor, printed in Washington. I have copies of certain correspondence in connection with the matter, and I would ask the Prime Minister if he wishes to make a statement with respect to it.

[Mr. Rhodes.]

Mr. BENNETT: I have no statement to make. I merely read the memorandum that was submitted to me.

Mr. HEENAN: I mean a statement in rebuttal from a Canadian source.

Mr. BENNETT: I received a letter this morning from the president of the company enclosing a letter from Washington dealing with the matter, the details of which I do not carry in my head at the moment.

Amendment (Mr. Heenan) negatived, on division.

Bill reported.

Mr. REID: Will an opportunity be given to discuss the tariff items of last September?

Mr. BENNETT: I promised that facilities would be afforded hon. gentlemen to discuss the September items. I thought they were going to do it to-night. I thought that was what the hon. member for Weyburn was doing. I understand, however, that the hon. member for Swift Current (Mr. Bothwell) desires to add to the gaiety of nations by a few observations on one item, and that the hon. member for New Westminster (Mr. Reid) also desires to speak, so on the third reading that opportunity could be afforded if that is satisfactory to hon. gentlemen.

Mr. MACKENZIE KING: That will furnish the opportunity that is desired with regard to this measure?

Mr. BENNETT: Yes, only this, of course

Mr. NEILL: There would not be opportunity for debate on the third reading?

Mr. BENNETT: If I had known that an opportunity for debate was desired I would have left the bill in committee, but it has now been reported and the amendments have been concurred in.

Mr. MACKENZIE KING: The Prime Minister has spoken about giving an opportunity to discuss certain items of the tariff of last September. When that opportunity is afforded, might not these other matters be also discussed?

Mr. BENNETT: I have no objection. I tried to explain. The committee will realize that it is not my fault because I did state twice that hon. gentlemen had an opportunity to speak this evening, and I thought they had carried out their intention to speak. I see, however, that I did them an injustice. I suggest that on one of the items in the estimates of the Minister of Finance facilities be afforded for unlimited speech, just as long as hon. gentlemen desire to continue it. I agree to that, if it is satisfactory to my hon. friends.

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

Friday, July 24, 1931.

The house met at three o'clock.

DUTY VALUE OF MELONS

On the orders of the day:

Mr. ECCLES J. GOTT (South Essex): I should like to direct the attention of the Minister of National Revenue (Mr. Ryckman) to a matter which is of concern to many of the people whom I have the honour to represent. In Essex county this year we have the largest acreage of melons ever grown in that county, and our crop is ready for the market. On July 6 the Department of Agriculture recommended to the Department of National Revenue that duty values be established on July 25. To-morrow is July 25, and I should like to ask the Minister of National Revenue if he will see that these values for duty purposes are established to-morrow.

Hon. E. B. RYCKMAN (Minister of National Revenue): In answer to the hon. gentleman I may say that I will discuss the matter with my colleagues.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 113, to amend the criminal code.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

Section 1 agreed to.

On section 2—Parading while nude.

Mr. ESLING: I am confident that all hon. members will be in accord with this amendment, the primary purpose of which is to provide more fitting punishment for a fanatical class of Doukhobors who defy our Canadian laws by gathering on public highways and in close proximity to the highways in an absolutely nude condition. I want to give members of this committee what might be called a close-up view—

Some hon. MEMBERS: Oh, oh.

Mr. ESLING: I hope the chairman will understand that I am speaking metaphorically when I say I want to give hon. members a close-up view of this fanatical class. While hon. members may get some amusement from it I should like them to understand that this is a very serious situation.

These people were brought to Canada as far back as 1898. They were bonused to come here; a huge acreage of land was set aside for them in Saskatchewan and the government went to considerable expense in placing them upon that land and getting them started. Shortly after 1900 a large number came to the district of West Kootenay and settled in that beautiful valley along the Kootenay river between the city of Nelson and the Columbia river. To-day in that district there are some three thousand of these people, who are divided into three groups. First there is the community group, living in one section and directed by their leader, Peter Veregin. And then there is an independent group composed of Doukhobors who have purchased land of their own and withdrawn from the community. Then there is a third or fanatical group who are usually known as the sons of freedom. They lead the procession in these nude parades and exhibitions.

The three peculiarities of Doukhobors and particularly of the fanatics are these. First of all, there is arson, they do not hesitate for one moment to burn anything. Their second peculiarity is nude parading. And the third is defiance of the law. They have absolutely no regard for Canadian law. First of all they burn schools; they burn churches; they dynamite public halls. The department of the Postmaster General has before it now a claim for damage done to a federal post office which was dynamited only a short time ago. Then they show their defiance of the law by refusing to register births, deaths or marriages. Nobody knows who is who among these fanatics. They proceed in this country on the assumption that the land is God's land and they know no laws but God's law. They do not intend, therefore, to subject themselves to the laws of any province or of the Dominion. When I say they refuse to pay taxes, I mean that they refuse to contribute to the community treasury for the payment of taxes on community-owned land.

To bring to the house the seriousness of the situation I may point out that the party represented by hon. gentlemen opposite are responsible for the coming to Canada of these Doukhobors. They brought them here; do not let them forget that. They have a lot to answer for. These people were brought in in 1898, when they were given land and a cash bonus. In 1912, after the Conservative government had come into power, they said, "We want no more Doukhobors." They are invading all the fields of labour. They know no hours of work, and no rates of wages. In 1912 the Conservative government put up the bars. They said they would have no more of it. And that prohibition continued until 1926, when the right hon. gentleman opposite (Mr. Mackenzie King), anticipating an election and thinking they might be of great help to his party, took down the bars again. But immediately this government came into power they stopped the further entry of Doukhobors.

We realize that the provincial government is responsible for the enforcement of law. But there are circumstances beyond which it is impossible for a provincial government to go. The costs are too great, and if the truth must be told—and I say this advisedly—these people are numerically too strong for this government or the provincial government to keep them within bounds. I have always contended and still contend that the federal government, having brought them here, must share the responsibility for their conduct and the cost of their maintenance while here.

Hon. gentlemen think it trifling for me to refer to fires, but it is not an occasional fire that takes place. I have just received from the Minister of Education in British Columbia a list of schools which have been burned, and the information will be almost appalling to the house. I will mention only those fires that have occurred from June 1929 to the end of the year. In that time they burned seven schools valued at $14,700. They were small country schools. In April 1930 they burned a community hall valued at $2,500. On July 1—it will be seen that these fires are close together—they burned another school valued at $2,200, and the same night they dynamited a brick school which cost $7,700. And then we come to Christmas of 1930. At a place called Thrums they were preparing the Christmas tree. A boy got out of a car with a basket of toys and tree trimmings, and just as he was proceeding to the hall the place blew up. It was only his lucky detention for a few minutes that saved his life. Now we come to March 1931—that is since we have been here. In that month three schools were burned. On June 2 they destroyed one and attempted to burn another, and they burned the Presbyterian church. These fires all take place at about the same hour, eleven o'clock at night. They cut the telephone wires and take particular care to avoid discovery.

I have another letter from the Minister of Education in British Columbia, which gives a good idea of the situation. He states that by reason of these fires it is necessary for all schools to be guarded. In his letter of June 1, he says:

> I am quite sure that if the guards were taken away the schools would all very shortly be burned.

He cites this particular school at Krestova in the district adjoining mine, where he says the fire started while two Canadian teachers were asleep in the building.

As for the statement that the cost of the provincial government is too great, I would point out that the loss by fire in this district in the past two years amounts to a total of $50,000. These fanatics have destroyed schools, churches and community halls to that value. And in the rampage of 1929, to arrest the Doukhobors and keep them in gaol six months cost the provincial government $35,000. There you have $85,000 of actual loss and expenditure to govern a community of some 4,000. Hon. gentlemen who live in places with a population of about 3,500 know that the policing of such places does not cost more than $5,000 per annum.

I want to come now to the matter of community parades, and I am sure I shall have the most rapt attention.

Mr. CHAPLIN: What do you mean, "rapt"?

Mr. EULER: "Unwrapped", I should say.

Mr. ESLING: Let me explain. This does not mean one person here or there disrobing for the benefit of passersby; the fact is that these people gather in groups of fifty and seventy-five, marching along the highways and through the fields. And in other instances they make special exhibitions.

Some hon. MEMBERS: Oh, oh.

Mr. ESLING: This is not a laughing matter. I want the committee to appreciate the seriousness of it. During a recent convention of the farmers' institute, one whole morning was spent discussing the seriousness of this situation. It might come home more closely to hon. members if they had their life savings tied up in a ten-acre plot of ground

and a Doukhobor came along and bought the land alongside. Only one thing can be done—move out.

There was the great rampage of 1929 and then another only a few weeks ago. The last letter I received from this district states that the Doukhobors are again on the rampage. One lady writes me that as her children were coming from school they were confronted with a number of naked Doukhobor men and women. She tells me of two little girls who were on their way to her house and who came rushing in frantic and shocked by the fact that two naked Doukhobor men had accosted them on a public highway. The committee will remember the recent rampage into Nelson when 108 of these naked Doukhobors were placed in gaol. They had started a trek of some ten miles and as they approached Nelson the fire trucks and all other kinds of trucks and wagons were used to barricade their way.

An hon. MEMBER: Carried.

Mr. ESLING: It will not be carried for a while. Twenty-four special constables were sworn in to assist the provincial police. One of these constables had a naked Doukhobor woman on each arm, and they just picked him up as if he were matchwood, laid him down on the road, and sat on him, one on his head, and one on his body.

An hon. MEMBER: Carried.

Mr. ESLING: If we could take some of the long, thin hon. members opposite or some of the short, thick ones and put them down in the middle of the road on a hot August day with two naked Doukhobor women weighing 300 pounds sitting on them, then they would probably realize that these people are beyond control of the law.

Some hon. MEMBERS: Oh, oh.

Mr. ESLING: I am glad to hear hon. members laugh because such laughter reflects the attitude of indifference taken during the last six years by both the provincial and federal governments. These Doukhobors have burned churches, school houses and buildings; they have torn the uniforms from inspectors, the tunics from police officers and the clothing from federal enumerators. They have used sticks of cordwood on the provincial police; they defy the law by refusing to contribute to the provincial treasury. They refuse to register births, marriages, and deaths, and they practise and preach open defiance to Canadian law.

This is the description of a situation almost inconceivable in Canada, and yet these are the people by whose votes the right hon. gentleman opposite (Mr. Mackenzie King) hoped to defeat the Conservative candidate in West Kootenay. Some of these people enjoy the franchise because they were born in Canada, and I ask the committee if it can conceive of the great Liberal party being reduced to the extremity of encouraging such a class of people to vote. The Liberal workers went out into the hills and valleys to bring these people to the polls to vote at the last federal general election. On the morning of election day the Conservative candidate published a statement that he did not want a single Doukhobor vote, and I am proud to say that he did not get one. When the right hon. gentleman publishes his memoirs I hope he will include a picture of this memorable happening on July 28 last. Just imagine a milling mass of men and women who could not speak English with the Liberal workers showing them how to mark their "X" after the name of the Liberal condidate. These Doukhobors were receiving their orders from Peter Veregin, so that one man controlled the votes of 1,500 people. They were challenged, but challenging did not do much good because it was impossible to know who was who. The scrutineers did not know what their names were or where they came from. All oaths had to be taken through an interpreter and when the polls were closed there were 600 Doukhobors on the outside trying to get in. The Conservative agents saw that the polls were closed on time, and that oaths were administered to all who applied for ballots. The Conservative candidate polled two votes from returned men who happened to be agents there. The Labour man got one vote, and—

The CHAIRMAN: Order.

Mr. ESLING: —the Liberal candidate got the other 248 votes.

Some hon. MEMBERS: Order.

Mr. GOTT: The chairman must call order.

An hon. MEMBER: He did, but not very loudly.

An hon. MEMBER: He did.

The CHAIRMAN: Order.

Mr. ESLING: I want the committee to realize the debauchery of the great Liberal party in the last federal election.

Some hon. MEMBERS: Order.

The CHAIRMAN: I think the hon. member should confine his remarks to the section before the committee.

Mr. LAPOINTE: This is the hon. member's speech of the session.

Mr. ESLING: I am referring to the amendment to the criminal code which provides for a three year term in the penitentiary in place of the six months' imprisonment which is now the penalty for Doukhobors who go naked. If this amendment had been in force two years ago, these naked fanatics would not have been able to vote for the Liberal candidate.

The provincial government has amended its elections act to disqualify from voting any Doukhobors or others, male or female, born in the province or elsewhere, who claim exemption from military service. These Doukhobors were admitted to Canada unconditionally exempt from military service. I look to this government to bring in a similar amendment before another election is held. Those who are not willing to fight for their country, should not be permitted to run it. If this amendment is not effective, I would suggest that in so far as the men are concerned, other means should be taken to restrain their exhibitions. Perhaps the most effective means would be the lash. Some citizens have suggested that these people should be placed on a couple of islands out on the Pacific.

I am sure that the committee, after hearing what is the true state of affairs, will take a more serious view of the Doukhobor situation in this country. I know some hon. members may get some amusement out of this, but let me tell them that the men, women and, indeed, whole families who are subjected to these obscene exhibitions are not in a very comfortable position. I am sure if hon. members lived amongst these Doukhobors they would feel just the same as do those who complain.

Mr. GUTHRIE: This clause in the bill has been drafted to meet a situation which has certainly a very serious aspect. The actions of a particular portion of the community known as the Doukhobors, more especially in British Columbia and perhaps also in Saskatchewan, have become nothing short of a menace and an insult to all right thinking people who live in certain portions of those provinces. The matter has been brought to the attention of the Department of Justice by the government of British Columbia, particularly by the premier and the attorney general, and also by certain organizations and individuals of that province. The description of these nude parades as related to the committee by the hon. member for West Kootenay who has just taken his seat, has not been overdrawn. I have heard similar stories from officials of the province of British Columbia. The trouble is that the section of our criminal law which now applies to indecent exposure is not sufficient in the way of penalty to stop these parades. The present law provides that a fine of $50 and a term of six months' imprisonment at hard labour may be imposed. The provincial authorities have had many prosecutions and both fine and imprisonment have been imposed, but this has not had the desired effect on these fanatical people who insist on carying on these nude parades.

It has been suggested by those who know the situation best that if the penalty were increased as proposed in this bill to a maximum of three years' imprisonment, probably the most fanatical of this particular community would be made to respect the law. They look upon the shorter term of six months as more or less of a holiday and as no very serious punishment at all, and they openly boast that they are being kept at the expense of the province. It is suggested that these penalties be increased. I think the committee will agree that these nude parades as they take place now in these Doukhobor communities, should be stopped. They are, as I say, an insult and a menace to the right thinking people who live in those particular portions of Canada. With that end in view these amendments have been prepared; I think we have covered the case as fully as we can in the language we have used, and I would ask the committee seriously to consider these clauses.

Mr. STEWART (Edmonton): What would the minister consider necessary in the way of clothing so that a person will not be liable under paragraph (d)?

Mr. GUTHRIE: The last sentence provides it.

Mr. LAPOINTE: It is pretty vague.

Mr. GUTHRIE: No, it is not. It reads:

> For the purposes of this subsection anyone shall be deemed to be nude who is so scantily clad as to offend against public decency or order.

Mr. LAPOINTE: But that will leave it pretty much to the discretion of the judge as to what sort of costume offends against public decency. After all, we have heard much about the Doukhobors this afternoon, but this clause does not mention them at all.

Mr. GUTHRIE: No. It applies to anybody.

Mr. LAPOINTE: It might be made to apply to bathers at many fashionable resorts. I think my hon. friend will agree with me on that. There are people who are more severe and strict in their views of this than

others. I am quite sure some judges would find that a certain bathing suit does not accord with public morality, whereas others would find the same costume absolutely correct. I know there is a difficulty in striking a proper description of what would constitute a crime, but I am afraid the clause as it reads is a little vague.

Mr. GUTHRIE: I think we can depend upon the discretion and good sense of the judge who hears the case. In many instances under our criminal law we have to depend upon the good sense of our judges and juries

Mr. LAPOINTE: We have to help them though.

Mr. GUTHRIE: The language of the clause is:

> Anyone shall be deemed to be nude who is so scantly clad as to offend against public decency or order.

That is taken in connection with the foregoing that they must be parading.

Mr. STEWART (Edmonton): It does not apply to parading at all.

Mr. GUTHRIE: Just a minute. Let me read:

> Everyone is guilty of an offence and liable upon summary conviction to three years' imprisonment who, while nude,
> (a) is found in any public place in company with one or more—

There must be at least two. A single individual would not be prosecuted.

Mr. LAPOINTE: Yes, under paragraph (a) but not under paragraph (c).

Mr. GUTHRIE: The clause reads:

> Everyone is guilty of an offence and liable upon summary conviction to three years' imprisonment who, while nude,
> (a) is found in any public place in company with one or more persons who are parading or have assembled with intent to parade or have paraded in such public place while nude, or
> (b) is found in any public place in company with one or more other persons, or
> (c) is found without lawful excuse upon any private property not his own, whether alone or in company with other persons, or
> (d) appears upon his own property so as to be exposed to the public view, whether alone on in company with other persons.

The last two paragraphs referring to a person appearing alone upon his own property or upon that of his neighbour would be sufficient.

Mr. JACOBS: Does that apply to public theatricals and theatres? I do not see anything which protects them.

Mr. GUTHRIE: It applies only to places mentioned in the bill.

Mr. JACOBS: A theatre is sometimes a public place.

Mr. MULLINS: I am quite in sympathy with what the hon. member for West Kootenay has said. I saw the parade of the Doukhobors from Yorkton some years after they had arrived in this country. They came through the constituency of Marquette and one cannot compare the wearing of bathing suits with their nudity. I have seen bathing suits from Hollywood and I have also seen these Doukhobors parading through the constituency of Marquette, and the sight of the Doukhobors was most appalling. I am quite in sympathy with driving out of my part of Canada those individuals who will parade nude through the streets. We rounded these men up in Minnedosa and shipped them back to Yorkton. I am sorry my hon. friend has them in Kootenay.

Mr. JACOBS: Might I press my question on the Minister of Justice as to whether there is any protection for theatres?

Mr. GUTHRIE: There is no need of protection for theatres.

Mr. CHAPLIN: Do people need to go nude in theatres in Montreal?

Mr. JACOBS: But some of those who appear on the stage are, to put it mildly, scantily attired.

Mr. GUTHRIE: If they offend against public decency, they come under this measure.

Mr. JACOBS: That is a question of opinion. To some they offend against public decency where as to others they do not.

Mr. GUTHRIE: That is in the discretion of our judges and juries.

Mr. FACTOR: Is it the intention of the minister to make the penalty three years for a first offence, or not exceeding three years? The way it reads, a first offender would have to receive a penalty of three years.

Mr. GUTHRIE: Three years is the maximum penalty, but any less penalty may be imposed.

Mr. NEILL: The Minister of Justice said just now, quite properly, that we could always trust to the good sense of judges and juries, but these people are not going to be tried by judges and juries, but upon summary conviction by one or more justices of the peace, and three years' imprisonment is a very heavy penalty to be left to the discretion of two justices of the peace. I do not know any

other section of the criminal code where the penalty is three years' imprisonment on summary conviction.

Mr. GUTHRIE: Oh, yes. Police magistrates or justices of the peace have power to impose very long terms, much longer than three years in many cases.

Mr. MACKENZIE (Vancouver): Is it not a fact that paragraphs (a) and (b) as distinguished from paragraphs (c) and (d) are to exempt the individual who parades in a public place alone in the nude.

Mr. GUTHRIE: Paragraphs (a) and (b) refer to more than one person. Paragraph (c) would include one person or more than one person, and so would paragraph (d).

Mr. MACKENZIE (Vancouver): So if an individual paraded in the nude in a public place alone this section would not apply?

Mr. JACOBS: What about turkish baths and places of that sort?

Mr. GUTHRIE: That would not be a parade, as I understand it. It comes under paragraph (c) or (d) if he is alone.

Mr. SPENCER: It seems to me that the second part of paragraph (d) is loosely drawn. I agree entirely with the Minister of Justice that certain people might think that certain bathing costumes are all sufficient while others would have bathers put on dress which would be just about as good as jumping into the water with your clothes on. It seems to me that something should be added there to protect bathers who appear in the ordinary costume.

Mr. GUTHRIE: I did not quite catch the last part of the question.

Mr. SPENCER: It seems to me that something should be added to this clause to free from penalty in any shape or form those who appear in reasonable bathing costume.

Mr. GUTHRIE: The last clause is intended to apply to them. This is only intended to apply to people who are nude or so scantily clad as to offend against public decency. In reply to the suggestion of my hon. friend from Vancouver Centre there might be an improvement made there by adding after the word "place" in the first line of paragraph (a) and after the word "place" in the first line of paragraph (b) the words "whether alone or," so that it would read "is found in any public place whether alone or in company with one or more other persons." I move accordingly, Mr. Chairman.

[Mr. Neill.]

Mr. BURY: Might I ask whether the first paragraph does not cover sufficiently the point raised by the hon. member for Vancouver Centre? Anyone appearing singly in a public place nude comes under the provision with respect to a person doing an indecent act where the public have access.

Mr. GUTHRIE: That carries only a six months' penalty.

Mr. BURY: I suppose the idea was that stronger penalties were to be provided for these parades. The first subsection already provides for the ordinary act of indecency by a single person.

Mr. STEWART (Edmonton): It seems to me that under paragraph (b) a justice of the peace who had strong views as to the amount of clothing a bather should wear could enforce drastic penalties if he so desired, on the ground that they were scantily or indecently clad.

Mr. GUTHRIE: There is an appeal against that.

Mr. STEWART (Edmonton): Yes, but you are making these extreme penalties applicable, and the law now is sufficient to protect against that sort of thing.

Amendment (Mr. Guthrie) agreed to.

Mr. COOTE: Was there any definition in the criminal code before of the word nude?

Mr. GUTHRIE: No. Nude has, of course, a meaning. It means without clothes, naked.

Mr. COOTE: I think some difficulty arises in connection with paragraph (d). Recently a magistrate in Toronto expressed the opinion that a woman would not be properly dressed for bathing unless she was covered from her neck to her knees. Few modern bathing suits would comply with that requirement, yet that particular magistrate would probably find justification in this clause for imposing a very severe penalty for those who were not so clad.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5.—Publication of false advertisements to promote sales, etc.

Mr. EULER: It seems to me that there is a contradiction in terms in this section. It says "contains any statement of fact which is untrue." Now a fact is a fact. A fact contains the truth, and a statement of fact or an enunciation of a fact must be true. It seems to me there is inconsistency there, and

I was going to suggest something of this kind to carry out the intention, to substitute for the present language the words "what purports to be a fact, but which is untrue, deceptive or misleading."

Mr. GUTHRIE: We could meet that difficulty by simply striking out the words "of fact."

Mr. JACOBS: It might be a statement of law, and then we would have to go to the privy council to find out whether it was true or not.

Mr. GUTHRIE: There is another consideration with respect to this section to which I would direct the attention of the committee. Formerly the penalty was provided for one who "knowingly" publishes, and the real change that is made here is to strike out the word "knowingly." The question has been raised by some very prominent business people in Canada as to the propriety of striking out that word, and of putting a saving clause at the end of the section. They represent that many bona fide advertisers are mistaken in some of the statements they make, through no fault of their own in many cases, and that it is hard to penalize them for statements innocently made. The difficulty with the word "knowingly" in the clause as it now stands is that it imposes upon the prosecution the burden of proving that a certain thing was stated knowing it to be false or untrue, and very often the prosecution is not able to prove that knowledge on the part of the accused, and consequently the prosecution fails. If the word "knowingly" is struck out the section becomes much broader, as the committee will see. It has been suggested that a saving clause to this effect should be added at the end of the section:

Provided further that in any prosecution under this subsection a case may be dismissed if it be established to the satisfaction of the court upon proper evidence that the accused acted in good faith,—

In other words, if it can be proved that he did not knowingly mislead by the statements he made. If this amendment were put in, the onus would be upon the accused to show that he had acted in good faith, and if he had so acted and convinced the court of that fact the court might forgive him of his offence. In the present section the word "knowingly" appears and the result is that prosecutions have failed because the crown has not been able to establish the fact a man has knowingly inserted a false advertisement, knowing it to be false. The amendment was originally asked for by many clubs, better business associations, boards of trade and the like in Canada. I have no very definite views upon the subject, but I must say that the saving clause I have suggested might be advantageous.

Mr. LAPOINTE: Would it be added to the present proviso?

Mr. GUTHRIE: Yes, at the end of the present section. Then as my hon. friend from North Waterloo (Mr. Euler) has pointed out, I think an amendment might be made by changing the words "which contains any statement of fact which is untrue, deceptive or misleading" to the words "which contains any statement which is untrue, deceptive or misleading."

Mr. EULER: That is all right.

Mr. GUTHRIE: We would be striking out the two words "of fact" in line twenty-nine of section 5 of the bill.

Mr. LAPOINTE: Does the minister so move?

Mr. GUTHRIE: I have merely made a statement to the committee.

Mr. BURY: The only point I see concerning the words "statement of fact" is that such statements might be considered by the courts in contradistinction to statements of law. It is usual and proper to talk about statements of fact as distinguished from statements of law without implying that a statement of fact is per se true. The words "of fact" are used in contradistinction to show that a statement of law is not intended. I had thought that was the intention of the amendment. If so I believe the words should be left in the section.

Mr. GUTHRIE: I do not think the words are of great importance, one way or the other. My hon. friend from East Edmonton (Mr. Bury) may be right. We do not however find statements of law in connection with sales of goods. I would not pay much attention to the suggestion of my hon. friend in that connection. I think if the words "which contains any statement which is untrue" are in the section they will be sufficient to cover the points in question.

Mr. EULER: Yes.

Mr. MORAND: I wonder if by removing the words "of fact" merchants who advertise reductions from $4.00 to $3.99 would be affected. Such advertisements would in fact be untrue, deceptive and misleading. Yet he would not be making a statement concerning the kind of goods advertised.

Mr. GUTHRIE: If a merchant cuts his price, what more is there to it?

Mr. LAPOINTE: That is not misleading.

Mr. MORAND: That is not what the act is intended for.

Mr. GUTHRIE: I prefer that the words "of fact" should remain in. If, however, the committee prefers they be struck out I have no serious objection.

Mr. EULER: I am not a lawyer and I cannot express a legal opinion, but from the standpoint of an ordinary man the expression that a statement of fact is untrue is absolutely absurd.

Mr. GUTHRIE: No, it is not absurd. There are statements of fact and statements of law to which reference is made every day in courts. On statements of such and such a fact comments may be made, and on statements of law other comments are in order. Certainly there is a distinction.

Mr. EULER: I am speaking as an ordinary layman, not as a lawyer.

Mr. GUTHRIE: I do not think the section is particularly affected, no matter which way we leave it. I prefer that it should remain as it stands, but if the committee thinks the words "of fact" should come out, I have no objection.

Mr. EULER: Strike them out.

Mr. MARCIL: In the section before us there is protection for newspapers, but no protection for the ordinary printer who publishes circulars.

Mr. GUTHRIE: My hon. friend is referring to the publisher of advertising circulars which are passed around?

Mr. MARCIL: Yes.

Mr. GUTHRIE: This section provides only:

> Provided that any newspaper publishing any such advertisement accepted in good faith in the ordinary course of its business shall not be subject to the provisions of this subsection.

I think the words in the section ought to meet the case my hon. friend has in mind.

Mr. MARCIL: The printer who, in good faith, publishes a circular should in law be protected as much as the newspapers.

Mr. NEILL: Would not the minister consider an amendment which would extend to the persons who caused to be published any particular advertisement? For instance, a real estate man might in good faith advertise that a railroad was going to pass through a particular town. Time might prove that his statement was deceptive. The amendment proposed by the Minister of Justice apparently applies only to newspaper publishers. Should not such protection be given to a person who causes an advertisement to be published?

Mr. GUTHRIE: The man who caused it to be published is protected in the first part of the section. If the amendment I last submitted were carried, certainly he would be protected. If in good faith he published a statement about a railroad he would be protected.

Mr. NEILL: I thought the minister said the section applied only to newspapers?

Mr. GUTHRIE: There was a further amendment which I said had been submitted to cover the case my hon. friend has in mind. I prefer the section as it stands now, with the amendment which was suggested and which I read a few moments ago. The result would be that the section would stand as it is, with the following amendment:

> Provided further that in any prosecution under this subsection a case may be dismissed if it be established to the satisfaction of the court upon proper evidence that the accused acted in good faith.

Mr. NEILL: Hear, hear.

Mr. GUTHRIE: The words "the accused" would cover every class of people.

The CHAIRMAN: Mr. Guthrie moves that subsection (2) of section 5 of the bill be amended by adding at the end of the section the following:

> Provided further that in any prosecution under this subsection a case may be dismissed if it be established to the satisfaction of the court upon proper evidence that the accused acted in good faith.

Mr. EULER: Does my hon. friend intend to delete the two words "of fact"?

Mr. GUTHRIE: On second thought I believe the words ought to remain in the section. There is a distinction between a statement of law and a statement of fact.

Mr. EULER: The minister cannot say that a statement of fact could be untrue.

Mr. GUTHRIE: Yes a statement of fact can be untrue.

Mr. EULER: A statement of fact can never be untrue; that is ridiculous.

Mr. JACOBS: I agree with the hon. member for North Waterloo (Mr. Euler). A statement is a fact or it is not a fact.

Mr. EULER: It is absurd, absolutely, and no harm will be done by making a change.

Mr. GUTHRIE: What does my hon. friend suggest?

Mr. EULER: I am content to strike out the words "of fact." I made another suggestion however.

Mr. GUTHRIE: What was it?

Mr. EULER: I would suggest the following words "a statement of what purports to be a fact but which is untrue, deceptive or misleading." The minister will note the words "what purports to be a fact."

Mr. GUTHRIE: This section was pretty carefully drawn by the law officers of the department, and they seemed to think it was right.

Mr. MOTHERWELL: We know how these officials sometimes do these things.

Mr. GUTHRIE: I am rather inclined to trust their judgment more than my own in the matter.

Mr. YOUNG: But this is to be interpreted by men who are not lawyers.

Mr. EULER: I would suggest to the minister that you cannot do any harm by changing it, and it would appear absurd to the average man as it is now.

Mr. GUTHRIE: But I do not think that apparent absurdity to the average man would be an absurdity before a court, which would understand what was a statement of fact.

Mr. EULER: But many magistrates are not trained in the law.

Mr. GUTHRIE: Then I will ask my colleague the hon. member for Argenteuil to move that the words "of fact" in line 29 be struck out.

Sir GEORGE PERLEY: I beg to move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 6 to 9 inclusive agreed to.

On section 10—Soliciting or carrying on business of insurance.

Mr. GUTHRIE: This is merely to repeal the clause which was declared ultra vires by the privy council.

Section agreed to.

On section 11—False fire alarms.

Mr. EULER: What is the penalty there?

Mr. GUTHRIE: Imprisonment for up to one year.

Mr. SPENCER: What is the penalty now?

Mr. GUTHRIE: I think it either comes under the mischief clause or under municipal by-laws. This is inserted at the instance of the city of Toronto in particular, and of one other city in the west.

Mr. JACOBS: It seems to me some distinction should be made with regard to the age of the offender or offenders. Very often this is a popular prank with boys in large cities.

Mr. GUTHRIE: The criminal code takes care of that now; they are excused up to a certain age.

Section agreed to.

On section 12—Injury to animals.

Mr. BROWN: What is the reason for that expression "not being cattle"?

Mr. GUTHRIE: Cattle and horses are provided for by other sections of the criminal code; this is for other animals which are not provided for.

Mr. SPENCER: The minister says cattle and horses are provided for under other sections, so why should not the word "horses" be included here also?

Mr. GUTHRIE: The word "cattle" under the criminal code includes horses as well.

Mr. YOUNG: Does this prevent the killing of a dog?

Mr. GUTHRIE: I suppose it would. This is the section we passed last session, but that amendment of last year only applied to attempts to kill. This makes the actual killing an offence as well. I see that in the original section, before the amendment of last session, the word "wilfully" was inserted. Perhaps it would be well to have that word here also.

Mr. YOUNG: Would not the word "maliciously" be better?

Mr. GUTHRIE: I was thinking of both words.

Mr. ARTHURS: Or "unlawfully."

Mr. BROWN: Does not the change take away the provision for an attempt to kill?

Mr. GUTHRIE: The attempt is covered by the amendment of last session, and we are changing that section to make both the killing and the attempt to kill an offence. I think "wilfully or maliciously" will cover it.

Mr. YOUNG: But you can kill wilfully and still be justified.

Mr. HANSON (York-Sunbury): I agree that the word "wilfully" should go in there, but the word "maliciously" means something else.

Mr. ARTHURS: Under certain laws of the province of Ontario a man is allowed to kill a dog legally when it is found pursuing various animals, and in certain other cases. A man might want to kill his own dog. I think the word unlawfully should be placed in this amendment.

Mr. SPENCER: Very often dogs become a nuisance, killing chickens or worrying sheep. Something ought to be done to prevent that sort of thing.

Mr. GUTHRIE: The law allows you to kill a dog under those circumstances. The word unlawfully might be added before the word kills.

Mr. YOUNG: You would have to have reference to other laws to know what that meant.

Mr. BENNETT: No one can lawfully wound or maim.

Mr. STITT (Selkirk): Should not the word unlawfully be put before the word attempts?

Mr. GUTHRIE: Yes. I move that the section be amended to read:

Unlawfully kills, maims, wounds, poisons or injures, or unlawfully attempts to kill. . . .

Amendment agreed to.

Section as amended agreed to.

On section 13—Summary trial in certain cases.

Mr. MARCIL: In my district jury trials are very rare. Sometimes three or four years elapse before a jury is summoned. Trials are held by the magistrate. What offences are now to be referred to the magistrate? What changes are being made?

Mr. GUTHRIE: There is no change.

Mr. MARCIL: If there is no change I am satisfied. There are Indian reserves where cases of attempted murder are tried before the magistrate.

Mr. GUTHRIE: There is no change.

Section agreed to.

On section 14—Formal judgment to specify grounds in law on which dissent is based.

Mr. HANSON (York-Sunbury): Will the minister state the law as it is? I have it in mind but I am not certain.

[Mr. Guthrie.]

Mr. GUTHRIE: At the present time a person convicted may appeal to the court of appeal on any ground of appeal which involves a question of law alone; or, with leave of the court of appeal, upon the certificate of the trial judge that it is a case for appeal, on any ground of appeal which involves a question of fact alone or a question of mixed law and fact; or, with the leave of the court of appeal, on any other ground which appears to the court of appeal to be a sufficient ground for appeal—that is, to the court of appeal of the province. From that court of appeal there is an appeal to the Supreme Court of Canada when there is a difference of opinion between the judges in the appellate court of the province.

Mr. LAPOINTE: And the dissenting judge must give his reasons.

Mr. GUTHRIE: Yes. This section has been suggested by the judges of the supreme court.

Mr. HANSON (York-Sunbury): Of Canada?

Mr. GUTHRIE: Yes. It seems that when appeals go there and the stated reasons are given as the grounds for appeal, it frequently happens that the reasons argued before the appellate division here are not at all those stated in the reasons. Often, new ground is taken for the very first time in the whole case. The judges in the court of appeal think that the appeal should be taken upon the stated grounds, and that only the grounds which are stated, upon which the appeal is based, should be argued before the appellate court here. The subsection now proposed reads:

(6) Whenever an appeal under this section is dismissed by the court of appeal, and any judge of such court expresses an opinion dissenting from the judgment of the court, the formal judgment of the court shall specify any ground or grounds in law on which such dissent is based either in whole or in part, and, on appeal under section one thousand and twenty-three to the Supreme Court of Canada, it shall not be competent to the appellant to raise any question of law not so specified.

Mr. LAPOINTE: If there are five points of appeal before the appeal court and the judges are in accord on four of those points, there being dissent on one, that one and only that one will be argued before the supreme court.

Mr. HANSON (York-Sunbury): That is narrowing the appellant's right in order to save the judges of the supreme court a little work. The appeal court might be wrong on the four points mentioned by the ex-Minister of Justice (Mr. Lapointe), and it ought to be open to any appellant to have any ground

available to him before the supreme court. I object to this as a restriction of the right of the appellant. If you grant a man a right of appeal on well-defined principles, as we have done in the preceding sections, then I think there should be no restriction to the final appeal to the Supreme Court of Canada. Suppose the dissenting judge dissents only upon one point, as suggested by the ex-Minister of Justice. But there are other grounds which are equally potent and perhaps stronger, and the majority in the appellate court may be wrong on those points on which they are agreed. That frequently happens. Is the appellant to be barred from urging before the final court of appeal the very strongest points in his favour? This is an undue restriction and I object to the principle involved.

Mr. LAVERGNE: Sometimes the court does not pronounce on many of the grounds of appeal suggested to the first court of appeal.

Mr. HANSON (York-Sunbury): That is quite true.

Mr. LAVERGNE: Then the appellant would be barred from bringing those grounds before the supreme court. In many cases the court of appeal decides on one point, without going further into the case. The appellant, the crown, or the accused, would be barred from raising the other point before the supreme court. I think we would be narrowing the rights of appeal.

Mr. BENNETT: The hon. members for Montmagny (Mr. LaVergne) and York-Sunbury (Mr. Hanson) have, I submit with deference, quite overlooked the fact that under our system of jurisprudence appeals are not to be taken in criminal cases beyond the court of last resort in the province. Up until recent times the principle has been that in criminal cases there should be no appeal upon any question. Of course, the privy council always retained the right to review a criminal case from any part of the king's dominions if it were found that justice had not been administered by due process of law. It was then decided that there should be an appeal in criminal cases on questions of law only, but the principle of our jurisprudence was that that right of appeal ended in the province. However, it was believed that if there was a dissenting judgment on a question of law, there should be a right to go to the Supreme Court of Canada. It will be observed that the dissenting judgment must be on a question of law. As the former Minister of Justice (Mr. Lapointe) has just said, it is now being provided that the principle of an appeal not going beyond the province is still being maintained, but where there is dissent with respect to a question of law, then the supreme court shall decide as to the validity or invalidity of the dissent.

If this whole matter is opened up we would be going contrary to the general rule and be wholly opposed to our system of jurisprudence. It will be recalled that in the two addresses delivered by the Lord Chief Justice of England when he visited the Canadian Bar Association, attention was drawn to the practice and procedure and the functions of the court of criminal appeal in Great Britain. In that case there are provided by statute certain questions which shall be considered by the court, but in a broad and general way this matter resolves itself into this: that the court of appeal shall not review the findings of fact by a jury—that is the prerogative of a jury and not a court—the questions of fact having been decided, the only question which remains is as to whether or not, during the trial of the prisoner, the law has been properly interpreted to the jury. This question involves the legality of the reception of evidence and the propriety of the judge's charge to the jury. If an appeal is taken and there are one or more dissenting judges, it seems to me to be not unreasonable to ask that the dissent should be clearly indicated so that the question of law upon which there has been a difference of opinion should be settled by the court of last resort.

Mr. LAVERGNE: The notes of the dissenting judges are not produced in the supreme court. As I understand this section, the practice will be to limit the appeal strictly to the points of law upon which the dissenting judge and his brothers have differed.

Mr. BENNETT: That is right.

Mr. HANSON (York-Sunbury): With great respect to the Prime Minister who is a much more experienced lawyer than I am, I would suggest to him that we are departing from the underlying principles which govern appeals in criminal cases in this country. If we were right before in the evolution of the law, we are now taking a retrograde step. I submit that there have been cases and will be cases in which the majority of the court of appeal has been and may be wrong. In the case of an appeal where there is a dissenting judgment, I submit that the appellant should be given the reasons for the dissenting judgment and have open to him every ground of

appeal which he had on his original motion to the court of appeal. That right is given in every civil case.

Mr. BENNETT: That is a different thing altogether.

Mr. HANSON (York-Sunbury): It is different only in principle. I submit that this will be a restriction of the right of appeal, and I can see no good reason why that restriction should be imposed.

Mr. STITT (Selkirk): Mr. Chairman, it seems to me that if this amendment becomes law there will be a restriction of the right of appeal and there certainly is a limitation of the functions of the supreme court. It might happen in a case at bar that the dissenting judgment would be given on the wrong point of law, and there would, in such a case, be no reasonable basis for appeal. I think it is right that there should not be a review on the finding of facts, but if there is to be an appeal on the law, why should there not be a complete appeal. Why should there be a restriction in criminal cases different from that applying to civil actions, especially when the liberty of the subject is involved.

Mr. GIROUARD: Mr. Chairman, I desire to support the hon. members who are opposing this amendment. I do not believe there should be so many restrictions imposed on the supreme court, especially in criminal matters. As has been pointed out by the hon. member for Montmagny (Mr. LaVergne), there might be points of law which might arise in the supreme court, but which would not be mentioned in the formal judgment of the court of appeal. I do not think justice would be done to the prisoner applying to the supreme court for a revision of his case, if the supreme court were to answer: well, that point of law is not mentioned in the formal judgment of the court of appeal, and we cannot hear you. I do not believe that justice would be rendered, and I think the government would be wise to let the matter stand.

Mr. LAPOINTE: The restrictions on appeal exist already. There is no right of appeal to the supreme court if there is no dissenting judgment. This bill provides that where an appeal is made because of a dissenting judgment, those reasons are the only ones which should come before the Supreme Court of Canada. I am rather in favour of the bill.

Mr. STITT (Selkirk): It would mean a little less work for the supreme court.

[Mr. R. B. Hanson.]

Mr. GUTHRIE: I have not very strong views on the matter and perhaps it might be well to let the section stand for another year for consideration. Perhaps all the words after "part" in the ninth line could be deleted. That would make the judge who dissents specify his grounds.

Mr. LAPOINTE: That would be an improvement.

Mr. GUTHRIE: The latter part of the section which provides that it shall not be competent to the appellant to raise any other question of law would be struck out. I will ask the Solicitor General (Mr. Dupré) to move this amendment.

Mr. HANSON (York-Sunbury): I should like to point out to the committee that it is in the formal judgment of the court that the grounds on which such dissent is based are specified. It must be in the formal judgment.

Mr. BENNETT: Yes, the judgment roll.

Mr. DUPRE: I move the amendment.

Amendment agreed to.

Section as amended agreed to.

On section 15.—Bail.

Mr. GUTHRIE: This is the bill of the hon. member for Cape Breton South (Mr. MacDonald) that was before the house.

Section agreed to.

Mr. GUTHRIE: It has been brought to my attention, since this bill was printed, that there is an anomaly in one of the appeal sections, section 1025, subsection 3, which reads:

> Any person whose acquittal has been set aside may appeal to the Supreme Court of Canada against the setting aside of such acquittal.

The case which has arisen or will arise is this: Certain people are indicted on a charge of conspiracy. One of them is convicted; three others are acquitted, and in the case of those three the crown appeals to the provincial court of appeal. The provincial court of appeal convicts them. From that conviction, under the section which I have read, they have an appeal to the Supreme Court of Canada, but the other man who was convicted in the first instance, has no appeal. The result may be a favourable judgment in the supreme court in respect of the three, while the unfortunate man who was convicted in the first instance, has no appeal and stands convicted, although they have been tried together for the same

offence. The suggestion has been made that that sentence should be clarified by adding these words:

And any person who was tried jointly with such acquitted person and whose conviction was sustained by the court of appeal may appeal to the Supreme Court of Canada against the sustaining of such conviction.

I will move that as a new section, amending section 1025. It will be section 16 of the bill and the next will be section 17, that is the one with regard to the provision for coming into force.

Amendment agreed to.

Section 17 agreed to.

On section 12.—Injury to animals.

Mr. GUTHRIE: I think I could put in a more adequate wording than that in the proposed amendment. I will make it read in this way:

Who unlawfully kills, or attempts to kill, or maims, wounds, poisons or injures, or attempts to maim, wound, poison or injure.

That would cover the difficulty that was raised.

Amendment agreed to.

Section as amended agreed to.

Mr. REID: Before the committee rises, there is a little matter which I should like to draw to the attention of the committee and the Minister of Justice. It is in connection with section 236, subsection 3 of the criminal code which reads:

Every sale, loan, gift, barter or exchange of any property, by any lottery, ticket, card or other mode of chance depending upon or to be determined by chance or lot, is void, and all property so sold, left, given, bartered or exchanged, is liable to be forfeited to any person who sues for the same by action or information in any court of competent jurisdiction.

I do not know whether the minister has considered this or not, but he probably knows better than I do that advantage has been taken of this subsection to a large extent during the past few months. Lotteries are not legalized in Canada, but we have many people who participate in them and I think it is very unfair when they win a prize and as their names cannot be kept private, an informer should be entitled to lay a charge and thereby obtain their winnings.

The CHAIRMAN: Is the hon. member moving an amendment?

Mr. REID: This is under the criminal code. I do not know how I can bring the matter up otherwise. I believe if the winnings on a lottery ticket should go to anyone, they should go to the government. We have had cases of wives laying information against their husbands so as to prevent informers from obtaining the winnings. I should like to know if the minister has considered the matter, because it is obnoxious that we should so encourage informers, and I do not believe the act was ever intended for such a purpose.

Mr. GUTHRIE: I have had many communications and I know my predecessor has also had many on this subject, because there is a tremendous file in the department on this question of lotteries and the recovery of lottery prizes. I was inclined to suggest an amendment to this very section providing that any money recovered in an action of this kind should be recovered for the benefit of the crown; but as the matter is pending in the courts and several actions are pending in British Columbia I thought it was not wise to make any change in the law at this time. There are two opinions on the matter. Some people think the effect of the section as it stands at present is rather to promote the starting of fictitious suits amongst friends and families for the purpose of securing these winnings. Others say that the whole penalty clause should be wiped out; that people should be allowed to buy these tickets and that if they are successful in drawing a prize, they should be permitted to retain it. Others have represented that if the forfeiture of money won as a prize in this way should be made to the crown and not to the individual, this might cure the evil without any further legislation being necessary. As soon as the pending litigation is settled, we shall have to consider the matter.

Mr. WOODSWORTH: With the permission of the committee I should like to say a few words with regard to section 2. I would rather speak now than on the third reading.

The CHAIRMAN: It is moved by Mr. Woodsworth that we revert to section 2.

Motion agreed to.

On section 2—Parading while nude.

Mr. WOODSWORTH: Unfortunately I was not in the chamber when this section was under discussion. I have been a good deal in touch with the Doukhobors ever since they have been in this country. I learn there has been considerable levity in the committee concerning these people and it is for that reason I think a few words should be said on their behalf. Only some 8,000 Doukhobors

came to this country about forty years ago. I do not know what the natural increase has been, but I suppose at the utmost there would be only 15,000 or 20,000 in the country to-day, a certain number of them in Manitoba, a much larger number in Saskatchewan, a few in Alberta and quite a large colony or several colonies in British Columbia. I think it is only fair that the public generally, perhaps especially the eastern public, should not be prejudiced against this group of people, who on the whole are very excellent citizens. The fanatical group among them is comparatively small. They constitute a very small proportion of the entire number of Doukhobors. It is quite true that the whole group have some very peculiar characteristics. They may be said to be the Quakers of the Greek Orthodox church. They came into existence many years ago because of their attitude towards the state—they were opposed to the use of arms—and also because of a protestant attitude towards some of the evils then existing within the Greek church. Essentially they are a group of high-minded and heroic people, so much so that they attracted the attention of Count Tolstoy, who learned a great deal of his philosophy and of his special viewpoint of christianity from these selfsame Russian peasants. In fact he was so much interested in them that I understand that a good deal of the proceeds of his book Resurrection went to assist in bringing the Doukhobors to Canada.

It ought to be understood then that the Doukhobors are not a lowdown, degraded people. Let me give the house one illustration. Several years ago I was asked to participate in a conference of young Doukhobors held on the plains of central Saskatchewan. The members of this conference consisted of students attending the various educational institutions—high schools, normal schools and the university. The leader of the group was a graduate of Saskatchewan university, and a lawyer of good standing in the city of Saskatoon. His wife, a very charming woman, is the daughter of a former professor of Queen's university. They have a beautiful home in the city of Saskatoon. I admit that that is an exceptional family, but the fanatical ones are also exceptional, and it seems to me very unfortunate that the public of Canada should be given the idea that the Doukhobors are simply a troublesome, degraded set of people. On the whole the vast majority of them are living clean, decent, honourable hard-working lives. Several years ago when some of the local residents at Nelson, not liking the fact that a great many of the Doukhobors bought wholesale instead of patronizing the local merchants, got up a petition to the British Columbia government, a commission was appointed to investigate, and it found that there was no crime amongst them and no poverty, that they were among the best citizens of the province. That gives some idea of the other side of the question.

I quite frankly admit that this small group about which we hear so much has created a good deal of difficulty. They are fanatical. I am not quite sure whether they are mentally sound, but as with many such religious sects they are subject to hallucinations and queer ideas, and undoubtedly a number of them have broken the law in this country. They have burned down schoolhouses, and in the early days some of them burned their implements and went on a crusade eastward to Winnipeg and a little further east. Those pilgrimages are examples of the fanatical side of this religious movement.

Let me further point out that this curious practice of disrobing is not one that arises because of some perverted emotion or lax sexual ideas. Nothing could be further from the truth. In the beginning as practised some years ago it was rather a religious practice. Those who know anything about the history of fanatical religious sects may remember certain groups among the Protestants in the New England states who were guilty —if you call it "guilt"—of very similar practices in the early days. With these Doukhobors the idea seemed to be in the beginning that in some way they had to get back to primitive conditions, to show that they were not dependent on all the various trappings of civilization. I am inclined to think that in more recent days they have resorted to this practice as a sort of protest since they found that it annoyed the authorities, and called attention to some of their grievances. But I would impress on the house that this practice is not the outcome of immorality as we commonly understand the term.

Further, may I point out that the present generation of Doukhobors have been born and brought up in Canada. If they are guilty of practices that are considered antisocial or that are not desired in this country, we can no longer deport them because most of them are native-born Canadians. That brings me to the real difficulty, that in the past we have largely neglected all of these classes of immigrants. I know that the public schools have done magnificent work among the non-English speaking people, and they have attempted to do some work among the Doukhobors, and have accomplished much

good work in Saskatchewan. I remember that fifteen years ago I was talking to one of the school inspectors in the district occupied by the Doukhobors in British Columbia, and he said that about the only reason he was interested in trying to establish schools among the Doukhobors was in order that at least a few of them would be able to defend themselves from the exploitation of some of the people round about them. In many respects he thought the comparatively simple life they were living was a very desirable one. I am not making out this particular fanatical sect as being all we would desire, but I would say that we ought to have some knowledge of the background of these people in order to understand some of their fanatical acts.

The CHAIRMAN: I was asked a little while ago to bring back the hon. member for West Kootenay (Mr. Esling) to the question before the committee, namely, amendments to the criminal code. Of course, my hon. friend is speaking with the consent of the committee, but I would not like it to be thought that I was prejudiced in allowing my hon. friend to speak when I had to stop another hon. member.

Mr. WOODSWORTH: I shall not trespass on the courtesy of the committee very much longer. I was suggesting that we must understand the background of these people. One reason why they try to get away from the enumeration of the census is that they fear that they may be brought under military conscription, which is fundamentally opposed to their religious convictions. Further, their idea seems to be that they are a peculiar people, and should be let alone as far as possible to live out their own community life —a sort of imperium in imperio.

Undoubtedly one difficulty has been that they have not been very fairly treated in the past by some of the authorities in this country. Some years ago when they first came to this country they were allowed to live together, holding and working their land in common. That was their understanding of the condition under which they had migrated. Then there came a change in the department. A Minister of the Interior was appointed who did not know or care about the previous arrangements, and he forced them or tried to force them to make individual entry and to live as other Canadians were doing. They refused to do that, and there was taken from them at that time land that was valued at something like $10,000,000. They feel, on account of some of these experiences, that they have not been dealt fairly with in Canada. Repressive measures which from time to time have been used against them have not improved the situation.

I have no particular objection to the bill. I suppose that the citizens of this country have to take some means of maintaining Canadian standards along these lines, but I would suggest that this way of dealing with a problem of this kind is not going to be effective. We are not really touching the problem. What we have to do is in some way learn to understand these people, understand their point of view, do a good deal of educational work among them, and not consider that merely by repressive measures we will overcome these deep-seated religious instincts and social practices which have been prevalent among this particular group for at least several centuries.

I venture to bring these considerations before the committee first as a protest against the idea that this particular fanatical sect represents the whole of the Doukhobors, secondly to counteract the idea that they are any more immoral than any other class of people, and thirdly in the hope that either this parliament or some other group of people in Canada would adopt a more constructive way of dealing with these people whom we have admitted to our country. They and their problems undoubtedly will be with us for years to come.

I wish to express to the committee my appreciation for allowing me to speak at this stage.

Mr. STEVENS: I should not like the suggestions of the last speaker, the hon. member for Winnipeg North Centre (Mr. Woodsworth) to go without some measure of challenge. Let me make the point perfectly clear that this amendment to the criminal code is not directed at any group of people anywhere who have observed even the laws of common decency dear to the heart of all persons living under what we might term western civilization, and in the temperate zone. I will admit that in the tropics conditions might be different. I should not like the idea to go forth, either, that these people are the victims of repressive measures. My hon. friend himself remarked that the Doukhobors have been in Canada for approximately forty years. During that time they have been under the control of a series of governments. That is, different parties have been in control both in the provinces and in the Dominion. I think I can say without exception that of all the people who have entered Canada from the outside none has

received such patient consideration as this particular sect known as the Doukhobors. Neither at this nor at any other time have the authorities directed repressive measures against a single Doukhobor who observed—I will not say the laws, because few of them really observe our laws in spirit—but who have been free from doing violence to all sense of decency in this country.

My hon. friend states further that they have been forced into this course of action to defend themselves against exploitation, and as an illustration he said that the business men of Nelson were jealous of the Doukhobors because to some extent they had succeeded in establishing a communal system. There may be personal opinions, but as a matter of fact there has never been any effort by any authority to interfere with these people in their peculiar economic theories and ideas.

Mr. WOODSWORTH: I was trying to say that complaints of the business men of Nelson had led to the appointment of the British Columbia commission.

Mr. STEVENS: But my hon. friend took care to leave the impression with the committee that because the business men of Nelson were critical of the communal system they had inspired a certain amount of unfavourable or—shall I say—repressive action. That is not the case. Generally speaking I would say these people are thrifty. They are hard working and administer their affairs well. Those of us who know them fully recognize that fact. Speaking of the Doukhobors around Grand Forks, Brilliant and Nelson those who observe the amenities of civilization, shall I say—and they are in the majority—are looked upon as thrifty and decent settlers, and as such are welcomed in the community. Those are not the people however at whom this legislation is directed.

We have been forced to the action we are now taking. Why? Because for forty years the people of Canada have patiently endured some of the most absurd spectacles, some of the most ludicrous efforts on the part of a group of fanatics to enforce their own peculiar notions and idiosyncrasies. In the present instance however we have something more than that. To-day in Grand Forks, Brilliant and Nelson there are men who owe allegiance directly to the present communistic system existing in other parts of the world and who are taking advantage of their innocence, if you like, the ignorance and prejudice of these people to lead them into an anti-law method of activity or system of action in the province of British Columbia. To-day they are being led by that class of people. My hon. friend spoke concerning a family and drew a picture of what might have been one of the most cultured families in Canada. His picture described a highly educated people, and he stated further that none of the present generation indulged in the practices to which the bill refers. What are the facts?

Mr. WOODSWORTH: Again I interrupt. I did not say that none of the present generation indulged in these things.

Mr. STEVENS: I took those words down.

Mr. WOODSWORTH: My hon. friend misunderstood me. I said that most of the people who indulged in these actions were born and brought up in Canada and could not be deported. My statement was exactly opposite to my hon. friend's understanding.

Mr. STEVENS: My hon. friend drew a very attractive picture of a cultured family. Let me tell him and this committee that what has brought the present action to a head has been recent activities taken by the group to which he refers in connection with the taking of the census. Who were the people who began these latest mischievous and ludicrous nude parades? It was a group of young girls just out of high school who met the census takers who had gone patiently to interview them. If necessary I could show correspondence to prove my statements, but I state that those census takers went to those people, day after day, even going to the extent of taking some of the saner ones with them to try to get the required information from the people they were interviewing. We did not care so much about getting all the answers, but it was our desire to learn their names so that they might be properly enrolled. What did they do? Led by some of the educated young women who were graduates of the high school at Vernon, British Columbia, they commenced to disrobe right in the public place when the enumerators appeared. It is that sort of thing which has brought the government to take the rather extreme action proposed by the present legislation.

My hon. friend has very charming diction; his voice and language are always excellent and tuned to convey the precise view he wishes to express. I notice he said in a very minor key, "some have disregarded the law." "Some have disregarded the law"—Mr. Chairman, hundreds have disregarded the law. They gathered in mobs which were described this afternoon. During the last two years they have dynamited schools, post offices,

community halls, and the grave of the late Peter Veregin. There is grave suspicion, although probably not definite proof, that while on a train, one member of the local legislature was bombed. While in the Doukhobor section a bomb was placed under his seat. There has never been at any time in connection with any group in Canada so much violence as has been practised by these people. The patience and tolerance of the rest of the people in the neighbourhood has been simply phenomenal, I think. I do not think my hon. friend can cite a case where the people in the localities in which these outrages have occurred, the Canadian people who are entitled to some consideration and some modicum of protection by the law, have risen up and attempted to resent with violence the action of these people. It is true that when a nude parade started into Nelson, consisting of hundreds of these fanatics, either last year or the year before, action was taken. These people marched right to the city of Nelson; they were not residents of that city but were simply thrusting themselves into the town with their nudity and their crudities. Were the people of Nelson to stand idly by and do nothing? This is what happened: The chief of police and the mayor of the community called on the people for help; a number of special constables were sworn in, and they met these fanatics at the edge of the town and herded them off the main streets. In some cases fire hose was used to prevent their advance.

My hon. friend is not doing justice to himself or to this house when he seeks to leave the impression that in introducing this clause in amendment to the criminal code the government is in any sense using what he terms repressive measures.

Mr. WOODSWORTH: Are these not repressive measures?

Mr. STEVENS: My hon. friend went on to say that this disrobing practice was a sort of religious rite. There is very little about it that is religious now, although that may have been the case two centuries or ten centuries ago, in the early history of these people. Certainly it is not a religious rite at the present time; it is done absolutely for provocative purposes. When these people are faced with an effort on the part of the officers of the law to enforce some simple respect for the law, immediately this disrobing practice begins, because they know it is one of the most embarrassing things with which an officer can be confronted.

I am not going to say anything more other than to remind the committee once more that if we are to protect our public buildings and institutions and the sane, respectable and law-abiding citizens of this country from the outrages which are perpetrated by a faction of these people, if you like to call them that, then we must have more teeth in the law in order to enforce it. We—and when I say "we" I mean Canadian citizens generally—have been more than patient with these people; I do not think any country in the world would have tolerated this sort of thing as long as it has been tolerated in this country. Certainly they would not have received any such consideration south of the international boundary, and I doubt if there is a country in Europe where they would have been treated so leniently. Talk about repression; talk about religious rights; there is not a country in the world where there is more general liberty given the people to indulge in their own peculiar religious beliefs than is the case in Canada. I do not know of any instance when the Canadian people, regardless of the law, have interfered in this respect, but I want to say that we Canadians owe some duty to our families and to our own people, and this amendment is designed as something which will enable us, under the law and with constitutional authority, to do that which hitherto we have not been able to do.

I may say that I would much prefer to have this difficulty overcome by other means. Never, until this moment, have I uttered a word against the Doukhobors in this country, though I have been in public life for some years. I have vainly hoped that, as the years went by, it might be possible to win these people from some of these mad practices in which they indulge, but these outrages have become so common that I have given up that hope. They continue to indulge in this obscene practice, it is nothing more; if my hon. friend wants to get further particulars he has but to go to the inner records of the department which would not make a very savory recital here. If he will look up those records he will get away from the idea of a gentle, devout religious observance to a true appreciation of the obscenity of many of these practices and these nude parades. It is most unfortunate that we have to discuss the matter here, but certainly those in authority must be given some power and some weapon with which to protect the decencies of Canadian life.

Mr. LAVERGENE: I did not intend to take part in this debate, but I think I would be derelict in my duty if I did not, in a few words, express to the committee the lesson which this house and this country should

learn from the circumstances which have been exposed this afternoon. It is over forty years since these people first came to this country, and at the time they were brought here the migration of the French-speaking Canadians from Quebec was frowned upon by the western provinces. I am sure I am saying what I may call the naked truth—

Mr. BROWN: On a point of order, Mr. Chairman, has not sufficient time been given this subject already?

Mr. LAVERGNE: I think it has, but I am going to say a few words more. I am sorry if what I say grates on the nerves of the hon. gentleman, but I think this is rather important.

Mr. BROWN: The hon. gentleman is very fond of calling other hon. members to order.

Mr. LAVERGNE: Yes, and I remember a few moments ago calling another hon. gentleman to order, but with the consent of the committee he proceeded. What I have to say will not take very long, and it is rather important; my hon. friend, who lives in the west, could profit by the lesson himself. We have been filling our country with the scum of the world through paid and bonused immigration, and to-day we must admit that if we had followed the policy of filling our country with our own Canadian citizens we would not have been obliged to pass laws such as the one now under consideration. I think, as a Canadian, it is my duty to say that governments in the past were most guilty in adopting that open door immigration policy, which meant an open door immigration to the scum of the world and a closed door to immigration coming from the old provinces of Canada, especially from the province of Quebec.

Mr. GERSHAW: Will not the hon. member admit that the great majority of those immigrants are loyal, valuable and useful citizens of Canada?

Mr. LAVERGNE: Certainly; I will admit that, but now we have proof that while we were receiving immigrants from all the different races of Europe we had not the necessary population to assimilate them. Here we have a small group of eight thousand or ten thousand people who have been here forty years and who are not assimilated as yet. Not only have they not adopted Canadian institutions; they have not adopted western civilization, and I claim we should profit by the lesson. Chickens are coming home to roost; I think "chickens" is the proper word, after the illustration we had given us this afternoon of young girls disrobing before census enumerators. If the fair name of Canada has been spoiled it is our own fault. We should have been more careful with our immigration; we should have opened our door only to races which could be readily assimilated. I repeat what I have said for the last thirty years, that the best immigration is that which comes from within our own country. We should have settled our western provinces with Canadians or with such races as the British or the French from the other side of the Atlantic who, until about twenty-five years ago, were barred by the policy of the government, to-day it costs less for an immigrant to come from Europe and settle in the west than it does for a Canadian from Ontario or Quebec to go and settle there. These facts should open our eyes, and instead of quibbling and raising points of order we should try to put into force a broader, a cleaner and a more Canadian policy for the future.

Preamble agreed to.

Bill as amended reported, read the third time and passed.

THE CANADIAN RED CROSS SOCIETY ACT AMENDMENT

Right Hon. R. B. BENNETT (Minister of Finance) moved the second reading of Bill No. 131, to amend The Canadian Red Cross Society Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Short title.

Mr. BENNETT: It is not necessary for me to add very much to the explanation I gave the other day. This amendment adds a few words to three paragraphs of the society's incorporating act. It provides for an increase in the number of the governing body, and grants certain powers, making clear what was implied in the opinion of the corporation's legal advisers, there having been some difference of opinion in that regard. In view of the fact that the Red Cross Society was the agent chosen in the treaty of Peace to carry out certain very important undertakings, is so recognized, and will be called upon to do a great deal of work during the winter, the government has introduced the bill, enabling them to add to the numbers of the governing body.

Section agreed to.

Bill reported, read the third time and passed.

BONUS ON WHEAT

PAYMENT OF FIVE CENTS PER BUSHEL ON WHEAT EXPORTED FROM WESTERN PROVINCES

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to provide that the governor in council may authorize the payment out of the consolidated revenue fund of the sum of five cents on every bushel of wheat exported from the provinces of Manitoba, Alberta and Saskatchewan of the crop of 1931, and to make provision for the determination of amounts payable thereunder, and for regulations to carry out the purpose of the act and prescribe penalties to be incurred for breach of the act or regulations.

He said: The bill to be founded upon this resolution provides for the payment of 5 cents a bushel in the provinces of Saskatchewan, Alberta and Manitoba. It is proposed that the money shall be distributed through the machinery of the Board of Grain Commissioners, and that it shall be paid to the person who is the producer of the grain. It was hoped that some provision might be made for following the grain through Canadian vessels to the ports of ultimate shipment, but although we were very strongly urged to have such a provision in the resolution and in the bill it was found as a practical matter impossible to do so. The lake shipowners urged it very strongly, as did the hon. member for North Simcoe (Mr. Simpson), but there was no machinery by which we thought it could be done. Therefore the payments will be made direct by the elevators through the machinery of the Board of Grain Commissioners. If the house will go into committee on the resolution and allow the matter to be advanced a stage or two, there will be full opportunity to discuss the bill in committee.

Mr. WOODSWORTH: Is this on all wheat marketed?

Hon. W. R. MOTHERWELL (Melville): The resolution is somewhat different from the statement in the budget address. On that occasion it was intimated that the freight was to be absorbed on all wheat shipped for export, meaning abroad, I suppose. The resolution, as I understand it, includes interprovincial trade. As I see it, the local mills in each of the three western provinces will be discriminated against. If a farmer wishes to sell, say to the Robin Hood mill at Moose Jaw, or to any other mill in the west, he will not be eligible for the 5 cents if the mill is in his own province. So that the farmer or other seller will not sell to the local mill unless he gets 5 cents more per bushel than the ordinary market price. The only means by which the seller could get the 5 cents would be to sell to a mill in an adjoining province or for export abroad. If he sells to a mill in another province, under the terms of this resolution he will be eligible; if he sells to a mill within his own province he will get nothing. Should the local mill take his, the farmer's wheat and pay him the ordinary price plus the 5 cents the miller will be at that disadvantage with competitors both abroad and interprovincially. That is the way it appears to me.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

Mr. McMILLAN (Huron): Would the Prime Minister give his reasons for proposing this resolution?

Mr. BENNETT: There are three reasons. The first is the low price of wheat in the markets of the world. It is a well known fact that the sudden collapse of the wheat market brought about a condition in western Canada which is being felt all over this country, particularly in eastern Canada. This section of the country relies to no small extent upon the purchasing power of the western population, and this purchasing power has been so lessened by the reduction and diminution in the price of wheat that it has assumed almost national proportions.

The second reason is brought about because of the first reason. The price received for the grain does not bear that relation to the cost of production which it did heretofore.

The third reason is the necessity of a measure of relief for western Canadian producers. I have been told by those who are better able than I to speak with authority that the effect of this measure will be excellent and that it will lessen the amounts which we may be called upon to pay for direct relief in cooperation with the provinces.

Then there is the psychological effect which perhaps the hon. member will not underestimate. The great wheat producing areas of Canada lie between the lakes and the mountains. It is the products of that territory which have given Canada a reputation abroad as a wheat producing country. A population discouraged by a great reduction in the price of their products and because of a calamity which has overtaken them as far as successive crops are concerned, will be heartened by the fact that to this extent the parliament of Canada recognizes their situation. Perhaps the bill founded upon this resolution will give a better explanation than can be given in a

mere sentence or two. It is proposed to utilize the machinery of the grain act, and the money will be distributed through that agency directly to the people who are affected. I learned only yesterday that in the opinion of those interested in the grain business the effect upon whose who have lost their crops will be very considerable, even though they will not benefit. There are many other reasons for this resolution which I could mention, but I think perhaps the hon. gentleman understands why this legislation is proposed.

Mr. McMILLAN (Huron): I am glad to hear the reasons given by the right hon. gentleman for this legislation, but they do not satisfy me. As all hon. members know, the situation in many sections of the three western provinces is such that there are tens of thousands of needy farmers who will not have a single bushel of wheat this year. The latest report is that there are 100,000 who will require relief because of an absolute loss of crops.

The right hon. gentleman has given four reasons for this legislation. The first reason is the low price of wheat; the second reason is the low price when compared with the cost of production; the third concerns relief, and the fourth is the psychological effect. I fail to see any real reason why the government should adopt a sectional policy such as this. If relief is to be given, why not make it general. I think I am within the judgment of the committee when I say that we who live in other than the western provinces have refrained from placing before the house the situation which confronts the farmers in our provinces. The condition in almost every section of the province of Ontario with which I am familiar is such that at the present time it is almost impossible for a farmer to make ends meet.

Mr. REID: Will this apply only to wheat for export?

Mr. BENNETT: It will apply to wheat delivered to any licensed elevator in the western inspection division, commission merchant, track buyer, or grain dealer as defined by the Canada Grain Act.

Mr. VALLANCE: Did I understand the Prime Minister to say that this five-cent subsidy was to be administered by the grain commission?

Mr. BENNETT: The Board of Grain Commissioners.

Mr. VALLANCE: It will apply to all wheat marketed?

[Mr. Bennett.]

Mr. BENNETT: All wheat sold to any licensed elevator in the western grain inspection division, commission merchant, track buyer, or grain dealer as defined by the Canada Grain Act.

Mr. BROWN: Mr. Chairman, before we go into the details of this measure, I think we should first discuss the general principle. In all probability during the discussion of details some hon. member opposite will rise and ask us if we are in favour or opposed to this measure. That is the kind of criticism which has been levelled against us. The Prime Minister has given certain reasons for the introduction of this measure, and at this stage I accept them as good reasons. In spite of what the hon. member for South Huron (Mr. McMillan) has said, I do not think that the condition of the farmers in the three western provinces can be compared with the condition of the farmers in Ontario, Quebec, and other provinces of the Dominion. The latter, although they are suffering from low prices, have the promise of an abundant harvest. But even before conditions had been aggravated as they were by the drouth in the west, the farmers in western Canada suffered very severely from the drop in prices. Although the Prime Minister may at the present time take the position that these serious conditions are the result of what has arisen during the last few months, I take this opportunity of stating, as I did on a former occasion, that even before present conditions arose, the situation in the west was very severe and perhaps the Prime Minister by this time realizes that fact.

I am quite willing to admit that the reasons which have just been mentioned by the Prime Minister are good ones. The burden has rested very heavily upon the western provinces. A short crop last year in many sections and a very low price meant that in many cases farmers were due to lose their equity in their farms, and since they were bearing in a special degree the burden of those low prices, it seemed to me well that the whole burden should not be borne by the west but that part of it might be borne by the people of Canada. But a few days ago the Prime Minister mentioned another reason which I am not going to accept as a good one. In discussing certain items in the tariff he stated that this might be considered as a compensation to us—

Mr. BENNETT: A compensating adjustment.

Mr. BROWN: I shall accept the term—for burdens that were laid upon us because of the tariff. I cannot accept this as a compensating adjustment for the burdens that have been laid upon us by the tariff, nor will the people of western Canada accept it as such. As I said, I will accept it for the reason the Prime Minister mentioned a few minutes ago.

A few days ago the Prime Minister drew a picture like this: he spoke of a quarter-section of land with 150 acres of that quarter-section in wheat and an average of ten bushels to the acre, amounting, on the basis of a bonus of five cents a bushel, to $75. Then he said: No farm in western Canada is taxed that amount by the tariff. That is one of those questions in absolute mathematics which are so simple to the Prime Minister, but as a matter of fact that condition does not exist in the west. The picture is simply a figment of his imagination.

Mr. BENNETT: Is the yield too low?

Mr. BROWN: To begin with 150 acres is not the average acreage of a quarter-section put into wheat.

Mr. BENNETT: I have known 160 acres.

Mr. BROWN: So have I.

Mr. BENNETT: There is nothing wrong about that.

Mr. BROWN: But it is not a true picture of the condition that exists in western Canada.

Mr. BENNETT: I did not say it was.

Mr. BROWN: Then it is giving an entirely false impression to suggest that the average farmer in the west will receive $75 on a quarter-section. I am not going to discuss this matter at any greater length.

Mr. VALLANCE: The resolution reads:

> May authorize the payment out of the consolidated revenue fund of the sum of five cents on every bushel of wheat exported from the provinces of Manitoba, Alberta and Saskatchewan.

From the reply to a question that I asked the Prime Minister, I find now that this is not an export subsidy, but a producer's bonus. Am I right in that assumption?

Mr. BENNETT: Substantially that is right. I will discuss it later in detail.

Mr. WEIR (Macdonald): While this money is to be paid out for the benefit of those who are producing wheat, may I say a word in connection with the barley producers. Manitoba produces almost as much barley as wheat, and the former is of particular concern in the constituency from which I come. I feel that if the wheat growers deserve some consideration in this regard, surely the barley growers should also. Again, when we consider the freight rates, they operate very materially against the domestic shipments of barley, more so than with regard to shipments for export. Has the government anything to say as to giving some assistance to the barley growers of Manitoba who are most concerned in connection with this matter?

Mr. BENNETT: It is abundantly clear that the government did not propose to deal with other than wheat, and without going into the reasons at length, I may say this: It is wheat that has given to Canada the name of a food producing country. Manitoba hard has given this country a name in every part of the world for the production of wheat, and it is because of the situation in that regard that we have dealt with the matter as we have. If we dealt with barley we should also have to deal with rye, and if we dealt with rye we should also have to deal with something else. That is entirely beyond our ability, even if we desired to do so, and it would be beyond the scope of the intention of the government in that regard. We have already endeavoured to give some assistance to the barley producers by the effort to substitute barley for corn. That question has been discussed at length in the house and I do not propose to go into it again.

In reply to the hon. member for Lisgar I may say I took the illustration of a quarter section with 150 acres in wheat, and I took the low yield of ten bushels an acre. I said that this would give the farmer $75 which was more than he would pay on his quarter section—or he might have a half section—by reason of any tariff in this country this year. I know many such farms and the yield has usually been at least 50 per cent more than ten bushels per acre.

Mr. VENIOT: What will be the approximate cost of this bonus?

Mr. BENNETT: It might cost $6,500,000.

Mr. STEWART (Edmonton): Not on a 350,000,000 crop.

Mr. BENNETT: There will not be that nor half that this year.

Mr. MOTHERWELL: I think we may take it for granted that the object of this resolution is to make the growing of wheat at present prices five cents less unprofitable than it would otherwise be. To that extent

the bonus is of benefit. As I have already pointed out it is only such wheat as is exported from the various provinces that is eligible for the bonus of five cents.

Some hon. MEMBERS: No.

Mr. MOTHERWELL: The resolution says so. I heard something read once or twice from some other document, but I did not quite understand it. As far as the resolution before us is concerned, it is only the wheat that is exported from the respective provinces that can earn the five cent bonus.

Mr. BENNETT: Perhaps the hon. member did not hear me. I endeavoured to say that the words "wheat exported" will be construed in the bill as meaning all wheat delivered to any licensed elevator in the western grain inspection division, commission merchant, track buyer or grain dealer as defined by the Canada Grain Act.

Mr. MOTHERWELL: I did not hear that. Will that include anyone who buys or sells wheat for feed stuffs or seed grains.

Mr. BENNETT: The question of the use to which this wheat is put is not a factor.

Mr. YOUNG: I gather the object of the government in granting this five cent bonus is to assist the western farmers in their present plight, particularly those who are in the dried-out districts. Could the Prime Minister give us any estimate of the average yield per acre affected in the dried-out districts of the western provinces?

Mr. BENNETT: The hon. member is asking a question which he would claim, and properly so, greater ability to answer than I. So far as I know, in the dried-out areas to which he refers there will be no yield at all. There may be some green feed, but that is all. I pointed out that this cannot bring any relief to those who have no grain. It was never intended to do so, but it will enable those who have to help those who have not, and a gentleman whose opinion I do regard says that the value of that cannot well be over-estimated. If the committee will allow the resolution to pass and the bill to be introduced, they will have the details before them and then will be better able to appreciate what is intended. I am quite content that the second reading should stand, or we could pass it, by consent, and in committee discussion could take place, and we could let the bill stay in committee for further discussion.

[Mr. Motherwell.]

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 140, respecting wheat.

Motion agreed to and bill read the first time.

Mr. BENNETT: If the house is agreed, we can give the bill a second reading without in any sense committing members of the house to any principle involved in the bill.

Mr. VENIOT: There would be full opportunity for discussion of the principle in committee.

Mr. BENNETT: Exactly.

Mr. BENNETT moved the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. BENNETT: We will not go into committee now, but perhaps at the next sitting of the house, in view of the fact that there is so much supply to be voted.

Mr. MACKENZIE KING: Has the bill been printed?

Mr. BENNETT: Yes, but I do not think the French copies are ready.

Mr. VENIOT: May I make a suggestion? I understand the Prime Minister wishes to go into supply to-night. There are a great many members absent who are interested in supply. Perhaps we could go on with this bill in committee to-night.

Mr. BENNETT: I said yesterday that we must go on with supply.

Mr. STEWART (Edmonton): I would seriously object to going on with this bill to-night. Supply has been before us for months, and surely we can get rid of some supply. We have not seen the bill, and it seriously affects western Canada.

Mr. BENNETT: I took the hon. member's view myself. I think he will agree that that is the view I took. I said to the right hon. leader of the opposition that I did not think the bill had been translated into French. The second reading was only taken by consent, and I am obliged to the house for doing that, to give hon. members an opportunity to consider the bill without having committed themselves to the principle.

I should like to get on with supply to-night. Although we have been a long time at it, there is a considerable number of items to be disposed of.

Mr. MACKENZIE KING: Can we not pass another bill or two before six o'clock?

FISH INSPECTION ACT

Hon. E. N. RHODES (Minister of Fisheries) moved that the order for the second reading of Bill No. 6, to amend the Fish Inspection Act, be discharged.

Motion agreed to.

BIOLOGICAL BOARD ACT

Hon. E. N. RHODES (Minister of Fisheries) moved that the order for the second reading of Bill No. 78, to repeal the Biological Board Act, be discharged.

Motion agreed to.

PRECIOUS METALS MARKING ACT

Right Hon. R. B. BENNETT (for the Minister of Trade and Commerce) moved that the order for the second reading of Bill No. 82, to amend the Precious Metals Marking Act, 1928, be discharged.

He said: The technical officers are not ready to proceed further with this bill at the moment, and wish it to stand until next year.

Motion agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 126 for the relief of Rebecca Jacobs Wiseblatt.—Mr. Heaps.

Bill No. 127 for the relief of Ada Jane Woodhams Bush.—Mr. White (Mount Royal).

Bill No. 128 for the relief of Marie Rose Agnès Bélanger Gauron.—Mr. Bell (St. Antoine).

Bill No. 129 for the relief of Minnie Fagan Rabinovitch.—Mr. Factor.

Bill No. 130 for the relief of Annie Bick Barder.—Mr. Heaps.

Bill No 137 for the relief of Pearl Whelan. —Mr. Factor.

Bill No. 138 for the relief of Bruce Raymond Diamond.—Mr. McLure.

DAIRY INDUSTRY ACT

AMENDMENT TO PROVIDE INCREASED PENALTIES FOR VIOLATION

The house resumed from Friday, July 3, consideration in committee of Bill No. 16, an act to amend the Dairy Industry Act (increase of penalties)—Mr. Gobeil.—Mr. LaVergne in the chair.

Mr. GOBEIL: Mr. Chairman—

Mr. GIROUARD: Does the sponsor of the bill close the debate?

Mr. BENNETT: No.

Mr. GOBEIL: Convinced as I am of the merits of the bill, and having listened attentively to the reasons brought forward by hon. members opposite who opposed it, I wish to make a few remarks so that if the bill does not pass the responsibility may rest in the proper place.

This bill was not presented to the house because of the fancy of the hon. member for Compton, or through political motives, as was suggested by the hon. member for St. James (Mr. Rinfret), but because of a necessity existing in connection with butter. As I stated on a former occasion the matter of adulterated butter came before the annual convention held last fall of the dairymen's association of the province of Quebec. May I say that that convention brings together a body of men representative of the dairy industry in that province. At the meetings of that convention there are about 55 or 60 inspectors of cheese and butter factories of the province, the heads and officials superior to those inspectors, the directors and professors of the dairy school at St. Hyacinthe and several of the factory owners in the province. Certainly that body of men is in a position to give an opinion as to what should be done in the best interests of the dairy industry. This question was brought before the board of directors, of which I have the honour to be a member, and the board finally came to the conclusion that the adulteration of butter could not be stopped with the existing penalties. Therefore the board passed the resolution which I read on a previous occasion, and that resolution was brought before the convention, where it was adopted. As a result, Mr. Chairman, this bill was presented.

I was amazed at some of the reasons put forward by some hon. members opposite in opposition to this bill. The hon. member for Drummond-Arthabaska (Mr. Girouard) discussed the various subsections of section 5. I might remind the hon. member and the

committee that these subsections are exactly as they were previously; not one word has been changed. I would also remind the hon. member that the act which is being amended was passed by this house in 1928, when the Liberal government was in power and when the hon. gentleman was sitting on this side of the house. Certainly he had every opportunity to discuss these subsections at that time, and if they were not in the best interests of the dairy industry they should have been amended when the original bill was passed.

One of the principal objections to the bill was that we should give more latitude and more discretion to judges in the application of the law. As I said in the beginning, those who have had the responsibility of making complaints and trying to secure convictions were of the opinion that the existing penalties were not sufficiently severe to stop the adulteration of butter, and the discretion allowed the judges is just as it was before this amendment was introduced. There again not a word has been changed; the judge can impose anything from the minimum fine to the maximum fine, so it only remains to decide whether or not those penalties are sufficient. That is the reason this bill has been brought forward, because the men in the trade claim that these penalties are not sufficient to stop that adulteration.

Another objection put forward by hon. members who oppose this bill is the question of good faith on the part of those who produce butter. I do not blame the hon. gentlemen; they would like to convince their electors that they are safeguarding the interests of the butter makers, so they say it would be too bad if some farmer or butter maker who produced butter with more than 16 per cent of moisture content should be fined $500. Surely this cannot be a question of good faith. The man who buys 400 or 500 pounds of butter, puts it in a mixing machine and adds 200 or 300 pounds of oil certainly cannot plead good faith. But they ask, "What about those who are found with more than 16 per cent of water in their butter?" I say, Mr. Chairman, that not one of those people has been convicted under section 5 of this bill. I hold in my hand the record of convictions for 1930, which numbered 91. Of that number 71 were convicted in connection with butter containing over 16 per cent moisture, while 18 were convicted for the real adulteration of butter. Of the 71, all were convicted under the section of this bill which provides a minimum fine of $10 and a maximum fine of $50, and the officers of the department here tell me that over 90 per cent of those convicted were fined the minimum of $10 and costs. Of the 18 who were found guilty under section 5, all were convicted because they had adulterated butter in the real sense of the word. So I defy hon. gentlemen opposite to point to one case in which a butter maker or a farmer has been prosecuted for producing butter containing over 16 per cent moisture or less than 80 per cent butter fat and fined under section 5 of this act which I am trying to amend.

I do not desire to cast any reflection on those who oppose the bill; I take it for granted that they are capable men in their respective walks of life. The hon. member for Comox-Alberni (Mr. Neill) speaking the other day to the tariff item concerning chickens and ducks, said he found it strange that those who discussed that item were lawyers, doctors and other professional men. So, while I take it for granted that all the hon. members who spoke against this bill are practical men in their respective walks of life, yet the people who considered this question last year at Mont Laurier were more acquainted with the question than the hon. members who have opposed this bill. I find that of the seven or eight members who spoke against it four or five are lawyers, one or two are doctors, and one is a newspaper man. There was not one farmer in that number. Surely, Mr. Chairman, there must be a farmer on the opposite side of the house, and I should like to hear him express an opinion on this question.

Mr. MARCIL: Are these figures which the hon. member is giving now for the whole Dominion, or only for the province of Quebec? Further, could the hon. member tell me how many of those convicted were farmers and how many were butter makers? Has he those separate figures?

Mr. GOBEIL: The total figures for 1930 were, 96 in Quebec and 26 in Ontario. In 1929 the convictions in some of the other provinces were: Prince Edward Island, 1; Nova Scotia, 1; Saskatchewan, 1; British Columbia, 1.

Mr. MARCIL: How many in Quebec were farmers and how many were butter makers?

Mr. GOBEIL: I cannot answer accurately but I know, generally speaking, that most of them were factory men. I should have been glad if farmers on the other side of the house had given us their views. The farmers on this side have spoken in favour of the bill. I do not reflect on others in saying that, when I need legal advice, I go to a lawyer rather than to a doctor or any other professional

man. I regret that the hon. member for St. James saw fit to make a political speech on this bill. I do not intend to follow him, because it seems to me that whatever I or any other Conservative candidate may have said during the last campaign has nothing to do with this bill.

Mr. POULIOT: Hear, hear.

Mr. GOBEIL: The question referred to by the hon. member for St. James is one to be settled between my electors and myself at the next election. I wish the hon. member were here because I would invite him, when that time comes, to discuss with me in the county of Compton all matters affecting the dairy industry.

Mr. POULIOT: All those you invite will accept.

Mr. GOBEIL: I fully realize that if hon. members opposite wish to prevent this bill from becoming law they can easily do so. They have only to talk for half an hour and very likely the bill will not come before the house again. That is why I have made these remarks. I know that the whole dairy industry is behind the bill. Every thinking farmer is in favour of it. The main objection of hon. gentlemen opposite has been that the poor farmer who is caught with more than 16 per cent of water in his butter will be fined $500. They know that this has never happened under section 5, because the officers are very careful. Those who adulterate butter are well known; there are only a few of them in Montreal. Everyone in the trade knows them and this bill will put a stop to the practice. If hon. members who represent rural constituencies are sincere in their criticisms they will allow the bill to become law.

Mr. POULIOT: I have just a few words to say on this bill. My hon. friend from Compton (Mr. Gobeil) will admit that in Quebec there is a distinction between butter factories and creameries; they are not at all the same thing. The butter factory is the place where in the country they make butter, and the creamery is where it is made in the city. This is a very important distinction. I regard it as an evil that so much milk is being sent to-day from the country to the city for manufacturing purposes. I do not think that many hon. members will contradict me on that point, because some business is needed to encourage the farmers and give them every chance in their struggle. It is unfortunate that in Quebec as no doubt elsewhere, factories are being closed because the farmers are sending their milk to the city instead of having it made into butter or cheese in the locality. How is that done? My hon. friend from Compton, who is a director in dairy societies, must know that the creamery people falsify the records, giving to the producer less fat than he is entitled to and then raising the price. It is a fake, and is done to deceive the farmer. The farmer is paid for less fat than his milk contains, although the price he receives is apparently higher. That is how so many farmers have been deceived into sending their milk to the city creameries instead of taking it, as many do, to the local butter factory. This is an evil, and I submit that my hon. friend's bill, though his intention may be good, is simply un coup d'épée dans l'eau—a sword thrust in water. I suggest that the important thing would be to have some inspectors in these creameries. I have no technical knowledge of the industry, but I was told that these creameries are not as rigidly inspected as the butter factories. It is of the utmost importance, and it would be in the interests of the local buttermaker, to have these creamery factories very carefully inspected, to make impossible the falsification of records. If this were done the farmers would know exactly what price they were getting for their product; they would know what price the creameries were paying for a stated quantity of fat. They are entitled to know just how much fat their butter contains.

Let me tell my hon. friend that I am not ashamed of being a lawyer. I represent a rural constituency and I am proud of the fact, and I should feel that I was not doing my duty if I did not speak for them here. I have at heart the interests of those I represent. I am not making a political speech; I am speaking on the authority of people who know just as much about the industry as the hon. member for Compton. There is an evil which we must stop, and the only way to do that is, at the earliest opportunity, to amend the law, providing for the strictest inspection of creameries so that the farmers shall not be deceived. It will be just as well also to put some restraint on the farmers. The important thing is to prevent the falsification of the records. The bill reads:

> Any person who violates any provision of sections five or seven of this act shall be guilty of an offence and upon summary conviction, shall be liable—

And then follow the penalties, which are heavier than those in force at the present time. What is meant by "any person"? The rural butter factory is generally operated by a single man. He is either the owner of the

factory or is employed by a syndicate or society of farmers who own it. However, it is entirely different in the cities. There the creamery is usually owned by a company which has a president, a general manager, several employees and lots of watered stock. Who would be responsible in that case? Would it be the president, would it be the manager, or would it be the poor employee who is acting under their instructions?

Mr. GOBEIL: It would be the same as before; the law is not being changed.

Mr. POULIOT: We are here to improve the law, and I know my hon. friend is sincere in his efforts to that end. I believe this amendment would make the law more severe without making a distinction between the factory in the city and in the country. I think such a distinction should be made. This amendment does not achieve the result aimed at. I do not know how it is in other provinces, but I know there is some trouble in Quebec city and Montreal. The people in the rural districts should be told that the reason they do not receive more money for their products is the deduction for transportation made by the creameries in the cities.

Mr. GIROUARD (Translation): This measure aims at increasing the penalties provided by the Dairy Industry Act. When the bill was discussed in the house some time ago, I pointed out why, in my opinion, this measure was unjust and vexatious towards the farmer. I do not intend to go over the reasons which I then gave; I simply wish to answer an objection which was raised. Some hon. members on the government side have stated that this measure does not apply to farmers. They certainly are under a false impression. It is only necessary to read the act with the proposed amendment in order to convince oneself that the provisions apply to everybody, to dealers as well as farmers. It is precisely with reference to this point that I wish to make a few comments. Subsection (b) of section 5 of the act reads as follows:

"No person shall
(b) mix with or incorporate with butter, by any process of heating, soaking, rechurning, reworking, or otherwise, any cream, milk, skimmilk, buttermilk or water to cause such butter when so treated to contain over sixteen per centum of water."

"No person shall," these words therefore apply to everybody, and, according to the proposed amendment, a person violating the section just read would be liable to a fine of $500, and, in default of payment to imprisonment for a term of six months. Therefore, a farmer who, in good faith, mixes with the butter or introduces in it water to cause such butter when so treated to contain over sixteen per cent of water, is liable for a first offence to a fine of $500, and in default of payment to imprisonment for a term of six months. I state that inasmuch as this measure applies to farmers, the act is unjust and arbitrary. That is why I move, seconded by Mr. Pouliot, the following amendment:

That clause 1 of the present bill be amended by adding after subsection (c) of section 10 of the Dairy Industry Act, the following subsection:
(d) The present section does not apply to farmers who manufacture or sell butter made from the dairy products of their farm.

Amendment negatived.

Section agreed to.

Bill reported.

CIVIL SERVICE ACT AMENDMENT

EXCLUSION OF OUTSIDE SERVICE FROM OPERATION OF ACT

Mr. ONESIME GAGNON (Dorchester) moved the second reading of Bill No. 132, to amend the Civil Service Act.

He said: Mr. Speaker, I will not repeat what I said on Monday last when I had the honour to move the first reading of this bill. I will say briefly that one of the features of my bill is to exclude the outside service from the jurisdiction of the Civil Service Commission.

Now, with respect to appointments, it is my desire to incorporate into the act the recommendation made in 1924 by a committee of the Senate which considered this question at length and reported to the effect that in connection with promotions the Civil Service Commission should cooperate with the government. I also wish that with regard to dismissals the ministers of the departments be given the power to make dismissals themselves. The law as it stands provides that an employee can be dismissed only by the governor in council, and I think the amendment which I have in view is not very drastic in its terms. The change I propose is very small; if a minister has no right to dismiss an employee for cause, it is of no use to speak of the powers of the government.

As I said, I do not want to take up too much of the committee's time because I am well aware that many members on both sides of the house are anxious to express their views and that at this stage of the session

it is not probable that my bill will become law. May I add that one reason why I have presented it to the house at this stage is to enable hon. members to study it earnestly with a real desire to do justice to the country as well as to the civil service. I am proud to say to hon. members opposite that one of the distinguished members who are anxious to amend the Civil Service Act is none other than the hon. member for Quebec South (Mr. Power), who is now the chief organizer of the Liberal party in the province of Quebec. I am also proud to say that on the 24th of June those who like my humble self are anxious to amend the Civil Service Act found another champion in the distinguished leader of the opposition (Mr. Mackenzie King). Let me emphasize the fact that on that date the hon. leader of the opposition stated in the most emphatic terms that he rather favoured the exclusion of the outside service from the jurisdiction of the Civil Service Commission. He went even so far as to state that in 1924 when he voted against the Spinney amendment he was wrong and he added that he now favoured the nomination of postmasters in rural districts by the Postmaster General.

I leave my bill to the earnest consideration of the house. I am prepared to discuss the matter free from party prejudice. As I said last Monday this question is not a party one because no such amendment as I have in view can be made unless all parties concur in it.

Mr. A. E. ROSS (Kingston City): The major portion of this bill I support very strongly. I have been a sympathetic supporter of the Civil Service Commission because I have taken time to study its functions and the work it does, but any hon. member who believes that the Civil Service Commission appoints applicants to the outside service will be sadly disappointed. Practically all that it does is to put a rubber stamp upon the recommendation of a member of some other department. Therefore I am supporting this bill first because the Civil Service Commission does not examine the application and the applicant. That is done by a member of some other department. It was a surprise to me to learn this. A short time ago I had a very good example of it. An application was made for an outside position in the district from which I come, and I had occasion to follow up that application. A returned man, who had been a resident of that district only a few months, was given first choice—although I think when a position is locally advertised, length of residence should be one factor in making an appointment. The men who were named on his application as recommending him repudiated having given their names and refused to recommend him for the position. But I want to be fair. Some two months before, this man, having drifted into the district, was recommended by these three men, who were officers of the local battalion, although they had not much information as to who he was. The man was supposed to be a very good shot, and on securing the good will of these three officers he obtained their recommendation for another job which he did not get. He had given them a promise and an oath of service, both of which he repudiated and refused to carry out. When the matter of the second position came up, these men could not recommend him and he gave their names without their consent or approval. Subsequently when they were asked to give recommendations, they repudiated having given their names. The chairman of the commission says: I do not think that is serious, because it is a matter of his character and on a former occasion these three men recommended him. If a man repudiates his oath and his promise, what else is left of his character and how can any man recommend him for a position? Nevertheless, the commission accepted these three names. When I asked for the letters repudiating them, the commission did not have them on file. They were put away in a little bag, but they had the former papers on the file. These papers were not addressed to the Civil Service Commission but to somebody else.

In addition to that, two other returned men had applied for this position, one being a graduate of the school of science—one of our best universities. I want here and now to express my disapproval of the classification made of these men by an inspector of the Public Works department. The man who had drifted into the locality, who had been there for only a few months, was given 80 per cent, while the man who was a bona fide resident, whose family had been in the district for fifty or sixty years, a returned man with a good service record, and a graduate of the school of science, was given only 60 per cent. I ask hon. members if in such a case the Civil Service Commission performed any function at all? I give it credit for having done something in the past, but examples of this kind surely will confirm one's opinion that it does not make the appointments.

Mr. STEWART (Edmonton): What was the position?

Mr. ROSS: It was a minor position, that of inspector of dredges, and a graduate of a school of science would be far better qualified to fill it than anyone else. In addition to that he was a returned soldier, but the man who had no qualifications was given 80 per cent by this inspector, while the graduate of the school of science received only 60 per cent. No officer of the Civil Service Commission ever saw that man or examined him, and yet you say that the Civil Service Commission make the outside appointments. That is the method of appointing officers to the outside service. Any man who shakes his head can get up and try to disprove it if he likes. I have here a list of the men upon whose recommendations in every case the appointment depends. Here is an official document. I have not the time to read it now, but it is upon the recommendations of these officers in every department that the Civil Service Commission makes the appointments.

Mr. MARCIL: The law should have been amended, and the Civil Service Commission provided with inspectors. They have to rely now on the inspectors of the various departments.

Mr. ROSS: They have their own inspectors. These inspectors are their choice; they select these men.

Mr. STEWART (Edmonton): I do not think they have any outside inspectors, have they?

Mr. ROSS: Why not?

Mr. STEWART (Edmonton): They have inspectors on the staff here.

Mr. ROSS: If they have not their own men, it is so much the more proof of my statement. For appointments to the inside service, written and oral examinations are held, and through their examiners the commission makes the appointment, but for appointments to the outside service the commission has to depend on other people than themselves.

Mr. STEWART (Edmonton): Was this just a temporary appointment for the summer?

Mr. ROSS: Most of these are.

Mr. STEWART (Edmonton): No.

Mr. ROSS: Very good, then. Take the position of postmaster; that is a permanent position. Who makes the recommendation for that appointment? An official of the Post Office Department. Would it not be better to let the Post Office Department appoint their own men? As it is their inspector goes out and examines the applicants—and remember, this is not a temporary position, but a permanent one. Upon the recommendation of that inspector, in over 90 per cent of the cases the Civil Service Commission makes the appointment. I contend, Mr. Speaker, that these are sufficient reasons why the outside service should be removed from the jurisdiction of the Civil Service Commission. It will really not be doing anything more than what we are actually doing at the present time, because as it is now each department makes its own recommendation, and upon that recommendation the commission acts.

Secondly, there are many applications made which never reach the Civil Service Commission at all. They are pigeon-holed by certain officials in the various departments. We have proof that many of these applications do not reach the commission. They are first gone over by officials of other departments, and in many cases the applications are pigeonholed and never reach the commission.

In the third place, the Civil Service Commission, having appointed the men, cannot take care of them after they are appointed. The men are dismissed without any examination or investigation by the Civil Service Commission whose employees they are. The department can simply go to work and have a departmental investigation, and out the man goes on their recommendation without any approval or disapproval by the Civil Service Commission.

I shall not take up any more time. I contend, Mr. Speaker, that these outside appointments are not now made by the Civil Service Commission upon any examination that they conduct, the commission simply acting as a rubber stamp of approval of the recommendations of other departments.

Mr. STEWART (Edmonton): Does the hon. member include in that sweeping statement the whole outside service as well as what the bill provides?—because there is a number of permanent officials in the outside service. Would my hon. friend take them all out from under the jurisdiction of the commission.

Mr. ROSS: I absolutely would if they have not any better system than they have now.

Mr. STEWART (Edmonton): My hon. friend knows that the permanent service is not appointed in that way. He is speaking of temporary appointments for the summer.

Mr. ROSS: A large number of the positions is temporary, but I have mentioned others that are permanent, such as postmaster, and

collector of customs. Who appoints them? The Civil Service Commission have not the original information, and they have to depend upon the officials of other departments.

Mr. McINTOSH: Would my hon. friend state that the civil service examinations held at outside points in the different cities are a complete farce?

Mr. ROSS: I made a distinction between the oral and written examinations for the permanent positions in the inside service, but the outside appointments are not made in that way.

Hon. CHARLES MARCIL (Bonaventure): I had the honour of supporting the original bill passed by this house creating the first Civil Service Commission, and I have followed the work of the Civil Service Commission very closely. I was a member of two or three committees that investigated the operation of the Civil Service Commission and the Civil Service Act, but I have not the time to refer to them to-night. I think the time has arrived when the government should seriously take into consideration this civil service question, and see if a remedy cannot be found. The big civil service associations of Canada have already protested against the adoption of any such measure as is proposed by the hon. member for Dorchester (Mr. Gagnon). Circumstances have changed since 1908 when the Hon. Sydney Fisher introduced his bill creating the Civil Service Commission, and since Sir Robert Borden sponsored his bill extending the jurisdiction of the Civil Service Commission to the outside service. Conditions have so changed due to the war and otherwise that the time has come, I think, when the whole Civil Service Act should be overhauled. When next we meet, and I trust we shall all meet again, I hope that the government will be in a position to give us a matured plan which will do justice to all parts of the country, to the civil servants as well as to the public.

Mr. F. T. SHAVER (Stormont): I see there are only two minutes left, Mr. Speaker, but I would like to place myself on record as thoroughly in accord with the principle of this bill. I have the honour to represent a constituency in which there is a large number of outside civil servants, in the departments of railways and canals, national revenue, and post office, and I do not think that the efficiency of these civil servants or of the service itself would be impaired if the outside service were taken from under the control of the Civil Service Commission, and if the members for the constituencies had the right to recommend to the minister who should be appointed to the various positions. I know that some may consider this a retrograde step. There are some members who would not want to take upon themselves this added responsibility. But I also know that there are in the civil service at Ottawa men holding very important positions. I know of one who came from my own village, who for over forty years has been a very faithful and efficient civil servant; and he was appointed under the old system. I am ready as the member for the constituency to take the responsibility of recommending honest and efficient men for any positions which may become vacant. I believe it would be in the interests of the civil service itself. As was expressed in a debate a few days ago by the right hon. leader of the opposition (Mr. Mackenzie King), it is in the interests of each member in making recommendations to see that only capable and efficient men are recommended.

I see I have not time to give any further reasons why I should support this bill. I wish merely to express my entire sympathy with it, particularly with that section which deals with the outside service.

Mr. SPEAKER: The hour for private and public bills having expired, the house will proceed to government orders.

SUPPLY

POST OFFICE DEPARTMENT

The house in committee of supply, Mr. LaVergne in the chair.

POST OFFICE—OUTSIDE SERVICE

Salaries and allowances, $18,394,800.

Mail service, including mail service by air, $16,500,000.

Miscellaneous, including $5,000 to provide for the payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service or in protecting His Majesty's mails, or to the dependants of such employees or other persons who may be killed while so engaged, payments to be made only on the specific authority of the governor in council, $1,235,175.

Yukon territory, $150,000.—Total, $36,339,975.

Sir EUGENE FISET (Translation): Mr. Chairman, would the hon. Postmaster General be kind enough to inform me as to how long Mr. Charles Garon has been acting as postmaster at Rimouski?

Mr. SAUVE (Translation): I think it is since November last.

Sir EUGENE FISET (Translation): Would the hon. Postmaster General inform me also

whether he intends to appoint a permanent postmaster at Rimouski; and whether he will give the customary consideration to veterans who are candidates?

Mr. SAUVE (Translation): I intend to fill this post as soon as possible and we are at present considering recommendations as regards veterans who have applied for the position.

Mr. VENIOT: I should like to have some details from the minister concerning reductions in revenue during the last year, referring particularly to the revenue derived from the sale of postage stamps, postcards, and so forth.

Mr. SAUVE: The revenue for the year 1930-31 will be approximately $31,000,000, a decrease of almost $2,000,000 as compared with the year 1929-30. This decrease was brought about as the result of general economic conditions.

Mr. VENIOT: In the year 1929-30 postage stamps, postcards and so on brought in a revenue of approximately $27,000,000. I should like to know what reduction there was in that connection. How much less came in during the past year?

Mr. SAUVE: The revenue from that source during the yast year was $25,769,781.18.

Mr. VENIOT: A reduction of almost $2,000,000.

Mr. SAUVE: Yes.

Mr. VENIOT. How much newspaper postage was paid in cash?

Mr. SAUVE: The postage paid in cash for newspapers was $1,628,366.87.

Mr. VENIOT: There is a difference there of $100,000. How much was received in cash for postage on third class printed matter? I wish to learn where the revenue is falling off.

Mr. SAUVE: On third class printed matter the amount was $1,114,811; on metered mail matter $2,342,077, and on parcels $3,801,368.70.

Mr. POULIOT (Translation): Mr. Chairman, I do not wish to delay the house to any extent, nor say anything which might displease my good friend the Postmaster General; I simply wish to make a suggestion to him. There are a great number of merchants in our rural sections who have been selling much less within the last few years because of the large purchases which are made at Eaton's, Simpson's and at Dupuis'. These large firms are drawing on the money reserves of our rural districts. It was not as bad when Eaton's had only a store in Toronto, but to-day it has branch stores almost everywhere. I am aware that it has a large store in Montreal and another in Moncton, and the sales which are carried on by this firm, as well as by Simpson's and Dupuis,' are very detrimental to our country-side merchants; these firms sell for cash. Our rural merchants often accept farm products in exchange for their goods and also give them long terms of credit. The hon. Postmaster General who represents a rural constituency, is well aware that farmers have the habit of paying their bills around All Saints Day and at Easter, twice a year. Meanwhile, sometimes during six months, the rural merchant is obliged to carry all this credit so as to allow the farmers an opportunity of selling their products in order to settle their bills with them.

I would suggest to the hon. Postmaster General, who has so much influence with the Prime Minister, being also the Minister of Finance, to come to an understanding with the latter in order to place a prohibitory rate on the mailing of catalogues to rural sections. I think that such a step would be appreciated throughout the country.

Mr. SAUVE (Translation): I wish to thank the hon. member for Témiscouata (Mr. Pouliot) for his kind words. I wish to say to him that I also regret the abuses which may result from these new commercial methods; however, the Post Office Department has no means at its disposal of correcting this evil. Nevertheless, my hon. friend's suggestion is worthy of consideration.

Mr. MARCIL (Translation): Has the hon. Postmaster increased the rates on parcel post?

Mr. SAUVE (Translation): No.

Mr. MARCIL (Translation): Then why not increase them?

Mr. SAUVE (Translation): The question was not brought up.

Mr. MARCIL (Translation): Why not increase them? It would ensure a revenue to the Post Office Department. The trade carried on with these firms has been very extensive within these last years; the man on the street is asked to pay three cents on a letter, yet nothing further is requested from these firms who are greatly harming the trade in our rural sections.

Mr. SAUVE (Translation): The comments of the hon. member for Bonaventure are certainly worthy of consideration.

Mr. VENIOT: I was trying to get some information from the minister, but some of my hon. friends on this side of the house interfered. I intend to stay on my feet and I hope my hon. friends will not interrupt until I am through. For instance, I should like to know the falling off in postage on parcels from other countries. In 1929-30 the amount received was $776,411.

Mr. SAUVE: In 1930-31 it was $456,213.55.

Mr. VENIOT: Over $300,000 less. In the 1930 revenue there is an item representing Canada's share in the sale of the Pacific and West Indies telegraph and cable service. There will be nothing coming from that source this year, which will be an additional falling off, so there is practically $600,000 of a drop there?

Mr. SAUVE: Yes.

Mr. VENIOT: Then what were the deductions this year from the gross revenue?

Mr. SAUVE: The deductions were about $7,000,000.

Mr. VENIOT: Just about the same as before?

Mr. SAUVE: Yes.

Mr. DONNELLY: Does the Post Office Department keep a special commissioner in Saskatchewan to investigate charges of political activity preferred against postmasters, or is this done by the commissioner maintained by the government to investigate such charges against employees of all government departments? I should like to ask also how many commissioners have been appointed in Saskatchewan, how many are there now, and who they are.

Mr. SAUVE: I understand two commissioners have been appointed; one has been investigating political complaints and there is one other, as my hon. friend knows.

Mr. DONNELLY: What salaries are they paid?

Mr. SAUVE: The salary is $20 a day and expenses.

Mr. DONNELLY: Is Mr. Elliott still working as an investigator?

Mr. SAUVE: Not now.

Mr. DONNELLY: Was he discharged?

Mr. SAUVE: I think so.

Mr. DONNELLY: On what grounds?

Mr. SAUVE: On certain representations.

Mr. MARCIL (Translation): I have no protest to make against the system enforced by the hon. Postmaster General in connection with dismissals of postmasters who are guilty of political partisanship; the act exists and it must be carried out. When a complaint is lodged against a postmaster, the minister orders an inquiry and a commissioner is specially appointed for the purpose. In the county of Bonaventure I was privileged in having the visit of a fellow citizen from Rimouski, who carried out numerous inquiries. I have nothing to say against the work he carried out and which seems complete; he is a member of the bar and he understands his work. However, I must protest as to his method of procedure. When a commissioner, having such extensive powers, visits a village or a parish to hold an inquiry, the latter, to my mind, should be held either at the post office or in a public place. At present, in my county, these inquiries are generally held at the home of the person who has made the charge or has caused it to be laid and who, moreover, hopes to replace the postmaster in question. I think that this procedure is of a nature to lower the prestige of the commissioners in charge of the inquiry.

I therefore contend that these inquiries should be held either at the post office—like the inquiries carried out by the inspectors of the department—or in a public place, and that a previous notice, with a reasonable length of time, should be given as to the date of the inquiry. If a postmaster thinks fit not to be present at this inquiry, it is his concern, however, some postmasters or, again, some other persons might wish to deny these charges, but they have not the opportunity because they are not notified in advance.

I have neither the time nor the desire to discuss any further these inquiries which are held in my county for I may add the old saw, "to the conqueror belong the spoils." Such is the way the matter stands to-day and it has always been so.

Government positions will always be sought by people, especially in time of crisis, even if those positions are not very remunerative, however, my protest concerns the way these inquiries are carried out. I think the Postmaster General would enhance the prestige of his commissioners by giving them instructions to that effect.

Mr. SAUVE (Translation): The case to which the hon. member for Bonaventure refers to, to my knowledge, is an exceptional one. I do not think that such a procedure will be found in other counties. Our aim is to look into the charges which are made to

us. We then send a commissioner to hold an inquiry according to the rules of evidence. We do not instruct them to carry out this inquiry at the home of the person who laid the charge but in a house where the public can have access.

However, if a commissioner happens, in certain cases, to go to the complainant's home, it is perhaps because there were no other places available.

Sir EUGENE FISET (Translation): I should like the Postmaster General to allow me to emphasize somewhat the remarks made by the hon. member for Bonaventure (Mr. Marcil). What the hon. member for Bonaventure complains of, also exists in the county of Rimouski, and conditions in the latter place are, perhaps, worse than those mentioned by the hon. member for Bonaventure, since the two commissioners in charge of inquiries were ex-Conservative candidates who had both stood for the county of Rimouski and had besides taken part in the last election.

It was therefore almost impossible for any one charged of meddling in politics to obtain fair play under such conditions. I would not object to any of these gentlemen being appointed as commissioners to take charge of inquiries outside the county where they were candidates.

Mr. SAUVE (Translation): The commissioner is under oath. Often we see judges called upon to hear cases in which their past electors figure. There is no objection.

Sir EUGENE FISET (Translation): What would the Postmaster General think, for instance, of the fact that, while in charge of such inquiries, the commissioner delivers political speeches in the county where are held these inquiries?

Mr. SAUVE (Translation): My jurisdiction does not extend to speeches, and if I remember well, I have never received information nor complaints to that effect.

Sir EUGENE FISET (Translation): I do not blame the Postmaster General.

Mr. SAUVE (Translation): However, if inquiries were not held according to the rules laid down on evidence, if those who are charged were unjustly dealt with, it behooves them to complain to the department. I will note the representations made to me by the hon. member for Rimouski.

Mr. MARCIL (Translation): When a vacancy is to be filled by the Civil Service Commission, does the inspector of the department visit the locality to inquire as to qualifications of the candidates?

[Mr. Sauve.]

Mr. SAUVE (Translation): Exactly.

Mr. MARCIL (Translation): Is there a fixed time to send this report of the inspectors to the Civil Service Commission or does it remain in the possession of the department and, if so, for how long?

Mr. SAUVE (Translation): The report is forwarded to the Civil Service Commission.

Mr. MARCIL (Translation): How long is it held?

Mr. SAUVE (Translation): There is no fixed time, but I suppose it is as soon as possible.

Mr. MARCIL (Translation): I wish to especially refer to the interesting village where, since a number of years, I have passed my summers, Bonaventure which is the largest parish of Bonaventure, and where the postmaster, who was charged with political partisanship, died shortly after the inquiry. The vacancy was created by a natural cause, even before an order in council was passed dismissing him. Since his death, his widow has acted as postmistress, even before his death she was in charge of the office, acting as an assistant. She is recommended for the post by the Rev. Mr. Gauthier, the parish priest, and by Mr. Charles A. Forest, manager of the local savings bank, they are neither political friends. Previous to making an appointment, I would like the Postmaster General to consider the situation of this Mrs. Forest, widow of the late postmaster who rendered great services to the department, and to further give consideration to the exemplary way she carried out her duties. I must state that the father and the son were in charge of the post office for forty years, and this, to the satisfaction, evidently, of the Post Office Department. I should like to see the hon. Postmaster General grant the wishes of the parish priest and the principal business people of this village, and leave Mrs. Forest in charge of the office which she has administered to the entire satisfaction of the department and the people.

Mr. SAUVE (Translation): My hon. friend for Bonaventure may rest assured that I shall examine the entire file and shall exercise the greatest discretion in this matter.

Mr. VENIOT: What was the cost of the railway mail service for the year ended March 31, 1931?

Mr. SAUVE: It was $7,800,000.

Mr. VENIOT: That was the estimate; but was that expended?

Mr. SAUVE: I do not understand the question.

Mr. VENIOT: For 1930-31 the amount I asked for was $7,800,000. How much of that was expended?

Mr. SAUVE: In 1930-31 the expenditure for railway mail service was $7,714,151.11.

Mr. VENIOT: In 1930-31 we increased the estimate by $100,000. The estimates now before the house show a reduction of $150,000 for railway mail service. I hold that you cannot carry on the railway mail service with that reduction. You will have a deficit in that service and will have to come back for supplementaries. The other day the minister, giving a survey of his department, said they were cutting down expenses because certain railway mail services had been dispensed with owing to the change in railway arrangements. He said that the department had no control over the railway service. That is quite true. But where a railway was giving a daily mail service and it was deemed necessary, for purposes of economy, to cut down the service to three days a week, the Post Office department must provide for those three days which have been taken off the railway service. Unless you make that provision you are crippling the mail service of the Dominion. If, because of the reduction in the number of days of railway service, you decrease the amount you pay for that service, you must add to your regular road or highway service a sum sufficient to take care of those three days. What provision is being made for that?

Mr. SAUVE (Translation): I did not quite follow the last remarks.

Mr. VENIOT (Translation): The hon. Postmaster General stated the other evening in his speech, that the amount paid to railways for the mail service had been reduced because the railways were not giving to-day the mail service they previously gave, owing to the necessity of curtailing expenses.

Mr. SAUVE (Translation): Yes.

Mr. VENIOT (Translation): I shall explain my point; previously a railway which gave a daily mail service, now gives but a tri-weekly service. The mail which was previously carried daily is now carried only three times a week by that railway. If you reduce the amount paid to the railway for a given section, you are forced to increase the appropriation required to give a daily service to the people who have lost three days of service by railway. If on the one hand you reduce the means of communication by railway, you must on the other hand increase them, otherwise, and if you do not do so, you are not giving the public the same service as in the past. Now, I find no increase in the appropriation asked for the mail service by public routes. You will, therefore, not have sufficient money to give the public the service to which it is entitled and which it had in the past.

Mr. SAUVE (Translation): In answer to my hon. friend, I may say: when the railway mail service is curtailed, we cater as much as possible to the needs of the section affected by other services, such as motor buses, etc.

Mr. VENIOT (Translation): You do not follow me, I think. Perhaps, I do not express myself clearly. For instance, in my own county, take the Caraquet railway which gives, instead of a daily mail service, a tri-weekly service. The Post Office Department was kind enough—and I congratulate it—to grant us an additional service by railway; but you cannot take from the appropriation voted for the railways the money required to pay for an increased service on a public route. That money must absolutely be voted separately. You cannot appropriate that money because you have reduced by $150,000 the amount voted for the railway service and you have not increased the amount for mail service by public routes. You have not, therefore, funds applicable to that service and the result will be that you will have a shortage at the end of the year. Next year, at the outset of the session, you will be forced to ask parliament for supplementary estimates, and I shall oppose it because your leader has openly stated that in future there will be no more requests to parliament, at the opening of sessions, for supplementary estimates.

Mr. SAUVE (Translation): I think that the hon. member did not quite understand what I said a few moments ago, because, after listening attentively to all his explanations, I am obliged to give him the same answer.

Mr. VENIOT (Translation): Whether the answer is the same or not, it cannot be correct, because you have not the money to meet this situation. You have reduced the appropriation of the railway mail service by $150,000 and you have increased appropriation for mail service on highways; you must therefore have further appropriation voted to keep up the latter service, because this mail route service to-day, is the same which existed when I was a minister.

Mr. MORAND (Translation): That is less expensive.

Mr. MALONEY: I have great sympathy with the attitude taken by the former Postmaster General (Mr. Veniot). Has this railway mail service been cut down outside of the hon. member's county?

Mr. VENIOT: Yes; the minister will admit that it has been cut down in every province.

Mr. MALONEY: Where?

Mr. VENIOT: I am not here to answer for the minister. The railways have cut down their services; in places where they were running six trains a week, they are now running only three.

Mr. MALONEY: Are we justified in permitting such a reduction in the mail service of this country?

Mr. VENIOT: No, we are not, and that is what I am fighting against.

Mr. MALONEY: I agree with the hon. member.

Mr. POULIOT: This is perhaps a unique occasion, but I agree with the hon. members for South Renfrew (Mr. Maloney) and the former Postmaster General (Mr. Veniot). I will continue my remarks in French.

(Translation): Mr. Chairman, I have but a few words to add: it is with reference to the daily mail service of the Témiscouata railway, which crosses the county of Témiscouata and runs as far as Connors in New Brunswick. Since its construction, in 1888, this railway has had a daily service, and all the parishes along this line had a daily mail service. Since July 20, this service has been discontinued and these parishes have but a tri-weekly mail service. That is the reason why I am asking the hon. Postmaster General, who seems well disposed, if it would be possible, without any greater outlay than that previously made for the county of Témiscouata, to carry daily at least until the autumn, the mail by motor truck, from Rivière-du-Loup to Edmundston.

Mr. SAUVE (Translation): I am informed by the officials of the department that we have, in the appropriations, as a whole, a sufficient amount to take care of the needs of the mail service. In the case pointed out by my hon. friend from Temiscouata, I wish to state that, when a service is dispensed with through the decision of the railway commission, we endeavour to replace it by motor-buses—

[Mr. Veniot.]

Mr. POULIOT (Translation): Yes, such is the case.

Mr. SAUVE (Translation): —or by some other means of transportation.

Mr. POULIOT (Translation): Then, I leave this matter with the hon. Postmaster General and ask him to kindly attend to it.

Mr. VENIOT (Translation): With reference to the Temiscouata case, the hon. Postmaster General perhaps forgets that this question has already been placed before him and that I have, this day, received from his department a very gratifying letter stating that the mail service will be resumed again along the highway between these two points. Therefore, the Postmaster General, has already granted the request of the hon. member for Temiscouata.

Mr. SAUVE (Translation): I grant as far as it is possible reasonable requests, and especially when we have the funds enabling us to comply with the requests thus made to us.

Mr. POULIOT (Translation): The minister granted my request as regards the Temiscouata mail service, evidently on the strength of my letter.

Mr. VENIOT: There has been a reduction of $150,000 in the item covering mail service by railway. It has been stated that this reduction is due to the curtailment of railway service, in many cases a daily service being cut down to a tri-weekly service. It is stated also that the reduced mail service is being offset by the use of buses, automobiles and teams. The vote for mail service by ordinary land conveyance has not been increased, and I am afraid the minister will be faced with a deficit. However, that is not my business; the minister will have to accept the responsibility. I would point out to him that the money voted for one service cannot be used for another.

I have no desire to take up unduly the time of the committee. I know the minister is anxious to get his estimates through. Were it not that the session is drawing to a close, I would discuss these matters in detail. There is a matter, however, to which I should like to direct the attention of the government. In this regard the minister, being a new member of the cabinet, may not be wholly responsible, but the older members were well aware of all the circumstances. An increase in postal charges has been put into effect which should provide at least $4,000,000 in extra revenue, and if business improves as it

should, this increased revenue may amount to practically $5,000,000, which would wipe out the deficit. During 1929 and 1930 the then opposition, now the government, blamed me for not heeding the demands of the rural mail carriers for an increase in salary, but no provision has been made in the present estimates to grant such an increase. During the last election circulars were broadcast throughout the length and breadth of Canada in which I was depicted as having a heart of adamant because I would not listen to the cry of these poorly paid servants of the government. As it is expected that this session will close by the end of next week, there is not the time available to go into this matter in detail, and therefore I will leave aside all contentious discussion. The estimates will not permit of increases being paid this year, but I hope the government will remember its promise and grant these increases next year.

Mr. SPOTTON: Since the house has decided to stay in continuous session and inasmuch as none of us seems to have any business to return to, for the first time this session I propose to take up only a few minutes in order to ask the Postmaster General to see to it that a little heart or soul or cream of human kindness is put into that great post office machine. It is true, as the ex-Postmaster General has said, that a square deal for the rural mail carriers was advocated by many on this side of the house, and I suppose I really led in that matter. It seems too bad that of all the public servants in the Post Office Department, the rural mail carrier is the only man who has, every four years, to tender for his position. The man in the city who to-morrow morning dons a suit of clothes paid for by the Post Office Department, walks around a few hours, goes out in the afternoon and walks around a few hours more, receives $1,400 or $1,500 and two suits of clothes a year and has a retiring allowance; but the fellow who hitches up the old mare and drives over the muddy roads or snowbanks gets the least consideration of all. I have advocated a square deal for these rural mail carriers. The ex-Postmaster General is correct when he says that this party is on record in this respect, and when the finances of the country become more buoyant, when the deficit in the Post Office Department is wiped out, we shall look to the present government to give some relief to the rural mail carrier.

I do not intend to take this matter up in detail; I am going to give the Postmaster General just two examples. I took the ex-Postmaster General to task in connection with this case: In a little village in my constituency the rural mail carrier, who got nine hundred and some dollars for his route, had to travel a certain distance to the post office. Later it was moved a short distance. The Post Office Department sent a public servant, who was getting possibly $3,000 or $4,000 in addition to liberal travelling expenses, to measure that distance, and it was discovered that the poor mail carrier by virtue of the moving of the post office had to travel thirty-one rods, a few feet and a couple of inches less; therefore they reduced his salary by something like $11.37! These figures are not exact, I may say, but they are approximate. In other words, the Post Office Department spent perhaps $100 out of the treasury of Canada in giving a highly paid public servant a beautiful trip in order to cut a few dollars off the wages of a struggling mail carrier. That is the general principle against which I wish to protest. It is a twopenny-ha'penny business. That was the ex-Postmaster General; this is the present Postmaster General.

Mr. VENIOT: It is the same law.

Mr. SPOTTON: Yes, the same law. In the village of Belgrave in my constituency a gentleman was getting ninety-five cents a day for making three round trips to the railway station, a distance of almost a mile, or I believe they call it seven-eighths of a mile. Then one train was cut off, and this man was immediately notified that because he had to make only two trips to the depot instead of three, by some rule of thumb or Chinese mathematics his pay would be reduced by thirty-two cents—I am not talking by the book—and he would receive sixty-three cents a day for making those two trips. Such action is beneath the dignity of this administration. No administration can do such a thing as that in regard to any one of my constituents, whether he be with me or against me. This man, of course, will not accept the reduction; the job will be put up for public tender, and if I can do anything in that community to have the present Postmaster General pay $2 a day for that work, let me assure the committee I will do it.

As regards the general principle, we have been trying to "keep up with the Joneses" in this country and the Jones family has wrought havoc in private life. We are spending hundreds of thousands of dollars on the air mail service, which was a little toy for the ex-Postmaster General to play with. We need very little of that except in the hinterland or for taking the mail to those who live in the far-flung parts of Canada.

The idea of sending a bird with a broken pinion from Toronto to Montreal when there are several fast mail trains a day between those two cities! To do that is absolutely foolish. It is an expenditure I cannot condone in the face of the fact that the man who gets up at five o'clock in the morning receives only sixty-three cents a day for making two trips to Belgrave station. I do not know how the department figures it out. This man has a capital expenditure just as any financial or business organization has. He has himself, a horse, a buggy and a cutter to finance, and simply because he makes only two trips instead of three the horse cannot get along with three shoes instead of four or with two meals instead of three. I do not know by what method it is computed that this man shall have one-third of his pay cut off. I am not blaming the present Postmaster General; he is new in the saddle; he has his feet in the stirrups, and by another year we shall expect him to be an expert rider. I am prepared to give the present Postmaster General a chance, but I resent any such picayune, two-penny-ha'penny paring as has been going on in connection with men who carry the mails from town post offices to depots. Why is it that because a train is temporarily taken off in the summer their pay is immediately reduced?

I have one case in mind. Go to the department and they will say to you: If two trains come in fifteen minutes apart, that is one trip. If a man is driving a bus, his passengers are supposed to wait because of His Majesty's mails, while the money that should be spent on the rural mail service is spent in the air from here to yonder. The man has to keep his passengers sitting in the bus or make a special trip. I wish to ask the Postmaster General to look into this and see that those hard and fast rules, those little regulations of the Medes and Persians that have been left on his doorstep, those little vexatious things, are corrected. The idea of cutting a man's pay from ninety-five to sixty-three cents and then letting millions go through the hopper without a word of protest! The time has come when these men who toil must be paid what is coming to them, while the men who toil not nor spin will lose a little of their purple and fine linen.

Mr. VENIOT: I wish to call attention to the way in which these estimates are made up. They are the same every year.

Some hon. MEMBERS: Carried.

Mr. VENIOT: If you ask that an item of $36,000,000 be carried without its being gone into in detail, I can say to the committee it will not be passed in that way. The item is subdivided into many other items and it is not fair to ask the committee to pass the bulk item of $36,000,000. If hon. members will turn to page 70 of the estimates, they will find the total for post offices amounts to $14,645,040. As far as I am concerned I am prepared to have that pass. I would say now that the chairman may call it carried.

Mr. ROSS: I should like to say a few words on that. Will the minister explain these reductions for post offices?

Mr. VENIOT: I am coming to that. Now that I want to have something passed, it appears the committee does not want to pass it. I am asking the chairman to say "carried," and he will not.

The CHAIRMAN: Unfortunately the vote is a bulk vote, and it is not my province to change it.

Mr. VENIOT: I am going to point out what items of the bulk vote could go through without opposition. There can be no objection to the next item, for the offices of district superintendents of postal service. Then comes the mail service by rail. We have discussed that I think as fully as we need. The next item is mail service by steamboat. I cannot understand how there is a decrease of $45,000 in that item, but if the minister says that that reduction is necessary, I am not going to raise any objection. One reason for it might be the diminution of correspondence between foreign countries, so that not so much space on the steamers would be required as formerly. That can go through. The next item is mail service by ordinary land conveyance. Both myself and hon. gentlemen opposite have expressed ourselves on that, and we will see what can be done later. The next item, mail service by air, I would ask the minister to let stand by itself for open discussion. Then we have miscellaneous expenditure. There is an item of $13,750 for commission to postmasters. There is no objection to that; it is the same amount as last year. The next is an item for travelling charges and expenses for district superintendents, inspectors, and so forth. That is all right. The item for stationery and printing has been fully discussed. Next is an item for manufacturing postage stamps, showing a reduction of $40,000. I cannot understand how, in the light of the changes that have been made since the opening of this house, it is possible to carry on that work with a reduction of $40,000. The printing of postage stamps last year cost practically $260,000.

Mr. MALONEY: You paid too much.

Mr. VENIOT: They did not cost too much. There is a fixed price on that, and the amount paid each year increases with the volume of business of the post office. The government has introduced the three cent stamp, and that will further increase the cost for printing. Hon. gentlemen need not interrupt. If there is to be obstruction of that kind, I can obstruct too. I have enough material here to keep the minister employed for a fortnight; I do not propose to do it, but if hon. gentlemen opposite want that kind of obstruction to go on, I can carry it on too. The next is an item for hand stamps. That is all right. My hon. friend across the way (Mr. Ross) wished some information under miscellaneous expenditure, I think.

Mr. ROSS: I was going to ask the present Postmaster General about it.

Mr. VENIOT: I am not going to give any information. I was mentioning items to which I have no objection.

Mr. ROSS: Every member is interested in his own post office. I notice that there are a good many reductions here for post offices. What is the reason for the reduction of $3,720 at the Kingston post office?

Mr. SAUVE: It is made up as follows: Difference between salaries of employees promoted or who have left the service and the salaries of the new appointees to replace them, $1,380; three positions dropped, $3,240; less 7 statutory increases of $120, $840 and one statutory increase of $60.

Mr. ROSS: Why were three positions dropped?

Mr. SAUVE: I will give the names in a moment.

Mr. CHEVRIER: I understand that the postmaster for the city of Ottawa will soon be superannuated. Will the Postmaster General kindly assure the committee that when his successor is appointed, the appointment will be made by promotion within the service, and on the merit system only?

Mr. SAUVE: Yes.

Mr. VENIOT: Personally I am content that every item in the minister's estimates should pass except those concerning the mail service. Let it be understood that the mail service estimates must stand over until a later time.

Mr. SAUVE: No.

Mr. VENIOT: I cannot allow the air mail service estimate to carry without making some remarks.

Mr. SAUVE: My hon. friend has an hour. I understand that the other items are carried.

Mr. VENIOT: Yes.

Mr. VALLANCE: May I suggest, Mr. Chairman, that only the hon. member for Gloucester (Mr. Veniot) has consented to the passing of the items? What about the rest of the committee? I do not think he constitutes the whole committee.

Mr. VENIOT: I think I said that so far as I was personally concerned they might go through.

Mr. MORAND: Well, I suggest that the chairman read the items so that we may proceed.

Mr. VENIOT: I shall have no other criticism to offer to-night or during this session except with regard to the air mail service, on which there is some information I wish to get from the minister.

Mr. SAUVE (Translation): I understand that there is but one appropriation covering all items, we can discuss right now all such questions and then vote.

Mr. HEENAN: Before the items are carried may I ask the minister whether it is the policy of the department to give contracts at a very reduced rate to school boys to carry the mail between stations and post offices when there are married men and returned soldiers who have applied for that work? I have in mind a contract for carrying mail from the station at Dryden to the post office, for which there were eleven applicants—six married men, four returned soldiers, and one school boy. I learn from the returns that it was given to the boy at a very reduced rate so that he might put himself through college. That was in a district where there are hundreds, perhaps thousands, of unemployed men, many of them returned soldiers.

Mr. SAUVE: We have followed the established procedure; the work was given to the lowest tenderer.

Mr. VENIOT: The work could not be given to a minor.

Mr. HEENAN: I think the minister has been misinformed. Surely a contract cannot be given to a minor whose parents can guarantee for him so that the boy may put himself through school when at the same time returned soldiers whose families are starving are out of work. Surely that cannot be the policy of the department.

Mr. SAUVE: If the boy is under the age of eighteen years we cannot give a contract. If a complaint is made, it is considered.

Mr. HEENAN: Well, I shall not say what the minister can give, because it appears to me that this government can do almost anything. Is it the policy of the government that a school boy whose parents can give a guarantee may have a man's job when there are married men who could have been given the same contract?

Mr. SAUVE: I have given my answer—we cannot give contracts to boys under eighteen.

Mr. VENIOT: But he has got it.

Mr. SAUVE: If the hon. member has any complaint I should like to have the name of the boy.

Mr. HEENAN: The present Postmaster General has not been in office long enough to resort to this kind of manipulation. Surely it is not the policy of the government to give a contract worth about a thousand dollars a year to a school boy at $480 so that the boy may get through school. If that is the policy of the government for heaven's sake don't let me hear hon. members opposite say any more about upholding the rights of labour. Of eleven men who made application a boy named William C. Gammon got the contract for $480. The reason he received the work may be shown by the following letter written by the district superintendent of postal service:

> The matter was further taken up with his parents through the postmaster, Dryden, and it has been further ascertained that he is a school boy and desires to go through college, financing himself with the contract payment. His parents are willing to sign the contract and assume full responsibility but feel that a four-year term would be more than the boy would care to do and suggest a two-year term as sufficient.

That is the most flagrant piece of robbery I have ever known to be practised on the people of the constituency I have the honour to represent. Men with families are refused work which a school boy obtains at a price of $480. His parents would not sign a contract for four years, so the term was changed to two years. I should like the Postmaster General to consider the cancellation of the contract and its being given to a married man.

Mr. SAUVE: The matter to which my hon. friend has referred is not one of policy, but is of a purely legal nature. If the boy is too young I understand he had no right to make a contract, and when a complaint is made the matter will be investigated.

[Mr. Heenan.]

Mr. QUINN: I am surprised to hear the remark of the hon. member for Kenora-Rainy River (Mr. Heenan) with regard to the awarding of mail contracts to school boys. The Post Office Department of the late administration of which my hon. friend was a member, awarded in my constituency a mail contract to a boy who at the present time is only sixteen years of age and is still going to school.

Mr. HEENAN: That was wrong, but two wrongs do not make a right.

Mr. QUINN: Yes, but my hon. friend did not open his mouth when he was sitting on this side of the house.

Mr. HEENAN: If it had been mentioned I would have done so.

Mr. POULIOT: His name was McConachie.

Mr. MALONEY: I am pleased to see that a reduction of $400,000 has been made in connection with air mail service. When reference is made to that service I think the former Postmaster General (Mr. Veniot) should blush. He cannot be made to blush, however.

Mr. VENIOT: Not so easily as that.

Mr. MALONEY: If I were Postmaster General to-day I would expend on air mail service not $1,500,000 but less than $100,000. There are only two or three corners in this country where that service is required, one in the far north and another in the far west.

Sir EUGENE FISET: And the third at Rimouski.

Mr. MALONEY: The Post Office Department is supposed to be maintained for service and not for profit. If that be the case the Postmaster General should extend the rural mails throughout this country, though I will confess to hon. gentlemen opposite that so far I have been unable to secure one route in South Renfrew since this government came into power.

Mr. VENIOT: I should like to get some information with regard to the air mail service. What was the amount expended on air mail service during the year ending March 31, 1931?

Mr. SAUVE: The total amount was about $1,299,000.

Mr. VENIOT: Reference has been made to the Postmaster General reducing the expenditure on air mail service by some $412,000. Last year the estimate was $1,912,000, of which $1,299,000 was spent; this year the estimate is

$1,500,000, so the government has increased by about $200,000 the estimated expenditure for the coming year.

The reason $1,912,000 was estimated as necessary last year was in order to complete the connection of the route from the maritime provinces to Winnipeg via Montreal, either from Montreal to Toronto and from there on to Winnipeg, or from Montreal to the northern part of Ontario and then across to Winnipeg. Tenders were called for to cover that service; tenders were received, and it was estimated that it would require about $478,000 to do the work for the remainder of the year, and that in all the route might cost something like $600,000. That money was not expended by the former government; the contract was not let. The tenders were received and opened three days before the dissolution of parliament, and the awarding of the contract was left in abeyance until after the election. However, the department did spend about $1,299,000 on air service. I know there has been some severe criticism of the air mail service, but I believe if hon. gentlemen opposite and perhaps some on this side of the house would go more carefully into the great benefit it has been and will be in future I am sure they will cease their criticisms.

In reply to a question which I asked, the right hon. Prime Minister told the house that the government had the right to cancel existing contracts by giving one month's notice That is quite true, and we were told also that the notice had been given but that it was not the intention to cancel the entire air mail service as established under your humble servant. That month has expired, and I understand that a further notice covering an additional month has been given. I am anxious to know what routes are to be kept up. If this $1,500,000 passes this committee there will be sufficient money to maintain all the routes that were in operation last year.

We desired to link up the east and the west, because until that was done we could not hope to make the air mail service pay. We began in 1928 by establishing an air mail service from Rimouski to Montreal, and by so doing we were able to land transatlantic mail in Montreal more quickly than transatlantic mail could be landed in New York. This placed the business men of the Dominion on an equal footing to the business men of the United States, who formerly received their transatlantic mail from a day and a half to two days sooner than it was received by the north Atlantic route. That meant a great deal to the business people of Canada; it was appreciated by them and they took advantage of it. Later in the same year we established an air mail service to the northern shores of the gulf of St. Lawrence and carried mail to those people who, in the winter time, formerly had very poor service. We then inaugurated an air mail service to the Magdalen islands, where previously they had not had a service in the winter. That service to the Magdalen islands has paid for itself, and the service on the north shore of the St. Lawrence has paid its way also, if I can judge by the poundage carried. We established air mail service to Prince Edward Island in the winter time when steamship communication was interfered with, and in fact at other times also in order to accommodate the business men of the island. We delivered mail by air from Moncton on a Saturday so that the mail would be distributed to the business houses that afternoon, and on Monday they answered the mail by an outward service. If that had not been done the mail would not have been distributed to them until three o'clock Monday afternoon, so by the air mail we have helped the business men of Prince Edward Island. That service is also paying its way.

We established air mail service to the far-flung sections of the west, up the Mackenzie river into Aklavik, three hundred miles within the Arctic circle, and that service, under a two cent rate, to-day is paying its way and has a surplus. Formerly we delivered mail by dog teams in the winter time and by boat in the summer time, and we paid $41,000 for a service which was of absolutely no use to those people. When we were considering inaugurating air mail service we called for contracts under both systems, the old and the new. There was a difference of only $5,000 or $6,000 between the cost of the air mail service and the cost of the old service, so we adopted the air mail service and instead of giving those people a mail once or twice a year we gave them several deliveries of mail a year. In the Mackenzie district, up to within eight hundred miles of the Arctic, we are giving a service equal to almost any other service in Canada, and to-day that service is more than paying its way. We gave a two cent service in the mining districts of Ontario and Quebec, and every one of them is paying its way to-day. We wished to give a more extended service to the commerce of Canada. We found that American business men, through their air mail service, were getting ahead of our Canadian business men and we therefore established a number of routes such as the route from Halifax to Saint John and then to Montreal, from Moncton to Montreal, from Montreal to Toronto, from

Montreal to Schenectady, from Toronto to Buffalo, and through the prairie provinces. Those routes had a five cent service. They are not paying their way, but the increased volume of business, after the service has been in operation only three years, indicates that within two years it will pay. If it had been possible for me as Postmaster General to link up Montreal direct with Winnipeg, that service would be paying to-day.

Let me appeal to the Postmaster General not to cut out any important branch of the air mail service. I know that the service from St. John and Moncton on to Montreal is not paying, and my hon. friend says it never will pay. Very poor encouragement, coming from a member of the maritime provinces. But that is not so; the service will pay. In the last three months of the last fiscal year the service between St. John and Montreal increased over 30 per cent; and when it is linked up with Halifax, and we have a route from Halifax to Moncton, from Moncton to St. John, and from St. John to Montreal, the service will be used so extensively that it will pay.

Let me now give the figures to show the poundage carried over these routes. On the Amos-Chibougamau route the poundage was 2,224 and the cost $1,200. With that poundage at $1.20 it more than pays the cost. Take the Amos-Simcoe route: the poundage was 3,305 and the cost $1,100. On the Fort Murray-Aklavik route the poundage was 62,747, to that outlandish and far-flung section of Canada. Over that route we have a postal parcel rate carrying all the furs from that section to civilization. On the Leamington-Pelee island route the poundage is 17,103, and on the Montreal-Albany route it is 21,689 pounds of first class matter at $3 per pound. There you have, within $7,000, this important route paying its way. Take the Montreal-Detroit route: the poundage is 39,040. There there was a deficit. The business in increasing, however, and the moment we link up with the network of the American air mail service, getting communication with Mexico, that service will pay its way. Then we have the Montreal-Rimouski route, carrying 53,042 pounds; the Peace River-North Vermilion route, 26,223 pounds, at $1.20 a pound, the cost being $3,200. Then there is the Quebec-Seven islands, Seven islands-Anticosti-Moncton-Magdalen islands route. The cost is $30,000, the poundage being 39,289. This is really two routes in one. Next we have the Narrows-Lake Sioux Lookout, with a poundage of 40,964; the Winnipeg-Calgary-Regina-Edmonton route, newly started, carrying 64,242 pounds. For the Winnipeg-Pembina route I have not the figures. On the Moncton-Charlottetown route the poundage is 43,846.

Mr. QUINN: What is the cost of the Moncton-Charlottetown route?

Mr. VENIOT: That is $15,750. This is only an emergency route used in winter. On the Toronto-Buffalo route there is a poundage of 43,880. With regard to the Montreal-Ottawa route, I may explain that this was only an experiment. I knew at the time that it would not pay and I feel now it will not pay. But it was only once a week and was provided in order to connect with the boat at Rimouski. The Montreal-Quebec route, which is very costly, was also a trial route. When we came to carry out our plans for the Montreal-Quebec route we found we could not call at Quebec and at the same time continue on to St. John and to Moncton, owing to climatic conditions and locations. Quebec was therefore cut out of the general route, but was allowed to remain in for a short time so far as Quebec and Montreal were concerned. We had other routes such as the Lac du Bonnet, with a poundage of 40,715. The air mail service with the two-cent rate has more than paid its way.

There is a surplus of between $100,000 and $116,000; and this additional one cent, which I am informed by the Prime Minister will be added to all first class postage, will give another $199,000. The additional one cent added to the five cent rate already established, will give an additional revenue of over $230,000. There you have an additional revenue, by increase in postage over these routes, assuming that the business keeps up, of nearly $400,000. The deficit of the past will amount to about $700,000 in round figures, so that with the extra postage and increased volume of business, this air mail service could be carried on and show a deficit of less than $300,000.

There are gaps in the service between the Atlantic and Pacific coast. One gap is between Sudbury and Winnipeg or Toronto and Winnipeg, and the other from Winnipeg to Vancouver. To give a complete service Winnipeg to Vancouver would cost about $370,000 or less per year, and such a service would pay for itself within a very short time. A plane could leave Halifax with 600 pounds of first class matter; it could drop and pick up mail on the way through to the coast, and this complete service could be inaugurated for $3,000,000. I leave it to the officials of the Post Office Department and the Department of National Revenue to verify these figures. This service would pay its way and bring the maritimes 64 hours closer to Vancouver.

If there is one thing I am desirous of seeing kept up, it is the air mail service. I think I can say without boasting that I had the courage to convince the government of the advisability of putting this service into operation. I saw that our friends to the south were taking advantage of our laxity in extending this service in Canada. I noticed that there was a meeting of financiers in Montreal and Toronto to form companies by which it was hoped to gain control of civil aviation in this country. It was shown that money could be made out of this proposition because these men were interested in air mail and commercial services in the United States, and were hoping to obtain a monopoly of the services in both countries. I knew that the policy of the Department of National Defence was to establish civil aviation in Canada; I felt that an air mail service would be a foundation for commercial and civil aviation, and I recommended that the government put the service into operation. I came before the house in 1928 with this proposal, and it was accepted. I never had anything else but the fullest faith in its success, and I have even greater faith to-day after two or three years of experience.

If Canada takes a retrograde step in the matter of air mail services our friends to the south will try to take advantage of it. At the present time there is an organization in the state of Maine which hopes to inaugurate an air mail service from Boston to Bangor, Bangor to St. Stephen, St. Stephen to Saint John, and Saint John to Moncton and Halifax. They cannot operate an air mail service in Canada without first obtaining the permission of the Post Office Department, and they cannot operate a commercial air service without first obtaining the permission of the Department of National Defence. Has the Post Office Department granted that permission? I am not opposed to its being granted provided it is stipulated that Canada may step in when she is ready to take over the service on the Canadian side. When we are ready we should be able to say: you will stop at the border and we will take the mail through Canada and deliver to you mail from Canada destined for the New England states.

The air mail service offers a means of encouragement to flying. We have to-day in Canada some of the best pilots in the world. Canada is recognized as having the best pilots anywhere. These men made their mark not only during the war but after they returned from the war. American companies are offering higher salaries to our pilots than they receive here, but they showed themselves to be patriots during the war and they are again showing their patriotism by refusing to go to the United States even at a higher salary. If Americans are permitted to establish an air mail service in Canada they will soon attempt to take over the commercial and civil air services and drive our own people out of the business. If this service is permitted to operate between Boston and the maritime provinces I hope the government will take care that it is nothing but an air mail service. These men should not be privileged to do any commercial work; they should be confined to air mail service.

I have made a particular study of this matter. The officials of the department will confirm the fact that I spent many sleepless nights during 1927 and 1928 when we were considering the details of this service. We had the expert advice of the best men in the Department of National Defence and the Post Office Department. When we were not sure of the steps to be taken, our officials went to the United States to investigate conditions there. The American air mail service during its first three years was an utter failure from a financial standpoint. The deficits were enormous because they adopted the wrong system—the poundage system, under which they could not hope to make a financial success. We in Canada, profiting by their mistake, adopted a mileage system. A mileage system prevails in nearly every portion of Canada except in one or two outlying places where hazardous conditions prevail and under our contracts we specify a certain poundage at so much per mile up to that poundage, but above it so much per pound extra. When our United States friends found out that Canada was succeeding so well after its second year in the air mail service, what did they do? We had the pleasure of having our United States friends come to us and consult with officials of the Post Office Department and experts of the Department of National Defence to find out how it was that we were succeeding so well in our air mail service. After they had interviewed the officials I have mentioned, they returned home and changed their whole system. To-day the system adopted, following the Canadian plan, is operating a great deal more to their advantage than the one which they had previously used.

In conclusion let me say I do not mind honest criticism of an enterprise of this kind; I do not mind what criticism may be hurled at me for having inaugurated and undertaken

that system in Canada, but I ask those who feel they should criticize to study first the whole situation as I have laid it before hon. members to-night. It is not very often I am able to say that I agree with the Tory party. I have been a long time in public life; I have been a Liberal by conviction; I have remained so; I see no reason why I should change, and for that reason perhaps my mind may be biased on some of the questions that the party which I am opposing may bring up. But this is one question on which I think we can agree. I urge upon the government that they continue the policy that has already been inaugurated and extend it as necessity requires. If they do so, they will receive my hearty support.

Let me say just one more word in conclusion.

Mr. CANTLEY: The third conclusion.

Mr. VENIOT: If my hon. friend does not like it he can leave. I happen to have the floor, and I do not care whether he likes my way of doing things or not. While I have the floor the hon. gentleman has no right to interrupt me. I think I should say a word on behalf of those who are flying in Canada. Is it known to hon. gentlemen that Canada holds the record to-day for the fastest commercial air service in the world? I am talking now about commercial air service and not of those experts who fly for the purpose of making time. We hold the record of 248 miles an hour in the delivery of air mail, and this was not done for the purpose of making a record. We hold another world record for long distance run of 196 miles an hour. Canada has become famous throughout the world for her splendid pilots, men who were able to attain their present standing by participating in the inauguration of the air mail service of the Dominion.

Mr. SAUVE (Translation): Mr. Chairman, I wish to congratulate the hon. member for Gloucester (Mr. Veniot) on the great task he performed in connection with aerial mail service. He brought out many good points in his speech, however, I must state that if we have found it necessary to modify the policy which he laid down, it is because of economic necessity and also because we have to take into consideration the decrease in revenue of our department due to the crisis which prevails throughout the country. When our finances are in better shape, we shall do our utmost to keep up with the country's progress as regards aerial mail and other matters.

[Mr. Veniot.]

Mr. VENIOT (Translation): Can the Postmaster General point out what mail routes will be discontinued or will there be any discontinued?

Mr. SAUVE (Translation): First, there is the Toronto-Buffalo route.

Mr. VENIOT (Translation): Will there be any others or will this be the only one?

Mr. SAUVE (Translation): There will be the temporary contracts, such as Montreal-Moncton.

Mr. VENIOT (Translation): That will be continued.

Mr. SAUVE (Translation): Yes. We are looking into the matter and we have up to August 15, to decide. In the meantime, we shall see what it is possible for us to do.

Mr. VENIOT (Translation): If you do not intend to continue, I object to having the appropriations voted.

Mr. QUINN: The previous speaker, the ex-Postmaster General, made reference in his lengthy remarks on this item to the air mail service between the maritime provinces and Montreal. The Postmaster General and his department are quite familiar with what has been done and promised with respect to this service. Representations were made to the former Postmaster General by the people of Halifax for an air mail service in order that that city might be connected up with the Canadian air mail service. The former Postmaster General promised the people of Halifax that an air mail service would be established if they would provide the proper facilities for an airport. On that understanding and guarantee the city of Halifax purchased a large strip of land in the western portion of the city and equipped it for the reception of airships, but I regret to say that promise was not carried out.

Mr. VENIOT: I cannot let that go by without correcting the hon. member.

Mr. QUINN: I have listened to the hon. member for three quarters of an hour.

Mr. VENIOT: But the hon. member is making a statement which is not correct. I have a right to correct it.

Mr. QUINN: I stated that the hon. member promised the people of Halifax he would give them an air mail service if they would provide the proper facilities for an airport.

Mr. VENIOT: They had not their port facilities provided last July.

Mr. QUINN: I did not say anything of the kind. I said that on the strength of that promise—

Mr. VENIOT: How could I keep the promise if they did not carry out their part?

Mr. QUINN: I will repeat the words of the right hon. leader of the opposition, Mr Chairman, and ask you to preserve order. I would say to the Postmaster General that the port of Halifax, at great expense to the people of the city, has now provided its part. Representations have been made repeatedly by delegations to the minister and the department from the city of Halifax, the mayor of Halifax, who was here only a few weeks ago, the boards of trade of the city of Halifax and of Dartmouth, Moncton and Saint John with regard to the improvement of the port of Halifax in connection with an air mail service. Halifax, as is well known to all Canadians, is the finest harbour on the Atlantic seaboard and the nearest ocean port to Europe. For these reasons I would ask the minister to take the matter into very serious consideration before making a final decision with regard to the refusal of the department to carry out the promise which was made some time ago to provide an air mail service between Halifax and the cities in the western part of Canada.

Mr. RALSTON: I want to ask the Postmaster General a question with regard to a return, No. 255, which was brought down some time ago, and particularly with regard to the mail service on Cape Sable Island. In the first place I may remind the Postmaster General that recently the mail contracts there have been cancelled and new contracts let. Apparently on the 13th of May a contract existing for the carriage of the mail between Stony Island and North East Point wharf was cancelled and a new contract let at the same rate. Would the Postmaster General give me the reason why?

Mr. SAUVE: I will give my hon. friend the reasons to-morrow privately, for I have not them here.

Mr. RALSTON: Would my hon. friend also permit me at the same time to ask another question? Perhaps he may get the information with regard to this as well. I find by this return that on two occasions, on February 3, 1931, and on February 28, 1931, the department, through Mr. Anderson, the superintendent, addressed a letter to W. H. Currie, of Shelburne, and asked him for his recommendation and advice whether or not the mail contracts on Sable Island should be continued. The letter of February 3, 1931, mentions that the contract for the Clark's Harbour wharf and Orion wharf mail service will expire on June 30, 1931. The contractor is Gilbert E. Atkinson, and the rate $350 per annum. The next paragraph reads:

> I should be glad of your advice as to whether it would be in the public interest to allow this service to remain with the present contractor whose name is given.

The letter is addressed to W. H. Currie, Esq., Shelburne, N.S., and is signed by G. C. Anderson, superintendent. On February 28, 1931, another letter is addressed to Mr. Currie with regard to the contract for the Clark's Harbour wharf and Orion wharf mail service, stating that it would expire on June 30, 1931, and the same information is asked for. Then on page 50 of the return comes a letter headed, "Shelburne Coast Guard," reading as follows:

> Shelburne, N.S.,
> March 5, 1931.
>
> Mr. G. C. Anderson,
> Superintendent of Postal Service,
> Ottawa, Ont.
> Dear Sir:—
>
> Re: Mail Carrying Tenders
>
> We recommend the following to put up for tender:
>
> Thomas Freeman, Sable River West and Sable River Railway Station.
>
> Thomas Harrington, Sable River and Railway Station.
>
> Gilbert E. Atkinson, Clark's Harbour Wharf and Orion Wharf.
>
> Mrs. Etta McGarron, Barrington and Brass Hill.
>
> The following contracts we recommend for renewal:
>
> Charles D. Hagar, Roseway and Railway Station.
>
> J. C. Sears, Jordan Bay, East Side and Jordan Railway.
>
> Joseph E. Golden, Gunning Cove and Railway Station.
>
> Clarence Long, Birchtown and Railway Station.

The letter is signed by W. H. Currie, President, Conservative Association.

I want to ask my hon. friend the Postmaster General how it is that he is writing to Mr. Currie asking for advice in these matters?

Mr. SAUVE: Generally we follow the practice that has been adopted in the past. I will give the information to-morrow to my hon. friend.

Mr. RALSTON: On whose recommendation does the Postmaster General write to Mr. Currie asking for this advice?

Mr. SAUVE: I will give that information.

Mr. RALSTON: Mr. Currie is not even the defeated candidate in the county of Shelburne.

Item agreed to.

Mr. VENIOT: Will the Postmaster General have any supplementary estimates?

Mr. SAUVE: For a few dollars.

Progress reported.

HOUSE OF COMMONS STAFF

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication from the Civil Service Commission, addressed to the Honourable, the House of Commons:

In accordance with section 12 and section 61 of the Civil Service Act, the Civil Service Commission have submitted the following change in compensation for approval:
"Chief Page—
It is recommended that the compensation of this class, which is at present:
Annual: $780 840 900 960 1,020 1,080 1,140
be revised to read as follows, effective from July 1, 1931:
Annual: $1,080 1,140 1,200 1,260 1,320 1,380
The duties and responsibilities attached to this position are considered to warrant a higher compensation."

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

Monday, July 27, 1931.

The house met at three o'clock.

ILLEGAL WARFARE CLAIMS

Hon. C. H. CAHAN (Secretary of State): I wish to lay on the table of the house supplementary report of Errol M. McDougall, K.C., and I move:

That 500 copies in the English language and 200 copies in the French language of the supplementary report of Errol M. McDougall, K.C., the commisioner appointed to investigate and report upon illegal warfare claims and reparations payable in respect thereof, laid on the table of the house this day, be printed forthwith, and that standing order 64 in relation thereto be suspended.

Mr. MACKENZIE (Vancouver Centre): Does this report deal with prisoners of war or specifically with civilian claims?

Mr. CAHAN: This deals with all the remaining civilian claims except three. The report dealing with prisoners of war has not yet been tabled.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

FORT LENNOX, QUE., CARETAKER

Mr. RHEAUME:

1. Who is in charge of Fort Lennox, in the county of St. Jean, Quebec?
2. Were complaints made against Mr. Alcide Papineau, former caretaker of Fort Lennox, at St. Jean, Quebec?
3. If so, by whom?
4. What were the nature of said complaints?

Mr. MURPHY:

1. Jean Albert Gagnon, who was appointed by the Civil Service Commission.
2. Yes; departmental files show that Mr. Papineau's services were very unsatisfactory.
3 and 4. Answered by No. 2.

RURAL MAIL—ST. NEREE, BELLECHASSE

Mr. BOULANGER:

1. On what date does the contract of Alfred Boutin for the distribution of the rural mail in the parish of St. Neree, in the county of Bellechasse, expire?
2. Was this contract cancelled?
3. If so, for what reason?
4. Were complaints made against Mr. Boutin, and if so, by whom?
5. Who asked or recommended the cancellation of this contract?
6. If complaints were made against Mr. Boutin, were said complaints made known to him, and was he given the opportunity of refuting same?
7. Was an inquiry held or will one be held regarding the complaints which may have been made against Mr. Boutin?
8. Is Mr. Boutin a public servant or just a contract holder with the government?
9. Does the state of health of Mr. Boutin allow him to do work other than the distribution of rural mail?

Mr. SAUVE:

1. December 31, 1932.

2, 3, 4, 5, 6 and 7. This contract was cancelled on the recommendation of Mr. J. W. Gaudette in connection with affidavits submitted by France Goulet and Joseph Dutil. New respresentations were made and instructions have since been issued restoring Mr. Boutin until a proper investigation can be made.

8. A mail contractor.

9. Department has no official knowledge.

ST. EMILE, QUEBEC, POSTMASTER

Mr. SEGUIN:

1. Was Mr. J. B. Grenier, postmaster of St. Emile, dismissed?
2. If so, for what reasons?
3. Were complaints made against him, and if so, by whom?
4. Was an inquiry held?

5. What was the name of the inquiry commissioner?
6. What were the total costs of said inquiry?
7. Who are the witnesses who testified at this inquiry?
8. Who was appointed to replace J. B. Grenier, as postmaster of St. Emile?
9. By whom was he recommended?
10. Was Mr. Azarias Rivest appointed by the department to replace Mr. Grenier, and if so, did he afterwards receive notice that his appointment was void?
11. Will the expenses incurred by Mr. Rivest in preparing a location for the post office of St. Emile be refunded to him?

Mr. SAUVE:

1. No, but his son, Adolphe Grenier, who was the postmaster, was dismissed.
2. Active political partisanship.
3. Yes, by Messrs. Jules Provost, Jos. Provost, Paul Emile Groulx.
4. Yes.
5. Gaston Allard.
6. $59.50.
7. Joseph Provost, Emile Provost, Paul Emile Groulx, Jules Provost and Adolphe Grenier.
8. Emile Provost was appointed to replace Adolphe Grenier.
9. C. E. Jeannette.
10. Yes.
11. Any reasonable claim will be given consideration.

ST. CYRVILLE DE WENDOVER MAIL CONTRACT

Mr. GIROUARD:

1. On what date did the mail contract for rural route No. 1, of St. Cyrille de Wendover, expire?
2. Was this contract cancelled?
3. If so, for what reasons?
4. Were tenders called?
5. If so, what persons in the county of Drummond requested said tenders to be called?
6. Were complaints made against the previous holder of this contract, and if so, by whom were said complaints made?

Mr. SAUVE:

1. Contract expires on 30th September, 1931.
2 and 3. No.
4. Yes.
5. Agesilas Kirouac.
6. No.

Mr. GIROUARD:

1. On what date did the mail contract for rural route No. 2, of St. Cyrille de Wendover, expire?
2. Was this contract renewed?
3. If so, what persons in the county of Drummond requested its renewal?

Mr. SAUVE:

1. Contract expires on 30th September, 1931.
2. Yes.
3. Agesilas Kirouac.

PUBLIC WORKS INQUIRIES

Mr. DORION:

1. Did Mr. Oscar Drouin, lawyer of Quebec city, hold inquiries for the Public Works department between September, 1921, and July, 1930?
2. If so, what inquiries were held, how many reports were made by Mr. Drouin, and what are the names of the persons who were dismissed as a result of said inquiries?
3. What sums were paid to Mr. Drouin by the Department of Public Works in this connection?

Mr. STEWART (Leeds):

1. Yes.
2. A preliminary enquiry was held to investigate charges of political partisanship against Albani Page, employee of the Department of Public Works, Montreal, but as the complainants abandoned the case no dismissal was made.
3. $117.21.

SHELBURNE PUBLIC BUILDING

Mr. RALSTON:

1. What persons or firms tendered to supply coal to Shelburne, Nova Scotia, public building in response to last published notices calling for tenders for coal?
2. What were the prices submitted by the various persons and firms and for what quality or qualities of coal?
3. To whom was the contract awarded and from what mine was the coal derived?
4. What price quote "delivered in bins" at said building, or otherwise?

Mr. STEWART (Leeds):

1 and 2.

Persons or firms	Price	Kind of coal	Calorific value B.T.U's
Shelburne Shipbuilders	$8 70	Acadia lump	13,500
Robert Irwin	8 40	Acadia lump	13,500
Bras d'Or Coal Co	8 20	Bras d'Or lump	13,056
Indian Cove Coal Co	7 70	Tom Pip lump	13,000
Victoria Coal Co	8 00	Victoria lump	13,000
North Sydney Collieries	8 28	Harbor side lump	13,369
Sydney Mines Coal Company	7 30	Jubilee lump	13,681

3. (a) Sydney Mines Coal Company.

(b) Jubilee seam in the colliery of the Sydney Mines Coal Company, Ltd., at Sydney Mines, N.S.

4. Price quoted is for coal "delivered and trimmed in bin."

INVESTMENTS IN CANAL SYSTEMS

Mr. MACKENZIE (Vancouver Centre):

1. How much money has Canada invested in all canal systems?
2. What is the anual revenue from such systems?

Mr. MANION:

1. $233,608,586.46.
2. $536,727.33.

PRAIRIE RIVER, SASK., POST OFFICE

Mr. DONNELLY:

1. Has W. S. Law been appointed postmaster or acting postmaster at Prairie River, Saskatchewan?
2. Has he ever occupied this position previously?
3. If so, did he resign from office or was he dismissed?
4. If dismissed, what was the cause for dismissal?
5. Have complaints been received by the Post Office Department against this man on previous occasions?
6. By whom was he recommended for appointment to office at the present time?

Mr. SAUVE:

1. Yes. Acting postmaster pending permanent appointment by the Civil Service Commission.
2. Yes.
3. He was dismissed.
4. Pleaded guilty to charge of theft.
5. Yes, but general service was satisfactory.
6. In view of his previous experience and because information has been received that he was not guilty of a moral wrong but pleaded guilty on a technical charge, he was placed in temporary charge on the resignation of the postmaster pending a permanent appointment by the Civil Service Commission.

UNOPPOSED MOTIONS FOR PAPERS

ST. EMILE POST OFFICE

Mr. MARCIL (for Mr. Seguin):

For a copy of all telegrams, letters, and representations made by any person or persons, including full report of the inquiry held in connection with the dismissal of Mr. Jean-Baptiste Grenier, postmaster of St. Emile, the appointment of Mr. Azarias Rivest, his successor, and the subsequent appointment of Mr. Emile Provost.

[Mr. H. A. Stewart.]

HAVRE ST. PIERRE LIGHTKEEPER

Mr. CASGRAIN:

For a copy of all correspondence, letters, telegrams and documents in the possession of the Minister of Marine and any of the officers of his department at Ottawa and Quebec, regarding complaints of political partisanship made against Mr. Jean Boudreau, lightkeeper at Havre St. Pierre, on the north shore of the St. Lawrence river, since July 30, 1930, to date, including the correspondence exchanged between the Minister of Marine and the officers of his department with the said Mr. Boudreau.

MOTIONS FOR PAPERS

WESTERN CLOCK COMPANY LIMITED

Mr. MARCIL (for Mr. Bouchard):

For a copy of all correspondence, letters and telegrams passing between the Western Clock Company Limited of Peterborough, or any official of the company, and the Minister of Finance, and to any other member of the Dominion government, during the year 1931.

Mr. BENNETT: The hon. member is not in his place. This motion falls within the category of those we have dealt with several times during the session. It involves the question of costs of production and the information given is confidential. Such parts as may not be confidential the hon. gentleman is entitled to receive, but beyond that we cannot comply with the motion.

Mr. SPEAKER: Carried?

Mr. BENNETT: No; we had better wait until the hon. gentleman is in his place.

Mr. SPEAKER: Motion stands.

RAILWAY POSSIBILITIES—GASPESIA

Mr. MARCIL (for Mr. Larue):

For a copy of the report of Mr. S. A. Desmeules, civil engineer, regarding the possibility of building a railroad in the inland part of Gaspesia.

Mr. BENNETT: As the hon. gentleman is absent, this motion had better stand. It involves an interdepartmental report regarding matters that have not yet been acted upon.

Motion stands.

TÉMISCOUATA RAILWAY

Mr. POULIOT:

For a copy of all correspondence exchanged between the Board of Railway Commissioners, the Témiscouata Railway Company and any person or persons, including telegrams, notices, minutes of meetings, reports, requests and orders in connection with the curtailing of trains of the Témiscouata railway on or about July 20, 1931.

Mr. BENNETT: The Board of Railway Commissioners for Canada is a court of record and this motion is similar to any motion that might be asked for a return with respect to the Supreme Court of Canada. We have no jurisdiction and I suggest that the motion be dropped.

Mr. POULIOT: Would the Minister of Railways (Mr. Manion) have any objection if I asked the board to show me their records?

Mr. MANION: No.

Mr. BENNETT: We have no control over the board.

Mr. SPEAKER: The resolution being improper, it will be stricken from the order paper.

Motion dropped.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURAL DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

Right Hon. R. B. BENNETT (Minister of Finance) moved that the house go into committee at the next sitting, to consider the following proposed resolution:

That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to employment and farm relief; and for the maintenance of peace, order and good government in all parts of Canada; and to authorize the governor in council to expend for the said purposes out of the consolidated revenue fund such sums as may from time to time be necessary.

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.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, although this motion is not debatable at this stage, I should like to ask a question concerning its wording. It appears to be ambiguous in a certain particular. The motion reads:

Resolved, That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to employment and farm relief;

Does that mean unemployment relief and farm relief or does it mean in respect to employment and in respect to farm relief? I understood that the measure was to be in respect of the relief of unemployment and the relief of distress in rural districts. As it is now worded it would mean that the government is putting forward a principle of obligation on the government to furnish employment rather than to provide unemployment relief.

Mr. BENNETT: Mr. Speaker, I do not think the resolution is ambiguous in the sense in which my right hon. friend suggests. If there is any doubt the word "unemployment" can be used.

Mr. MACKENZIE KING: That is the only point I was making.

Mr. BENNETT: With the consent of the house I move to add the prefix "un" before the word "employment."

Motion as amended agreed to.

THE GOVERNOR GENERAL

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I see in the press that some letters patent or documents, have been issued concerning the appointment and functions of His Excellency, the Governor General of Canada. Could the Prime Minister (Mr. Bennett) lay these papers on the table of the house.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I was as surprised as the hon. gentleman when I read in the papers this morning the item to which he refers. I did not know from what source this information had been obtained. These papers may have been laid upon the table of the British house, but no motion has been made in this house to supply such documents. Had such a motion been made it would have been agreed to. A copy of the instructions of His Excellency, the Governor General, will be laid upon the table, if that is what my hon. friend suggests. I shall endeavour to ascertain the source of the information. No new instructions have been issued since His Excellency was appointed the latter part of March or the early part of April this year.

Mr. LAPOINTE: Does the newspaper report give substantially what are the instructions?

Mr. BENNETT: I will table the instructions.

RIVIERE DU LOUP STATION

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker inasmuch as it has been said in reference number 389, tabled June 29,

1931, that it was then impossible to bring down the information called for by that return because at the time the estimates of the Canadian National Railways were being dealt with by the select standing committee on railways and shipping, and whereas since that date the final report of that committee containing no such particulars has been dealt with by the house,—

1. Are provisions made in the Canadian National Railways budget of 1931-32 for the construction of new stations?

2. If so, how many?

3. Where are they to be constructed?

4. What is the total estimate, including capital account expense or other, prepared by the Canadian National Railways for each station?

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I am informed that there are not to be any new stations built this year. I think that answers the hon. gentleman's question.

CANADIAN NATIONAL RAILWAYS

AUTHORITY TO ISSUE SECURITIES FOR $68,500,000 TO MEET EXPENDITURES AND INDEBTEDNESS IN 1931

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go into committee on Bill No. 79, respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Sections 1 to 6 inclusive agreed to.

Bill reported.

Mr. MANION moved the third reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, my recollection is that when the resolution upon which this bill is based was presented to the house, a statement of the situation was made to hon. members as to the necessity of the measure. That is why no discussion has taken place in committee and why no further exception will be taken to the immediate third reading.

Mr. MANION: It has been dealt with in committee.

[Mr. Pouliot.]

Mr. MACKENZIE KING: I desired to make it clear that the bill is not going through without consideration.

Motion agreed to and bill read the third time and passed.

GOVERNMENT GUARANTEE OF SECURITIES TO BE ISSUED UNDER CANADIAN NATIONAL RAILWAYS FINANCING ACT, 1931

Right Hon. R. B. BENNETT (Minister of Finance) moved that the house go into committee on Bill No. 83, respecting the Canadian National Railways and to authorize the guarantee by His Majesty of securities to be issued under the Canadian National Railways Financing Act.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Short title.

Mr. MACKENZIE KING: I should like to make the same observation with regard to Bill No. 83 as I did with respect to Bill No. 79. My understanding is that both of these measures are based first of all upon the discussion that took place in the committee on railways and shipping—

Mr. MANION: That is right.

Mr. MACKENZIE KING: —that members of the committee were agreed upon the advisability of these measures being introduced; and also that when the resolutions on which the bills were based were before the house an explanation to that effect and in addition with regard to the essential features of the measures was made to the satisfaction of all sides of the house.

Mr. MANION: While there is a slight difference in the method adopted, this is the right to guarantee the securities of the Canadian National Railways, and it has been done in the past in practically the same way.

Mr. MARCIL: I should like to take this opportunity to say a few words regarding the policy adopted by the Canadian National Railways in my constituency and to ask the Minister of Railways to use his good offices in this respect. The Canadian National Railways are now applying to the Board of Railway Commissioners to close up three stations or receiving agencies which are situated in the parishes of Maria, St. Siméon de Bonaventure and Marcil between Shigawake and Port Daniel. Maria station has been in existence for over forty years, in fact since the road

was built. The population of the parish is about 2,000. I have received numerous petitions and protests against this policy. The chief claim is that in a time of stress such as this the Canadian National Railways should not deprive the people of the limited facilities they have at present for shipping their agricultural products, fish and so forth, and that the status of these stations should be continued until the crisis is passed. The revenues are fairly reasonable and I do not think the policy of the Canadian National Railways in depriving the people of these facilities is a good one, because the result will be that the people will resort to transportation by water, thus still further decreasing the revenues of the railway. I would ask the minister to use his good offices to see that these services are continued.

Mr. MANION: The Canadian National Railways will lose a certain amount of revenue by closing stations throughout the country and protests have been received, but they are taking this action only where they find that this means an actual gain in money and sometimes a large gain. As a matter of fact, if the people would continue to utilize the railways, the services would not be cut off. I shall, however, be glad to pass my hon. friend's representations on to the railway. The matter is in their hands, not in those of the government.

Mr. CAYLEY: Has the minister any provision for the payment of interest and principal on those guaranteed bonds of which I spoke the other day? I particularly mentioned the Toronto Surburban.

Mr. MANION: I think, in the hon. member's absence, the question was asked by another hon. member. I pointed out that we have nothing to do with that. The bonds of the Toronto Suburban are guaranteed neither by the government nor by the national railways. It was a subsidiary, and while it is true the interest was paid in the past, the national railways, I am informed, due again to the same reasons that I gave another member a minute ago, namely, decreased earnings, have decided not to pay the interest, because on this subsidiary they were down $100,000 a year on operating expenses and, including interest, $200,000. Therefore I presume they have decided to cut out the interest payment just as many industrial corporations have discontinued paying dividends on stocks. I have no control over the matter; it is entirely in the hands of the Canadian National railway management.

Mr. CAYLEY: I would infer that as soon as times get better, interest payments will be resumed?

Mr. MANION: I cannot say that. As a matter of fact, the national railways for some years, indeed I think ever since they took over the Toronto Suburban, have found that it has been a losing proposition, and I think their decision is to shut off the services altogether for the same reason that I gave to an hon. member, namely, that they are not getting the traffic. I understand they are willing to turn the railway over to the trustee of the debenture stock and let him handle it as desired; it is stock and not bonds about which my hon. friend inquires. The railways will give every facility for having the stockholders' trustee take it over without cost and handle it in any way to suit his wishes.

Section agreed to.

Sections 2, 3 and 4 agreed to.

Bill reported, read the third time and passed.

CHICOUTIMI HARBOUR

ADVANCE OF $450,000 FOR CONSTRUCTION OF TERMINAL FACILITIES

Hon. ALFRED DURANLEAU (Minister of Marine) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to authorize a loan to the Chicoutimi harbour commissioners not exceeding $450,000 for the construction of terminal facilities, upon approval by the governor in council of detailed plans, specifications and estimates for such works, and the deposit of the debentures of the corporation to cover said loan.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Resolution reported, read the second time and concurred in. Mr. Duranleau thereupon moved for leave to introduce Bill No. 141, to provide a further loan to the Chicoutimi harbour commissioners.

Motion agreed to and bill read the first time.

Mr. DURANLEAU moved the second reading of the bill.

Mr. POULIOT: Explain, please.

Mr. DURANLEAU: I will explain it in committee.

Mr. MACKENZIE KING: I do not think there is any desire to delay this measure, but inasmuch as hon. members have not seen the bill, if there is to be no explanation, it might be permitted to stand. I would suggest, if it is not too late, that this be done and that we have the second reading at a subsequent time.

Mr. POULIOT: I do not wish to be disagreeable to the minister. I simply want information.

Motion stands.

SAINT JOHN HARBOUR

ADVANCE OF $10,000,000 FOR CONSTRUCTION OF TERMINAL FACILITIES

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 134, to provide for a further loan to the Saint John harbour commissioners.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Section 1 agreed to.

On section 2—Loan of $10,000,000 to harbour commissioners for terminal facilities.

Mr. MACKENZIE KING: I just wish to observe in respect of this bill that my recollection is that there was a very full discussion on the resolution, and the committee got most of the details at that time.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

Bill reported, read the third time and passed.

THREE RIVERS HARBOUR

ADVANCE OF $700,000 FOR CONSTRUCTION OF TERMINAL FACILITIES

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 135, to provide for a further loan to the Three Rivers harbour commissioners.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Section 1 agreed to.

On section 2—Loan of $700,000 to harbour commissioners for terminal facilities.

Mr. POULIOT: On this section I have just two questions to ask of the minister. Owing to an article that has been published in a local paper pointing out that the loan is being voted by the house at the same time as a by-election is taking place in the county of Three Rivers, I would ask if it is understood that the harbour commissioners of Three Rivers will proceed with this work, whatever may be the result of the election in Three Rivers.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: That is a very serious question, and I want an answer from the minister.

Mr. DURANLEAU: I shall be glad to answer it. The answer is, surely.

Mr. POULIOT: Thank you. My second question is this: Is it understood that only citizens of Three Rivers of a certain political complexion will be employed on the work, or will the unemployed be able to work on the harbour whatever may be their political colour?

Mr. DURANLEAU: It seems to me that my hon. friend has in mind what he would do himself under similar circumstances, but I can say to the committee that any citizen who is able and willing to work, irrespective of his political colour, will be given the chance to work by the harbour commissioners so far as there is work available.

Mr. POULIOT: Thank you. That is very satisfactory.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

Bill reported, read the third time and passed.

NORTH FRASER HARBOUR

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 139, to amend the North Fraser Harbour Commissioners Act, 1913.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Sections 1, 2 and 3 agreed to.

On section 4—Certain by-laws confirmed.

Mr. SPENCER: Would the minister explain section 4?

Mr. DURANLEAU: The explanation is contained in the explanatory note on the page opposite to the bill. By-law 115 provides the tariff of cargo rates effective on goods landed, shipped or deposited within the limits

of the North Fraser harbour. It repeals and replaces a by-law of the same number approved by order in council of April 20, 1927. The rates in the present by-law 115 are considerably reduced, and are the result of conferences and agreements arrived at between the members of the corporation, representatives of the four municipalities adjacent to the harbour, and other interests affected. The by-law 115 and the order in council confirming it, of November 1, 1927, are set out in full in the Canada Gazette of November 12, 1927, at pages 1406-1409.

Section agreed to.

Bill reported, read the third time and passed.

BONUS ON WHEAT

PAYMENT OF FIVE CENTS A BUSHEL ON WHEAT EXPORTED FROM WESTERN PROVINCES

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee on Bill No. 140, respecting wheat.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Payment of five cents a bushel on wheat.

Mr. BENNETT: In order that there may be little difficulty in the operation of this measure I asked the chairman of the Board of Grain Commissioners for Canada to go into the matter with some degree of care and as a result of his suggestions the bill appears in its present form. It covers wheat grown in Alberta, Saskatchewan and Manitoba in the year 1931, and delivered to any licensed elevator in the western inspection division, commission merchant, track buyer or grain dealer as defined by the Canada Grain Act. The chairman was of opinion that this is the proper language to employ to cover the intention of the bill. In view of the limited discussion which took place the other day I may add that the next paragraph provides the regulations for payment of the money and makes the further provision that the act shall expire on July 31, 1932.

Mr. FRASER (Cariboo): I wish to ask the Prime Minister a question concerning the operation of the proposed legislation. How will it affect the wheat grown in the Peace River area of British Columbia. Will the farmers in that area receive the benefit of this legislation?

Mr. BENNETT: No.

Mr. FRASER (Cariboo): Well, why should not the wheat grown in the Peace River area of British Columbia come within the operation of the act, the same as that grown in Alberta? The two areas adjoin one another. My information is that there are about a million bushels of wheat grown in the Peace River area of British Columbia. Why should not wheat grown in that area be entitled to the same bonus as wheat grown in the adjoining province of Alberta?

Mr. BENNETT: The wheat grown in the Peace River area is partly in Alberta and partly in British Columbia. So far as my information goes the major part is grown in Alberta, and the measure now before the committee is intended to cover only the three great wheat producing provinces. To undertake to make it cover a small area or section of one province presented such difficulties that it was thought undesirable to make any such attempt. The conditions under which wheat is raised in the new territory, as compared with the older part, is well known to all. Such action could not reasonably be taken.

Mr. STEWART (Edmonton): There is a considerable quantity of wheat grown in the Peace River block of British Columbia. Undoubtedly there will be considerable dissatisfaction if those farmers are not to receive five cents per bushel.

Mr. BENNETT: The farmers who live in Alberta will receive the benefit.

Mr. STEWART (Edmonton): I am not speaking of those who live in Alberta, but of those who have their residence in British Columbia at points adjacent to Alberta and who do not enjoy the railway facilities for the transportation of grain enjoyed by their neighbours in Alberta. To that extent they are handicapped. As it is arranged now I presume the Board of Grain Commissioners will supervise payments, make regulations and decide to whom the money will be paid. Generally speaking it will be paid on wheat cheques to the farmers through the elevator companies.

Mr. BENNETT: To the producers.

Mr. STEWART (Edmonton): Through the elevator companies, or purchasers from the grain growers.

Mr. BENNETT: Through the payee, as described on the grain tickets. Sometimes the payee is a bank, and sometimes, as my hon. friend knows, it is not a bank. As he has very properly said payments will be made

through the Board of Grain Commissioners, to the producers. The business of the grain commissioners is to see that the money reaches the producers in connection with their grain tickets. My hon. friend knows better than I that there are great difficulties in connection with mortgages on crops. The chairman of the Board of Grain Commissioners is working upon the regulations and believes there will be no difficulty in carrying into effect the intentions of the act.

Mr. MACKENZIE (Vancouver): I should like to endorse what has been said by the hon. member for Cariboo (Mr. Fraser) in regard to the Peace River section of British Columbia. As the Prime Minister knows, the nature of the soil in that particular part of British Columbia is the same as in the Alberta section. It seems to me that there will be discrimination against wheat producers in Pouce Coupé and Rolla, British Columbia, who would not receive the five cents a bushel, while the Alberta producers at Spirit River, almost next door, would receive it. It seems to me that possibly some amendment might be introduced to extend the benefit of this legislation to the Fraser river section of British Columbia.

Mr. BENNETT: There is a small area in the southern part of British Columbia in the same way.

Mr. McMILLAN (Huron): At the outset, Mr. Chairman, I want to emphasize that I am heartily in favour of any relief that may be or should be given to any real needy person in this Dominion. However, when the resolution preceding this bill was introduced the other day I made a protest against it on the ground that I did not believe that it was the duty of this government to propose any such sectional measure. I think my hon. friend from Cariboo (Mr. Fraser) has made a protest which should be considered by this house. But I do believe that this is a bill which should not be received and passed by this parliament.

An hon. MEMBER: Carried.

Mr. McMILLAN (Huron): No sir, it is not carried. I think there is no more uncalled for, unreasonable and indefensible bill —and goodness knows there have been many introduced by the government during this session and the special session last September. What is the situation? My right hon. friend the Prime Minister told us the other day that he had four reasons—

Mr. BENNETT: Five.

[Mr. Bennett.]

Mr. McMILLAN (Huron): Well, possibly five; which he advanced in favour of the passage of this measure. The first reason was the reduction in the price of wheat. Does not that apply equally to every variety of grain and of every other product of the farms of Canada? If you are going to introduce any such measure why should it not be made general in its application? His second reason was that the prices which we are getting for wheat bear no relation to the cost of production. Does that not hold good in the production of every other article of the farm? I should like any hon. member to get up and say that the farmers of his constituency are able to produce at a profit. His third reason was the necessity of a measure of relief among western farmers. I would ask you, Mr. Chairman, to realize that in the burnt-up districts of the three western provinces there are, according to the last report, 150,000 farmers who will not have a bushel of grain of any kind this season. They certainly will not benefit at all from this sectional measure. In the other sections of the three prairie provinces there are farmers who have the prospect of a 20,000 bushel crop, and they will get a pure handout under this bill of no less than $1,000 each. Why should this house consider seriously any such sectional arrangement? Then his fourth reason was the psychological effect, which he described as the fact that the wheat-producing capabilities of the three prairie provinces had placed Canada on the map as a great wheat-producing country. I would ask him and every other member this question: Do you want to encourage our farmers at the present time to grow a greater quantity of wheat in the face of present conditions and present prices? Furthermore, there is not a large stock-producing farmer in those three western provinces to-day but will feel like feeding at least a portion of his wheat crop to his live stock; this bill does not encourage him to do so at all.

I want this house to realize, when the Prime Minister sets up the three western provinces as being a great wheat-producing country, that as far as the agriculture of Canada is concerned the old province of Ontario produced in 1929 over 31 per cent of the entire agricultural production of the Dominion. When we consider the province of Quebec along with Ontario, we find that in 1929 they produced 62.71 per cent of the entire agricultural production of this Dominion. In 1930 they produced over 55 per cent of that production. And yet, sir, here is a proposition so sectional that with the exception of the three prairie provinces no other portion of

the Dominion is entitled to anything. On June 29 I asked the hon. Minister of Railways (Mr. Manion) what parts of Canada were taken into consideration with respect to this proposition. He told me that this payment of 5 cents per bushel applied to the wheat producers of this country. Of course, he did say afterwards that it had not been considered in council. Nevertheless that was the reasonable, unbiased opinion that he gave expression to as a result of that degree of reason of which he is possessed—and we all give him credit for considerable reasoning power—but it seems to me that when he and other members of the cabinet go into council they have to throw their brains into the waste-paper basket. We have often heard the hon. Minister of Railways talk about the farmers in his district. Do you think he will go out and tell them that this is a provision not intended for their benefit, that they are too wealthy to need any help like this, and that this applies only to the farmers of the three western provinces? Do you think he will go out and tell them that? I noticed the Minister of National Defence (Mr. Sutherland) in his seat a moment ago, but he has since gone out. I wonder if he will go to the good county of Oxford and tell his farmer constituents that they are not entitled to any consideration along these lines? Will the Minister of Immigration (Mr. Gordon) tell his farmer constituents up in new Ontario that they are so wealthy they are not entitled to any of this handout?

Mr. ROBINSON: Are there any crop failures in Ontario?

Mr. McMILLAN (Huron): If my hon. friend had watched the press reports he would have seen that in the vicinity of Stratford, in the first twenty days of July, no less than 8·51 inches of rain fell in that locality, at the very time when our farmers were trying to save the hay harvest. There are farmers in my immediate vicinity who have not a single load that has not been partially destroyed. Many of them have drawn the hay and burned it because of the weather. Even in the favoured sections of Ontario there is scarcely a farmer who will be able to make ends meet. I am not going to keep up this protest at any greater length, but I want the committee, and more particularly the members of the cabinet, to understand that I will protest in this country wherever I go, and I am not going to do that before I protest in this house.

Mr. BENNETT: I can hardly let the hon. gentleman's statement go without one or two observations in reply. Are there any elevators in Ontario such as are referred to here, or in any of the eastern provinces?

Mr. McMILLAN (Huron): There are storehouses.

Mr. BENNETT: But they are not storehouses such as these. It will be observed that all the grain that passes out of the western country for export passes through the elevators. There may be some small quantities that do not leave for export which also pass through them.

Mr. McMILLAN (Huron): Does this provision take in the millers of western Canada?

Mr. BENNETT: As the hon. gentleman knows, most of them have elevators, and some provision will be made in the regulations to deal with that situation. But this is an effort to give some assistance to the great grain-producing area of Canada. I am surprised that the hon. gentleman should display so much heat in opposing the measure. I am sure it will be greeted with great satisfaction by those of his countrymen who have gone and settled in the western plains—for there are a great many men from Huron who have settled in western Canada. If they tell him, and if he will listen to them, I think he will agree that the action taken is what he himself would take under similar circumstances. It has not been taken hastily; it is the sort of action I would expect him to support rather than to oppose, for the reasons I have indicated.

Mr. CARMICHAEL: Section 1 speaks of wheat grown in the western provinces in the year 1931. There are still held by the farmers certain quantities of the 1930 crop which will be marketed with the 1931 grain. Has any provision been made to separate these two crops, or will the 1930 and 1931 wheat come under this provision?

Mr. BENNETT: The information of the Board of Grain Commissioners is that only small quantities of the 1930 crop are held. In any event an effort will be made under the regulations to separate the crops, and the 1930 wheat will not be paid the 5 cents.

Mr. MOTHERWELL: As I see it, wheat delivered at mills to which no licensed elevators are attached will not be eligible for this 5 cent subsidy. There are a number of mills in the three western provinces that have

no elevators associated with them. They are not licensed under the grain act, and wheat delivered there will not receive the 5 cents. If the Prime Minister does not intend to provide for them, then, of course, they will have to go without it. But if he does intend to take care of them, I see no provision here for wheat delivered to such mills.

Mr. BENNETT: It is not intended to do otherwise than as stated in the bill, except to meet the situation referred to by the hon. member for Kindersley (Mr. Carmichael).

Mr. MOTHERWELL: You think they will be covered?

Mr. BENNETT: My hon. friend has not heard me. All grain grown in 1931 and delivered to country elevators in accordance with the grain act will receive the payment of 5 cents; not otherwise.

Mr. MOTHERWELL: I see that. But does the Prime Minister think that the regulations are comprehensive enough to include an occasional warehouse as well?

Mr. BENNETT: Warehouses are covered by statute.

Mr. YOUNG: The Prime Minister stated the other day that this bonus of 5 cents was intended as a compensatory adjustment of the burden the tariff imposes on the farmer.

Mr. BENNETT: I did not say that.

Mr. YOUNG: I associate myself with the hon. member for Lisgar (Mr. Brown); we cannot accept it as such. This bonus of 5 cents will amount to approximately 8 per cent of the farmer's income, and the tariff imposes a burden of 30 per cent. We cannot accept a bonus of 8 per cent as a compensation for a 30 per cent spoliation. But I want to ask this question. In view of the fact that this is intended as a compensatory adjustment of the burden the tariff imposes on us, and inasmuch as this will last only one year, will the Prime Minister at the end of the year remove the tariff burden?

Mr. BENNETT: I did not say a tariff burden; there is no tariff burden placed on the farmers of the west.

Mr. BROWN: Why an adjustment?

Mr. BENNETT: I did not say a tariff burden. I said that this was a compensating adjustment as between the east and the west, because hon. gentlemen are all the time complaining—notably my hon. friend from Lisgar—about the terrible burden imposed upon the west by the east. If he has been around these buildings lately he will understand what that means. This is intended to be just what it says, neither more nor less; and I gave the reasons for it. I did not give as one of the reasons what my hon. friend has suggested, and which I thought might offend his susceptibilities; although I did mention it as something that might possibly be said with respect to the payment of this sum of money. As regards my hon. friend's remark about spoliation, that is not a matter of great importance.

Mr. VALLANCE: Following up what the ex-Minister of Agriculture (Mr. Motherwell) has said, I do not think the Prime Minister really grasps the significance of the question put to him by that hon. member. There are in the three western provinces many mills that will not come within this provision. The Prime Minister is merely putting these interior mills at a disadvantage of five cents a bushel. The export miller has an advantage over the Canadian miller who has no elevator facilities; he has a five cent leeway on him. Let me assure the hon. member for South Huron that this five cent bonus will not encourage the growing of wheat. The position of the western farmer to-day is well known to the Prime Minister. If the hon. member for South Huron will look up to-days' quotations he will see that No. 1 wheat, July delivery, is selling at 52 cents. In the pool it is 30 cents on No. 1 wheat, and if you deduct freight, all that the farmer has left is 8½ cents a bushel. It costs him 12 cents to thresh it, so that you can see what his profit is. As one who has produced a good deal of wheat, I can assure the hon. member that this bonus will not be an inducement to me to go more extensively into the production of this grain. However, I want to emphasize the point with regard to western millers who have no elevator facilities of their own. I hope the Prime Minister will see to it, either by regulation or in some other way, that the wheat delivered to those individuals will receive the five cents which will be paid on export wheat.

Mr. BENNETT: I am obliged to my hon. friend from South Battleford for having taken up the question raised by the hon. member for South Huron. It is not the intention to encourage the growing of wheat. I thought that was so well known that it would be unnecessary to mention it. I thank my hon. friend for bringing this matter to my attention and will state that an effort will be made to meet the situation. I went over it with the chairman of the Board of Grain

Commissioners, and although there are some difficulties in the way they are not such as will not yield to treatment. I think the major part of the wheat will be taken care of as the great milling companies have licensed facilities.

Mr. SPEAKMAN: Mr. Chairman, just a word following what was said by the hon. member who preceded me (Mr. Vallance) in connection with over-encouragement being given to wheat growing. The hon. member spoke of a possible 8 or 8½ cents payment being made locally to the farmers for No. 3 wheat delivered to the pools. I have before me the market quotations for the town of Red Deer, which offers a typical example being situated on the main line. These prices are as follows:

11½ cents for No. 1.
8½ cents for No. 2.
3½ cents for No. 3.

Mr. MOTHERWELL: That is the advance payment.

Mr. SPEAKMAN: Those are the quotations which appeared in the paper of July 15. They cover the initial payments as advertised by the pool. Every hon. member will appreciate that the addition of five cents per bushel will not make wheat growing so profitable as to encourage over-production. As has been said, this payment could hardly be looked upon as a compensating adjustment, but I think the farmers who have been so fortunate as to have wheat this year will appreciate this additional price. While they do not consider it in the light of a compensating adjustment, while they feel, rightly or wrongly, that it is wholly inadequate, from the viewpoint of increased purchasing power or a lessening of their losses they are prepared to accept and appreciate this payment. This is the first time in our history that such recognition has been given; whether or not it will be the last, we do not know, but we accept it in that way. It is being accepted as some recognition of the losses which have been incurred but not in any way as an encouragement to over-produce. Even with the 5 cents a bushel it is obvious that the cost of growing and marketing wheat will be far greater than the returns which have been received this year. As to whether or not this payment should apply to all grains is another matter; as to whether or not it should apply to all farm products is another matter. Those are matters for discussion but my own opinion is that it would be of assistance to all farmers to receive something of the same nature. The farmer appreciates anything which will add $5,000,000 to $10,000,000 to the purchasing power of the prairies, but as has been said again and again, he is not prepared to accept this as payment in full for the burdens which the tariff and other policies of this country have placed upon him. He is prepared to accept it exactly for what it is worth, as so much assistance at a time when assistance is badly needed. With so many crop failures this payment will not apply to or be of the slightest advantage to many districts, and we must look to the bill which will be introduced shortly for relief in this connection. Despite what has been said by the hon. member for South Huron (Mr. McMillan) and other hon. members of the committee, I am not afraid that the farmers of the west will rush into greater production of wheat.

Mr. DONNELLY: Mr. Chairman, I desire to thank the Prime Minister (Mr. Bennett) for this assistance to be given to the farmers of western Canada. I appreciate the endeavour to make it applicable to all wheat marketed through the regular channels. However, there will be difficulty and hardship involved in the case of the smaller millers. One of the absurdities of our economic life is that at the present time the price of flour in western Canada where the wheat is grown is practically higher than the price prevailing in any other part of the British Empire. The cause is the fact that the millers charge for the wheat as if it were shipped to Fort William, and then add on the price of flour the local freight back from Fort William. The price of flour in the west is as high as if not higher than the price in many points in eastern Canada. As a result of this condition many small mills have begun to operate throughout the prairies. There are four or five in the constituency which I have the honour to represent. These mills buy their wheat from the local farmers, who, in turn, purchase their flour from the mills These local mills not having to pay the freight on the wheat to Fort William and the freight on the flour from Fort William are able to sell flour at a lower price. Several of the municipalities in granting relief stipulated that any flour needed should be purchased from these mills because of the cheaper rate prevailing. Under this proposal these mills will have to pay an additional five cents per bushel for wheat. They have no elevators and there will be a discrimination against them because the larger mills, such as the Quaker mills at Saskatoon, and the Robin Hood mills at Moose Jaw will have an advantage of five cents per bushel, even though they charge more for their flour. Something should be

done to give these smaller mills the same consideration as is being given to the larger ones so that they may have an even break in the matter.

Mr. SANDERSON: Mr Chairman, I was not in the chamber when the hon. member for South Huron (Mr. McMillan) was speaking, so I do not know whether or no he took up the question which I propose to ask the Prime Minister. My question is as follows: Why has the province of Ontario been left out of consideration in this payment of five cents per bushel? Why are not the wheat growers of the province of Ontario going to share in this payment? The Prime Minister may have some good reason for that, and if so I should like to hear it.

Mr. BENNETT: That was the question which was asked by the hon. member for South Huron (Mr. McMillan). I endeavoured to give him an answer. He considered it inadequate, but it was the answer that suggested itself to me, namely, that we were dealing with an extraordinary and emergent situation which the western producers of wheat, being so far removed from their market, as distinguished from those in the east, found it necessary to pay transportation charges that left them only from as low as five cents to as high as fifteen cents a bushel for their wheat. It is almost unnecessary for me to say to the committee that such a price, if you take the maximum figure I mentioned, might cover the cost of threshing. In Ontario no such condition prevails; there is no such thing in that province as a bushel of wheat being sold for fifteen or twenty cents; there is no such thing as the transportation costs absorbing 80 per cent of the price of the commodity, and under those circumstances this is an endeavour to equalize the situation, to a limited extent only as I have said, but to do something to indicate that those parts of Canada more favourably situated with respect to transportation are willing to bear some part of the common burden to assist the producers in the western areas to approximate in their returns more nearly at least the cost of seed and the effort put upon it.

Mr. CAYLEY: So far as an emergent condition exists in the western provinces, we in the east very heartily approve the step that is being taken to relieve that emergency, but I want the Prime Minister to understand that in many cases there is also an emergent condition in Ontario. The problem is serious for the farmers in the older parts of Ontario to know how to carry on under the very heavy obligations which they have assumed and the heavy taxation that has grown upon them down through the years. They are at present facing problems that are hard of solution.

I notice in Saturday's paper a suggestion to encourage dairying in the western provinces by the payment of a bonus of one cent a pound on butter. This would be another measure of assistance to the western provinces. We in Ontario wonder what we are going to get by way of legislation and help for our farms because we know it is very important that our farmers be able to make their way and pay their expenses. I was wondering whether in the legislation it is proposed to introduce by way of unemployment and farm relief, the Prime Minister had in mind any proposition in the way of relieving the farmers of Ontario or any other part of the Dominion who are also suffering from an emergent situation.

Mr. BENNETT: Perhaps when the Minister of Agriculture is dealing with his estimates, the hon. member might secure from him an explanation with respect to the item that he noticed in Saturday's paper.

Mr. STEWART (Edmonton): I understood the government had abandoned the idea that this bonus was being granted for the purpose of assistance in transportation costs, in other words, that it was a bonus on export wheat as was announced in the first instance, because I think it would have been unfortunate if the government had adopted that plan. Australia has got into considerable difficulties by bonusing exports, and I would regret to see Canada following that method of granting assistance. I am much more favourable to this scheme which gives the producer the five cents without mentioning whether the wheat is to be exported or what use is to be made of it. The matter then is a domestic one and does not get into the realm of international trade, involving the same difficulties that Australia has encountered. I hope conditions will improve and it will not be necessary to bonus the growing of wheat. No doubt the Prime Minister has in mind the deplorable situation that exists at the present time, when the price of wheat has gone away below production costs.

Mr. BENNETT: It was down to fifty-two cents to-day.

Mr. STEWART (Edmonton): I do not think the five cents will be of great benefit, although it may lend some encouragement and help. As prices are to-day this five-cent

bonus cannot be construed as compensation, but it may be some help to the farmer who has a reasonable quantity of wheat and who at present is producing below cost. I would however oppose most vigorously any attempt to bonus any commodity as an export commodity, because I think in the long run such a policy would bring about a worse evil even than that which Australia became involved in by her attempt to carry out a scheme of that kind.

Mr. DENIS (St. Denis) (Translation): I wish to express my disapproval of this bill which, in my humble opinion, does not answer the purpose which the government had in view when submitting it to the house. On the other hand, I think that the government introduced this measure with always the same end in mind: that of favouring the large interests at the expense of the small holders; that of favouring the wheat grower on a large scale, the gentleman farmer at the expense of the small wheat grower who utilizes his crop for live stock raising. Moreover the government has given little thought to those who, instead of shipping their wheat to the elevators, sell to the miller or to friends who need it, either in their section of the country or the province. I am furthermore opposed to this measure because it tends to favour one section of the country to the detriment of the other provinces of confederation. I am aware that the western provinces are, at present, in serious straits, but the eastern provinces, Quebec included, are also, to some extent, in a critical position owing to the lack of sale for their farm products, such as butter and cheese. As Quebec has to bear a large proportion of the taxes, I think the government could afford giving it its quota of protection. I am opposed to this bill because it is devoid of principle, the government seems to court the western provinces and specially favour the large interests which are always subscribers to election funds. As a Quebec representative, I am not opposed to the rebate of five cents for each bushel of wheat shipped to elevators, but I am opposed to the measure because the same advantages are not afforded to the small holders who seek by all possible means to earn a living, and who, instead of shipping their wheat to elevators at ridiculous prices, have gone into live stock raising in order to take full advantage of their wheat.

Mr. YOUNG: This five-cent bonus is intended as a temporary expedient to relieve the present distressful condition, but it can be at best only a temporary expedient, whether efficient or not, and the real remedy must be found in something more permanent. I think everybody will agree that the trouble with the wheat farmer to-day, apart from crop conditions, is that our wheat is shut out of world markets where formerly it had a ready sale. Many European countries now have hostile tariffs which it is almost impossible for our wheat to surmount. I know that the Prime Minister has made efforts to have our wheat used more largely within the British Empire, but the empire itself cannot take all our wheat, and so we must find markets outside. I would respectfully suggest to the Prime Minister that some endeavour be made to have European markets reopened to our wheat. Two or three months ago a trade treaty was signed between Germany and Austria, under the terms of which each country admitted the products of the other duty-free, and I believe there was a clause in that treaty which provided that any other country would be eligible to receive the benefits of that treaty if they would come in on the same terms; that is, open their ports to the products of those countries. I would respectfully suggest that the Prime Minister explore this matter thoroughly to discover if it is not possible to have those markets reopened to our wheat on the condition that we open our markets to some of the products they have to sell.

Mr. BENNETT: I must not permit my hon. friend from St. Denis to labour under a misapprehension. He said first of all that we were protecting the large producers of wheat at the expense of the small producer, and he proceeded to say that what we are trying to do is to give a bonus to those who might really need it, but at the same time, he said, it was discriminating against the province of Quebec, and that we should not do it unless we gave a bonus to butter and cheese; and we also, he said, should provide something in connection with local sales.

Let me say this to him: No farmer in the province of Quebec is ever called upon to produce a bushel of wheat and sell it for 13 cents. That is number one. The farmer in the province of Quebec has a market nearby, and in my judgment the finest market that any people have in Canada, namely, the great cities of Montreal, Three Rivers and other large communities. Whatever else may be said, there is in the province of Quebec a large industrial population. On the island of Montreal there are nearly one million people who must be fed, and are fed in the main

by the products from the farms of other parts of the province of Quebec. There is no such condition as that in western Canada. If there were, the western farmers would not be seeking a market abroad for their wheat; they would be able to sell it at home. It is true that the province of Quebec has to purchase a portion of its wheat from these very wheat producers, but the producers of the province of Quebec find a ready market for their vegetables, farm products and garden truck on a fairly profitable basis, notwithstanding the lowered cost of commodities. That does not extend, of course, to all parts of the province.

Clearly, there is no such thing as sectionalism in a policy of this kind. It is an endeavour on the part of all the people of this Dominion to adjust the tremendous losses that are being made by the producers in western Canada, whose purchasing power has amounted in the last few years to billions of dollars, to conditions that approximate—I say only approximate—the cost of production, and by production I do not mean the labour or the price of seed and threshing, apart from everything else. I do not think our policy should call forth from the hon. gentleman an attack against the government on the ground that it is based on sectionalism. On the contrary, it is a frank recognition by all the people of Canada of an obligation to the less-favoured part of our population under an extreme and emergent condition. Rubber has fallen about 90 per cent in value; wheat has fallen over 50 per cent; and many of the metals, copper, for instance, have fallen 100 per cent in value. But the farm products in western Canada are peculiarly struck by reason of the fact that, rightly or wrongly, the producers of that country have been depending more or less on that crop and that crop only, and when you have a crop that not since the days of the building of the Canadian Pacific railway has reached the price of 50 cents, and when you recall that but for the action of the government it would undoubtedly, as the premier of Alberta said the other day, have dropped to 40 cents, it means that there is absolutely nothing left for the producer of the wheat. The one factor that the hon. member for St. Denis and the hon. member for South Huron overlook is the cost of moving the product from the point of production to the point of consumption. If you had any such difficulties as that in Ontario and Quebec, you would have exactly the same claim; but when you have the cost of threshing, the cost of the seed, the cost of putting it in the ground, the cost of reaping the crop, and when in addition to all those costs you have a cost of 20 cents a bushel—

Mr. VALLANCE: Twenty-six and a half cents per hundred.

Mr. BENNETT: Yes, about 15 to 16 cents a bushel for freight. When I mention that I think the committee will realize that all we are trying to do under the present most distressed conditions is to equalize in some small way—we cannot do it wholly because we cannot afford to do it wholly—the emergent conditions under which these people are suffering. But if the time ever came when you had an equally emergent condition in the province of Quebec or the province of Ontario, there are no people who would respond more willingly in their desire to help than the people of those same western plains.

Mr. IRVINE: I have no doubt that the farmers in eastern Canada need more than they will obtain for their products this year, just as do the farmers of the west, but I do not think it can be doubted that eastern Canada has been industrialized largely through the national policy which has been in vogue in this country for upwards of sixty years, and that national policy has been paid for, if you care to put it that way, to a greater extent by the people of the west than of any other section of Canada. The result of that industrialization has been to give the farmers of eastern Canada a market for all kinds of products right at their very door. So under the circumstances, as explained by the Prime Minister, I do not think the eastern farmers should object to allowing five cents a bushel to the western farmer under the very difficult conditions which exist at the present time.

Mr. DENIS (St. Denis) (Translation): Mr. Speaker, I strongly protest against the statement of the right hon. Prime Minister (Mr. Bennett) when he asserts that I wish to rouse the provinces against one another. To be more clearly understood, I state that this bill is worthless. If the right hon. Prime Minister sincerely believes he can find a solution to the distress existing, at present, in the western provinces, by granting a rebate of five cents per bushel on wheat, he is greatly in error; to my mind, all will have to be done over again, once the five cents rebate is exhausted. It would be preferable for all concerned to inaugurate a constructive policy, that the cause of the evil be sought in order to apply an effective and curative remedy, as behooves the good doctor, financier and able lawyer he believes himself to be. Instead of

this measure which proposes to pay a rebate of five cents per bushel of wheat, when the western farmers are in the greatest straits, he should wait until next session, ponder over the matter and present to parliament and the country a more constructive legislation than the one he is, to-day, submitting to the house.

Mr. McINTOSH: In connection with the five cent bonus on every bushel of wheat, the Prime Minister has made the statement that the proposed legislation is not sectional. Well, as to whether or not it is sectional depends on the way hon. members view the legislation. I always understood if you took a piece of legislation, applied it to one part of Canada and did not apply it to the other it was sectional in scope, vision and content. I believe the present legislation is of that type. The Prime Minister argued however, quite properly, that we have a national emergency, and he is using the emergency idea to make it appear that after all the proposed legislation is not sectional when in fact it is.

I would say that we appreciate the five cents a bushel bonus offered to western farmers, so far as their wheat sales are concerned. I should like to point out however that that was not the policy the creators of the national policy fifty or sixty years ago thought would be necessary to bind Canada together and make her a nation. At that time they told Canada that the national policy was going to unite all portions of the Dominion, was going to populate all portions of the Dominion, was going to create splendid markets for all portions of the Dominion; we were promised that we would have cities, towns and buying areas for all our products. We find sixty years afterwards however that such is not the case, that our policy of industrialism has linked us up to a very high and extreme tariff policy with the result that to-day the spread between the price of what the farmer has to buy and what he has to sell is greater than ever. Nationally speaking, that is really our present predicament. The five cents a bushel now offered is to narrow that spread. Well, when we consider that about 30 per cent is taken from the farmer every time he buys an industrial product, and that we return to him five cents a bushel on his wheat—five cents on fifty cents, or 10 per cent—the policy is not worth much after all, and it is not permanent. This temporary policy for one year is not going to meet the situation at all. It will have to be met in a more permanent way, and I suggest that one of the best ways to meet it is, as far as possible, to reduce the tariffs on articles the farmer must buy and thereby give him a chance to buy more with his money—even, if he has not very much.

In closing I would say that as a westerner representing a western riding we accept the help afforded by five cents a bushel, although in my estimation it will not meet the problem with which Canada is faced, namely, to give the farmers of the west, the producers and consumers of Canada a much greater purchasing power.

Mr. CAMPBELL: I say, with the hon. member for North Battleford (Mr. McIntosh) that the present legislation certainly will not cure the difficulties with which the wheat producers are faced. I do not think any hon. member expects it to have that effect. At the present time however the action of the government is very welcome. Even five cents a bushel means a great deal to the farmers who will have wheat to market this fall.

I wish to ask the Prime Minister a question concerning subsection (b) of section 2 of the bill. I presume that is the section we are now discussing. I wonder if there is any discrimination between the different classes marketing wheat, namely the farmer and the bank or loan companies. Subsection (b) reads:

> Determining the person to whom the said sum of five cents per bushel shall be paid and the method of the payment thereof.

Mr. BENNETT: Although we have not reached subsection (b) I may say to the hon. member that it appears in the bill for the purpose if possible of enabling the producers to receive the money. As I mentioned a short time ago, at times there are grave difficulties in determining exactly who the producers may be. This is an endeavour at least to see that the man who puts the work upon the land and secures the grain may be able also to secure the five cents a bushel. The chairman of the grain commissioners thought that with such a provision he would be able to see that justice would be done to the producers.

Mr. CAMPBELL: I am glad to have the Prime Minister's explanation. I may say that thousands of farms in western Canada are really held by loan companies. Farmers have fallen behind in their mortgages and they have signed over their farms to loan companies. In this case five cents a bushel might be taken as a part of the price of the grain. Usually the farmer is obliged to deliver one-third of the crop clear or its value. If the

five-cent payment is made as a distinct bonus to the grower himself, however, then of course all such payments would go directly to the farmers.

Mr. DONNELLY: I wish briefly to refer to the remarks of the hon. member for Weyburn (Mr. Young) concerning the marketing of our grain. While with the best possible grace accepting the five cents a bushel we feel it is not going to be of much assistance to us because no man in western or any other part of Canada can grow wheat for 30 or 40 cents a bushel—and that is practically what the farmer would receive. Aside from that one must consider the hauling of the wheat to market. I have paid as high as 25 cents a bushel to have wheat hauled to market. That is but one of the expenses. Some of our western farmers have to haul distances of 35 or 40 miles. In western Canada our sheriffs allow a cent a mile per bushel to haul wheat to the market. Hon. members can readily see that there is not much money left for the farmer.

We must recognize the fact however that if we are going to get out of the depression in which Canada and the world are thrown to-day, the first people who must be put on their feet are the primary producers—the farmers. Unless measures are brought in to relieve the farmers and to bring them back to better conditions we will not get out of our present depression. All economists throughout the world say that in any depression in which we have ever found ourselves the first class to show signs of relief were the farmers, the primary producers. Our primary producers, namely our farmers, fishermen, lumbermen and miners must first show signs of getting over the depression or the manufacturers will not get over it, and the country will continue to suffer.

In 1921 we were faced with a great debt; we had the war to pay for. All our money was used to pay for the war, in the same manner as the farmer pays his mortgages. All our money has been going out in the payment of debts with the result that it has reached the coffers of the United States and France. The world to-day is without money, and the only way in which she can buy goods is by exchanging goods. As our economists tell us, after the year 1921 the United States saw a chance of making some money and as a result they inaugurated a fiscal policy of higher tariffs. They built tariff walls around themselves, shut themselves in, and made money in abundance. They had their own markets and world markets to supply; their factories were built four or five times greater than would have been necessary to supply their own local needs. But the world market said, "This is the way for us to grow rich; we will do the same thing, we will build a tariff wall around our own country." France built a tariff wall, Germany did the same, and so did Italy. In 1927 Germany, France, Italy and the other countries of Europe began to help their primary producers, and they prohibited the importation of wheat. Then the farmers of western Canada began to feel the effect of that fiscal policy. Little by little those countries raised their tariffs until at the present time Canadian wheat is shut out of the markets of Germany, France and Italy. The French tariff against us is from 85 to 90 cents per bushel, the Italian is 85 to 90 cents, the German is something like $1.25 to $1.50, and I think it has been up as high as $1.80. No wheat can get over such a tariff wall. It is impossible for us to sell our wheat to those countries. The result is that the only market left for our wheat is the British Isles. If we supplied all the wheat that is needed in the British Isles, if we had the whole of that market to ourselves, it would not be sufficient to absorb our surplus wheat. They import only about 170,000,000 bushels a year, and on an average we have an exportable surplus of 300,000,000 bushels. Therefore we have to find a market somewhere for the remainder of our crop, and unless those other countries in continental Europe go back to truck farming or dairying or stock raising, and leave to us the growing of wheat, these unfavourable conditions are going to continue.

What we need at the present time is tariff agreements with those countries just as we made a tariff agreement recently with Australia. We ought to make tariff arrangements with Germany, Italy and France, so that they will let our wheat in at lower rates of duty in return for which we will admit some of their manufactured products. The other day we made a tariff agreement with Australia which would help the manufacturers, and the only people who were to pay for those concessions were the farmers. I should like to see an agreement negotiated with some country that would help our farmers at the expense of the manufacturers. I should like to see the tide turn for once. Until we have something of this sort done, I say conditions for the farmers in western Canada will go from bad to worse.

Section agreed to.

On section 2—Regulations, paragraph (a).

Mr. VALLANCE: Mr. Chairman, on section 2, paragraphs (b) and (c), I should like to make a few observations to the Prime Minister. Paragraphs (b) and (c) are as follows:

(b) determining the person to whom the said sum of five cents per bushel shall be paid and the method of the payment thereof;
(c) making such arrangements as may be necessary with the Board of Grain Commissioners for Canada or other statutory body for payment of the said sum;

I was pleased to hear the Prime Minister, in reply to a question directed to him by the hon. member for Mackenzie (Mr. Campbell), make the statement he did, because this is the kernel of the whole bill; that is, that it will be necessary that payment of this five cents be so arranged that it goes directly to the producer, because if it is at all to be a relief measure the producer must have the entire control of the five cents; for instance, if his wheat was seized, his five cents could not be touched. We know that huge financial corporations in western Canada are extorting from the people a tremendous toll. I could cite instances that have been drawn to my attention. I know the Prime Minister probably would tell me that this subject is entirely within the jurisdiction of the provinces, and I agree that it is. But I could cite these instances to show the absolute necessity of making certain that no one can touch the five cents, otherwise it ceases to be a relief measure to the wheat grower. I hope paragraphs (b) and (c) will effect this purpose and that it will be absolutely certain that the farmer or producer will get the benefit of this assistance.

I should like to draw the attention of eastern members to the fact that for some years past there has been a tendency in the west to decrease the cost of labour in operating our larger farms. Take a farm to-day in western Canada producing 5,000 bushels of wheat and over a year. On such a farm it is more profitable to operate a combine or harvester-thresher than the old binder and threshing machine. There was a time when in the operation of a section-and-a-half farm you would have to have four to five men on the binder, four or five men stooking, and some twenty-five to twenty-seven men drawing in to the machine. To-day it is possible to take care of the wheat-harvesting operations on that size farm with three men only, two on the combine and one on a truck drawing the wheat. So that the money that the western farmer heretofore used to pay for labour on the farm is now being paid for labour in the eastern factories. Therefore the eastern farmers stand to gain by the introduction of the harvester-thresher. This is another instance where we can say that in this measure the government is not discriminating against the east in favour of the west.

Let me repeat, one of the things that concerns me most is to see that this bill makes it positive that the producer or farmer shall get the five cents, and that no one shall be able to deprive him of that relief.

Mr. BENNETT: Mr. Chairman, the hon member for South Battleford (Mr. Vallance) has directed attention to what after all is a very important, if not the most important feature of the legislation, apart altogether from that section of it which directs payment of the five cents. Those subsections in section 2 are to meet the situation to which he has referred, and I can only say to him and to the committee that I asked the chairman of the Board of Grain Commissioners to come to Ottawa in order that we might discuss the matter in an endeavour to make it clear that the purpose and intention of this parliament is given effect to. If the hon. gentleman has any suggestions to make, I shall be glad to receive them and to act upon them if they will make the purpose any clearer. When the hon. gentleman uses the word "absolutely" I think he realizes that that is a little strong, because many conditions might prevail that would make it almost impossible to give effect to what he says. But that is the aim, and if there be an exception now and then it will only go to prove the rule.

While I am on my feet I think I must say to the hon. member for Willow Bunch (Mr. Donnelly) and others who have made observations with respect to tariffs and their effects upon the sale of Canadian wheat, I hope they will remember that so far as this country is concerned at least it lowered its tariff and did not increase them, and yet Canada was more affected than any other country by those higher tariffs. So it cannot be said that Canada invited reprisals, for at least it has been remarked by those well able to speak with authority in the League of Nations and elsewhere that of all the countries of the world we were the only country that did reduce our tariffs between 1921 and 1930; and during that period tariffs against our agricultural products were higher than they have ever been in our history. The very conditions to which the hon. member for Willow Bunch referred in Germany, in France and in Italy obtained under the economic situation to which atten-

tion has been directed. There has been a very earnest effort on the part of those European countries to be self-contained from the standpoint of growing sufficient grain to meet their own requirements. Every little corner in France is covered with a crop, grain is grown everywhere, and I think it would amaze hon. members to see the care and attention given to small sections or patches of land in France for the purpose of getting the utmost return from the standpoint of food products. In Germany and in continental Europe generally the same thing prevails. We have sold more wheat to France by three times than we did last year. That is explainable in many ways, as hon. gentlemen will say, but we believe that at least one explanation is to be found in the representations which we made to them. The Prime Minister of France had no hesitation in saying to me personally that the business of any government there was to take care of the agrarians. He said that no government could survive in France that did not take care of the agrarian interests. France, he pointed out, was so constituted; and from my own observations and reading I should think there is no doubt about it. I mention this only because it must be clear that we stand in a different position to that country than we do in relation to Australia or any other country. When we go to countries like France or Germany and propose to them that they should admit our wheat free, they at once say that they have obligations that would make it necessary for the wheat of other countries to come in free also. Trade relations, most favoured nation treaties, and matters of that kind make it impossible for such an arrangement to be carried out unless we give terms that would be absolutely destructive of our national integrity. I do not think that any member of this committee is prepared to say that the doors of Canada should be opened freely to the manufactured products of continental Europe. I say that to my hon. friends from the west who have studied the matter with a good deal of care, but I apologize for taking up the time of the committee again discussing the point. I felt, however, that I must make that statement, because it does not lie in our hands, in view of the experiments we, ourselves, have made.

Mr. VALLANCE: Undoubtedly an effort will be made this fall by the farmers' creditors to seize the wheat. No matter what the value of the wheat is they will not get very much for it as conditions are to-day. But if it is possible I want the government to assure us that this five cents will not be touched. If it is touched it affords no relief at all.

Mr. BENNETT: I can say this to the hon. gentleman. The five cents is not garnisheeable, so far as we understand the law. The provinces, of course, control questions of seizure and matters of that kind; but so far as this government is concerned it certainly will not be seized. That is why it is put in the hands of the Board of Grain Commissioners. My hon. friend will agree that no other body in the west which we could name is so well able to look after it.

Mr. VALLANCE: I suggested it.

Mr. BENNETT: I am glad the hon. gentleman did. It is a striking manifestation of the fact that great minds think alike. I followed the leading of his great mind and he followed mine, not so great.

Section agreed to.

Section 3 agreed to.

Bill reported, read the third time and passed.

OLD AGE PENSIONS ACT AMENDMENT

INCREASE IN PAYMENT TO PROVINCES FROM FIFTY TO SEVENTY-FIVE PER CENT

Right Hon. R. B. BENNETT (Minister of Finance) moved the second reading of Bill No. 136, to amend the Old Age Pensions Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I would direct the attention of the Prime Minister to the following phrase in the preamble:

And whereas it is desirable that the system of old age pensions shall be established on a contributory basis as a national undertaking;

Inasmuch as this phrase appears in the bill to amend the existing act which is before us, it is important to consider what may be involved in the passing of the second reading. Speaking on the resolution upon which this measure is based, I pointed out to my right hon. friend that it would be advisable to avoid raising the question of contribution; at any rate, that it would be desirable to have the British North America Act so amended as to make it possible at the earliest possible date for this parliament to enact an old age pensions measure and administer it without any question of contribution, in case there should be a difference of view as to whether the old age pension measure should be on a contributory basis or not. I still take that view, but I am inclined to feel

that if the house were to approve the bill in its present form it might be said later by the administration that we had endorsed an old age pension scheme only on a contributory basis. If that is the intention of the measure, there will be strong opposition to it, and before the second reading passes I think the Prime Minister ought to give the house a word of explanation in that regard.

Another point is this. Under this measure we of this federal parliament are contributing 75 per cent of the amount that is to go towards old age pensions. This is being contributed to the provinces. To bring out the significance of my point, I would ask the house how it believes the provinces would view any measure on their part which would involve their making a contribution of 75 per cent to this Dominion with the expectation that the Dominion would administer the law, towards the operation of which they had contributed that proportion of the expenses. The time has come when the Old Age Pensions Act should be administered by the federal government, even if only 75 per cent and not 100 per cent of the cost is being met by the Dominion.

The third point I would emphasize again is the unwisdom of making special grants to provinces where they involve control of expenditures by a body other than that which is obliged to raise the necessary taxation.

Mr. BENNETT: To the three points raised by the right hon. gentleman, I have this to say. As regards the preamble, it was not intended thereby that the house should commit itself to any definite policy. While the preamble is under certain circumstances of very great force, it was not intended that in this bill it should be anything more than the recital of a pious hope; and in view of what was said the other day, had it not been that the bill was already printed, it would have been omitted. When the bill is in committee that part can be removed.

With reference to the second point, I can only point out to the right hon. gentleman that his objections to the payment of 75 per cent are equally applicable to the payment of 50 per cent. If he will look at section 4 of the legislation passed by his own government he will find these words:

> Every agreement made pursuant to this act shall continue in force so long as the provincial statute remains in operation or until after the expiration of ten years from the date upon which notice of an intention to determine the agreement is given by the governor general to the lieutenant governor of the province with which same was made.

Under these circumstances it will be apparent that all that we have done is to increase our contribution or payment without in any sense endeavouring to interfere with the terms of the agreement. Inasmuch as it would remain in force for a period of ten years I have grave doubt as to just how far we could proceed in that direction. It is a principle of law, which has been settled by the decisions, that you do not avoid an agreement by increasing the benefits which accrue under it to the other party. We are advised that the agreement itself cannot be affected within the terms of that section by reason of the increase of the benefits which are conferred upon the other party, namely, the increase from 50 to 75 per cent.

As far as the third point is concerned, I do not think any useful purpose would be served by beating again that straw. This has been discussed at great length on various occasions. It has been indicated that the British North America Act is based upon the assumption that the provinces were to receive subsidies by reason of the fact that they surrendered certain powers of taxation. Having surrendered those powers there has been a continued increase since confederation of the benefits to the provinces. Subsidies have been reviewed, revised and increased; grants in aid have not been uncommon, and in fact when the right hon. member was confronted with the problem of dealing with old age pensions he dealt with it by paying 50 per cent of the amount due. I am rather inclined to think that the imposition of that principle upon the provinces subject to the conditions mentioned could be said to be the basis of most of the difficulty which since that day has arisen out of the grants in aid to provinces. Two distinguished members of the legal profession gave to the province of Quebec an opinion that this was illegal and improper, the basis of the opinion being that it was not competent for the Dominion to impose its will upon the provinces, even to the extent of conferring benefits predicated upon conditions. In this instance benefits were conferred based upon conditions to be fulfilled, and the opinion of these two eminent counsel was that legislation stipulating the acceptance of conditions which might be regarded by the provinces as onerous before they could receive any part of the benefits provided, was beyond the competence of this parliament. I find it a little difficult to follow that reasoning, and yet one can understand that there is some semblance of authority for it when one applies to the facts of the case the well-

settled legal principles which should govern in matters of this kind. As I said the other day, this measure merely increases the benefits to be conferred, and if there is anything in the preamble or the bill which is out of keeping with that principle, I will assist the committee in its removal.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I am not quite sure just where we stand in this matter. I understand that on second reading we adopt the principle of a bill, but the Prime Minister (Mr. Bennett) has stated that he does not wish to commit the house to the principle of a contributory system. If it is understood that the preamble will be amended during the committee stage, and that we are not endorsing the contributory principle on second reading, then the bill could go through to committee.

Mr. POULIOT: Mr. Speaker, the other day the Minister of Fisheries (Mr. Rhodes) stated that the agreement had been forced on the provinces by the late government. I was rather surprised to hear the minister make such a statement because he is one of the most brilliant lawyers in this country. He knows very well that an agreement cannot be forced upon anyone, and so this statement must have been a slip on his part.

Mr. RHODES: Mr. Speaker, I cannot subscribe to the interpretation which has been placed upon my remarks by the hon. member. My remarks appear in Hansard and they can speak for themselves.

Mr. POULIOT: My hon. friend is a dissenting judge.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, the Prime Minister (Mr. Bennett) has raised a question which is worthy of some consideration, namely, that when the act of confederation was passed certain duties were assigned to the federal parliament, the remainder being retained by the provinces. I remember when the federal government passed the highways act. This act granted sums of money for the purpose of constructing highways provided that the provinces spent a considerably larger amount and that the highways were constructed according to a certain standard. That created some embarrassment to the provincial governments—I know that was the fact as far as Alberta was concerned; and I mention this merely to point out that in my opinion the federal government should confine its activities to its own field. The government of which I was a member cannot be said to have been immune from acts of this character, but these matters lead to abuse. If federal parties are going to vie with each other during general election in offering inducements to the electors in any given province to vote for them, offering assistance to the province which rightly belongs in the sphere of provincial finance, trouble will ensue. Such has been the case with old age pensions, grants for highways and grants for technical education; all these were clearly intended to be the business and the duty of the provinces themselves. The Prime Minister has pointed out that consideration has been given from time to time to the method by which assistance or grants should be given to the provinces. If the subsidies are to be increased, all well and good; because that would not entail any obligation upon the provinces to do anything to earn the subsidy. In my opinion we are embarking upon what is nothing more or less than a vicious principle. If assistance is to be given, let it be given by way of a subsidy, and let the provinces take care of their own affairs. Both governments have been guilty of this practice and I do not think the federal government can continue to enter the field of the provinces without there being some readjustment of taxation. Undoubtedly the provinces will resent any intrusion in the way of taxation. Although the income tax was a special war measure, it was resented to some degree by the provinces. Undoubtedly conferences will be held during the life of the present parliament to discuss with the provinces this very question. The fathers of confederation were wise in their day and generation when they made an allocation of duties, and we would be wise to stay within the bounds of that allocation. If increases in assistance are to be given, they should be by way of subsidy.

Hon. PETER HEENAN (Kenora-Rainy River): I happened to be out of the chamber when the Prime Minister (Mr. Bennett) made his remarks, but I understand he has signified his willingness to eliminate whatever reference there is in the bill to the contributory system. I am glad my right hon. friend is willing to do that, because the question of a contributory system of old age pensions has not had the survey and the consideration which it might have received. On the other hand, the question of a non-contributory system of old age pensions was reported upon by a committee of the house which sat and heard

evidence from many organizations and representative men, especially labour men. Therefore I was a little surprised to find in the bill a reference to a contributory system, because it had not received due consideration. A contributory system of old age pensions is much more involved now than it was when it was adopted in England a few years ago, the reason being that our economic situation has changed considerably and is changing very fast. A contributory system would be of very little use unless it were compulsory, and to compel people to-day to contribute to old age pensions would be much more difficult than it was a few years ago. For instance, England is a small, congested, highly industrialized country, and it is very easy there to provide for contributions for unemployment insurance, old age pensions or any other social activity. But in a country like Canada, where we have men who are out of work say four months in the year, and who usually receive low wages when they are working, it would be a hardship upon them to provide that if they did not contribute to an old age pension system they should not be entitled to receive any benefits therefrom.

Another aspect of the situation that I might point out to the Prime Minister is this: in our industrial life in Canada to-day—and I suppose it is the same in many other countries—men are being laid off work at a much earlier age than they were some years ago. We have many industries that will not employ a man who is over forty, so that when a man who is forty years old loses his job he is not in a position to contribute to any system of old age pensions and it would be hard to prohibit him from participating in the benefits just because he was consigned to the scrap heap at such an early age.

Mr. BENNETT: What work would that be?

Mr HEENAN: I have in mind a few industries, but there is one in particular with which I have had some experience. I refer to a pulp and paper industry in Kapuskasing, where they have a rule that a man cannot be employed after he is forty years of age. That does not mean that he will be discharged when he reaches forty—

Mr. BENNETT: That is a different thing.

Mr. HEENAN —but a man will not be hired after he reaches forty. Conditions are going to be harder than ever, and I am glad the Prime Minister has signified his willingness to eliminate from the bill all reference to the contributory system, because if we passed the measure as it stands, we would simply be putting ourselves on record as announcing that it is the only proper system of old age pensions for Canada to adopt. I am heartily in favour of the bill.

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

On section 1—Amount of payment to provinces increased.

Mr. BENNETT: Perhaps it would serve the purposes of the committee if I pointed out the words it is necessary to delete from the preamble. They are the ones commencing in the seventh line after the word "desirable":

—that the system of old age pensions shall be established on a contributory basis as a national undertaking; and whereas, pending the taking of the decennial census of 1931 and obtaining such information therefrom as will enable the necessary acturial computations to be made, it is desirable—

Then it would read:

And whereas it is desirable and would be of advantage to augment the national contributions.

When we reach the preamble I shall have the Minister of Fisheries move accordingly.

Mr. WOODSWORTH: I am sure that the elimination of those words is satisfactory from the standpoint of some of us who are specially representing labour. I do not think I need point out that in Great Britain the old age pension is a distinctly government obligation at the age of seventy, but between sixty-five and seventy only it is contributory. There are also invalidity provisions that are very important. As the hon. member for Kenora-Rainy River pointed out there is also a system of unemployment insurance which dovetails into this and makes contributions possible. In some of the other dominions legislation is along somewhat similar lines. I notice in the Australian measure, part III, section 15, reads:

Subject to this act, every person who has attained the age of sixty-five years, or who, being permanently incapacitated for work, has attained the age of sixty years, shall, whilst in Australia, be qualified to receive an old age pension.

Subsection 2 reads:

The governor general may by proclamation declare that the age at which women shall be qualified to receive an old age pension shall be sixty years, and from and after such proclamation the last preceding subsection shall, as regards women, be read as if the word "sixty" were substituted for the word "sixty-five."

Section 20 reads:

Subject to this act, every person above the age of sixteen years who is permanently incapacitated for work, by reason of an accident or by reason of his being an invalid, and who is not receiving an old age pension, shall, whilst in Australia, be qualified to receive an invalid pension.

I would venture to urge upon the Prime Minister that when the agreement between the Dominion government and the provinces is being altered to harmonize with this legislation, some provision should be made for those who are permanently incapacitated. There is in all our communities a considerable number who are old before they reach anything like seventy years. This was clearly recognized in the case of the burnt-out returned men, and provision was made for them. But there are others who are permanently aged and others who, because of some invalidity, are as helpless as if they were old people. I am thinking particularly of a class whose claims should appeal to every member of the house, that is the blind. I have in my hand the following resolution which was passed by the United Blind Pensions Committee of Manitoba on April 3, 1930:

All needy blind persons in the province of Manitoba, not otherwise provided for by any pension scheme, should be provided for by state aid of pensions, in order to effectively relieve the aged, infirm, unemployed and unemployable blind, by providing for them adequate maintenance, and thereby reduce for them the struggle for existence.

I would also call attention to the resolution passed by the provincial legislature of Manitoba on February 24, 1931, reading as follows:

That whereas the legislature of Manitoba has from time to time recognized the urgent need for a pension scheme to assist blind persons, and has unanimously passed resolutions, urging the federal government to inaugurate a system of pensions, and

Whereas the legislature on March 27, 1930, undertook or agreed to undertake a pensions scheme for the blind in conjunction with the federal government, and forwarded a memorial to His Excellency the Governor General of Canada to this effect, and

Whereas since that time the federal government has agreed to assume a much larger share of the cost of old age pensions, and

Whereas at the forthcoming session of the federal parliament it will be necessary to amend the Old Age Pensions Act to bring it into conformity with the proposed financial changes,

And whereas a pension scheme for blind persons could advantageously be financed and administered in conjunction with the Old Age Pensions Act, either through an added schedule to that act or by the passing of a Blind Persons Pension Act;

[Mr. Woodsworth.]

Therefore be it resolved that the legislature of Manitoba again forward a memorial to His Excellency the Governor General of Canada, urging upon His Excellency the present urgent necessity for such a pension scheme, financed in whole or in part by the federal government, and

Praying that His Excellency may be pleased to cause such legislation as may be necessary for the granting of such a pension scheme to be brought before the parliament of Canada at the earliest possible moment, at the forthcoming session thereof.

I would urge upon the Prime Minister the need of some such change as this. I need not, I think, say anything further to the members of this house with regard to the appalling position in which a great many of our blind find themselves, and it would seem a very natural extension of the principle underlying the old age pension scheme to include incapacitated people and particularly, perhaps, this class, which is amongst the most needy of all the incapacitated classes. I would ask the Prime Minister, if it is possible, to consider this. I know that he has had some representations made in this regard.

Mr. BENNETT: It is not intended to change the agreements and negotiate new agreements. It is merely intended to substitute "seventy-five" for "fifty;" that is all, and in view of the provisions of the statute to which I referred and the fact that increasing the benefits to be paid does not constitute such a variation of the agreement as necessitates a new agreement, no new agreements are being negotiated at the moment. I am unable therefore to meet the views of the hon. gentleman. It must always be remembered that pensions involve taxes, and some are demanding no taxes, no thrift, and pensions for everyone. Of course you cannot do it that way.

Mr. WOODSWORTH: The Prime Minister is not really serious in suggesting that anything like that was involved in my request on behalf of the blind.

Mr. BENNETT: I did not say that. I said that one must remember that fact. The leader of the opposition reminded me of it the other day, and I am merely reminding the committee of it in case it might be forgotten. My right hon. friend seemed inclined to the view that I had forgotten that all these things involve money. Unfortunately in the position I occupy I cannot forget that fact. I am constantly, every day, reminded of it, and of how the money is to be raised. It is not intended to vary the agreements, but merely to substitute the pay-

ment of seventy-five per cent under the existing agreement. That is why these conditions are added in subsection 2 with respect to the inspection of the vouchers involved in the payments made.

Mr. MACKENZIE KING: I am glad to see that my right hon. friend has taken to heart some of the advice that I have been trying to give him, in the kindliest spirit, I can assure him.

Mr. BENNETT: The kindliest spirit was always apparent.

Mr. MACKENZIE KING: I am interested in the legal advice which my right hon. friend has just been giving the committee. He indicated that an agreement was not voidable because its conditions were being improved, if I understood the purport, but not the language, of his contention. Because better consideration was being given—

Mr. BENNETT: Increased benefits.

Mr. MACKENZIE KING: —the agreement would not be voidable on any ground such as that. In this matter of the agreements between the Dominion and the provinces the latter are really being placed in an improved position, seeing that the federal government is now giving seventy-five per cent instead of fifty per cent. All of that is quite correct, but I imagine the law applies equally with respect to all things, and I submit there would not be any objection on the score of the existing agreements raised by the provinces should my right hon. friend undertake immediately to take over the administration of the act and the federal government bear that cost in addition to the seventy-five per cent, or take over, as I think the public were led to believe by him we would do at once, one hundred per cent of the expenditure on old age pensions. There is nothing in the agreement, no matter what its terms are, that cannot be terminated by mutual agreement, and my point is—it does not require argument, it is obvious—that the provinces to-morrow would jump at a chance to be relieved of their fifty per cent, and jump at a chance to be relieved of the cost of administration. So my right hon. friend need not regard any agreements existing at the present time as being either a bar to action or a cause for delay in implementing the pledge he made to the electorate that there would be a national old age pension system on a one hundred per cent basis.

Just to emphasize the importance of hastening towards that end, may I give him the words of his own Secretatry of State (Mr. Cahan) as to the mistake that is being made in these contributions to the provinces, from their point of view as well as ours. The hon. Secretary of State, speaking on this very subject of old age pensions in this house on April 15, 1926, as reported at page 2472 of Hansard, said:

> Furthermore, this scheme contemplates that in its operation there shall be cooperation between the provincial governments and the federal government. I suggest, Mr. Chairman, that in the recent political history of this country we have proceeded altogether too far in the way of cooperation between the federal government and the provincial governments in respect, for instance, to road appropriations, which are within the proper jurisdiction and control of local legislatures. The same refers also to certain building schemes in which there was cooperation, but in respect of which the federal treasury, which provided the money, really had little or no control over the management of the funds and little or no supervision over the actual expenditures made. I do not wish to stress the matter, but I went through for several weeks, as counsel, an investigation in my native province of Nova Scotia which clearly dislosed to me that when provincial governments or provincial legislatures are expending moneys which are not raised on their own credit and responsibility, and in respect to which their sole responsibility is that of expenditure, it leads to wasteful expenditure and very wide latitude indeed in the making of those expenditures.

That is excellent counsel, and I have no doubt that it was because of his known wisdom in matters of this kind that my right hon. friend brought the present Secretary of State into his administration as one of his close friends and advisers. That, I think, is advice that might well be heeded at the moment.

This further word by way of supplementing what was mentioned by the hon. member for West Edmonton, namely that these grants tend to lead to all kinds of efforts unduly to influence whole provinces in political campaigns in a way that is not at all justifiable and which if carried to any extent, may prove to be very serious. I would like to give my right hon. friend his own words as they appear on the subject of old age pensions in Hansard of February 18, 1927, at page 481. My right hon. friend then spoke about the possible political effects of parties vieing with each other to do more in the way of making these grants in aid to the provinces, and he held up Australia as a horrible example of what might result to any country were its political leaders to compete in that way. My right hon. friend said:

> Now, it might be well to look on the political side of the matter. You know what took place

in Australia under conditions such as these. You are going to have a system that is not contributory. An election is coming on. They go out and say that more money should be given, that $20 is not enough. "Well, we will give them $25 if we get into power."

Then, later I find the following:

I was simply pointing out what might be said with respect to such a matter as this. That is the position. That is what happened in Australia.

Skipping another sentence or two, I find the following:

. . . . and so the contending parties, the government and the opposition, were endeavouring to outbid each other in the matter of old age pensions.

Then, a little later on:

. . . . and the contending leaders were intending to secure the popular vote by promising to make an increase in old age pensions. Those are the facts. Consider what would happen in Canada.

My right hon. friend having uttered those words, I am all the more surprised that he should, a year ago, have made so considerable a bid for the support of the electors of the provinces by the grants he promised with respect to old age pensions, technical education, highways, unemployment relief, and other matters, for all of which services he promised grants in aid. I am happy to be able to say to him that during the last campaign I was not a contending party with him as regards any of those promises. I refrained from making a single overture to any province involving proposed additional grants for old age pensions or additional grants for any other purposes if returned to power. In fact, I went out of my way to explain that with conditions what they were in Canada, it would be most unwise for the leader of any political party to hold out inducements to an electorate by way of further grants in aid to the provinces. What I did say, and should like to repeat now, is that I believed the time had come when there should be a Dominion-provincial conference which would afford an opportunity for the Dominion and the provinces to decide upon which particular services of what may be called these great social services they would respectively undertake to administer. Let the Dominion, if so agreed, take over in its entirety the administration and control of old age pensions. If to that end an agreement could be reached with the provinces, let the Dominion agree to take over technical education, or any other services which at such a conference might be agreed upon between the provinces and the Dominion. Let the provinces on their part agree exclusively to manage and control these or other services concerning which agreement might be reached. Having reached an understanding, if it were felt that the provinces had not sufficient fields of taxation, by agreement they should be allowed fields of taxation other than those they had previously enjoyed. Further, if there was a feeling that full justice was not being done to the provinces, as regards their financial relation to the Dominion, the subsidy should be revised. That was the method adopted at confederation and undoubtedly it was intended to be the method through which all financial adjustments between the provinces and the Dominion should take place. I believe that step should have been taken before the legislation now before us was introduced. After all, by postponing such a conference till all these grants are made, the administration is throwing away its strong bargaining instruments in any angreement which may eventually be reached between the provinces and itself. Sooner or later there will have to be a Dominion-provincial conference to settle these matters. When such a conference is held the provinces will already have received and will feel themselves permanently entitled to these additional grants for old age pensions, additional grants for vocational training and technical education, additional grants for highways, for unemployment relief and the like. The federal government, which is supposed to be protecting Dominion interests, will find itself, as a consequence, materially handicapped in its efforts to uphold the interests of the Dominion.

I am just as strong an advocate of provincial rights as any person can be, but I do believe that the people of Canada sent us here not to represent the provinces but to represent the interests of the Dominion. I submit that is, or should be, our first consideration in all matters between the provinces and ourselves. The provinces have their own representatives who will feel a corresponding obligation.

Mr. BENNETT: Mr. Chairman, I wonder if anything is more calculated to bring democratic institutions into contempt than the speech to which we have just listened from the same gentleman who in 1926 wrote a letter to the hon. member for Winnipeg North Centre (Mr. Woodsworth) in which he promised he would do the very thing he now says this house should condemn. When in power after the election he put upon the statute book this very law—and he now

says, "What an iniquitous thing it is!" Is anything more calculated to bring democratic institutions into contempt?

Standing here this afternoon, with all the power and authority of the leader of a party, he condemns the scheme which he himself fastened on the country. And he asks the people to take him seriously! I wonder if he really has any policy about anything. Just look at it—ask yourselves what it means; look at it clearly. When this statute was passed he was not content with putting it on the provinces, but he fixed the terms upon which the provinces would have to pass their legislation. He fastened that upon them—he fixed the amount at $240. He fixed the terms and conditions under which they should make payments. He fixed the power to make regulations, and then said no pension could be granted by this Dominion—50 per cent or any other amount—until the provinces adopted agreements satisfactory to the Dominion. Then his provisions are approved by the governor in council.

Now he says that all this is such an absurdity! The idea of the federal power making these grants to the provinces—why, it was that in this very house that was read by the hon. member for Winnipeg North Centre in the hectic days of 1926. But the right hon. gentleman stands in this committee to-day and talks in that way. I must say this is the fourth time I have listened to the same speech. I have not said much about it, the time has come to expose the hollow mockery of that sort of talk. No wonder men look upon our institutions with disdain and contempt. He talks about what the Secretary of State said—of course he did. He dealt with the matter as I dealt with it When the right hon. gentleman said I went out and competed with him or anybody else for votes, he knows as well as anybody that a great convention of the Conservative party was held in Winnipeg at which a declaration was made for a national old age pension system. That same convention elected me leader, and I went out to the people of Canada, not with a chart that I had forgotten about, not with a compass upon which I could not read the direction in which my ship was sailing; but I took that declaration as meaning that I was bound by the convention, and I asked the electors of Canada to adopt that policy. It is not my policy; it is that of the party I lead. When that party elected me to be leader I accepted, I was bound to give effect to their policy. To the best of my ability I have done so, and I shall continue to do so until I am replaced by someone else. When hon. gentlemen go round and say I made promises, my reply is that I placed before the people the policies of the party which made me its leader. That practice I shall continue until my party concludes that it shall have either another policy or another leader.

In connection with my undertaking with the people of Canada to pay 100 per cent and take over the national old age pension system, I realize I cannot do it in a day, nor did I promise I should do it in a day, nor did my party say that we would do it in a day. I realize however that the provinces are hard pressed in these days—very hard pressed indeed; their position is one of great financial uncertainty. To relieve them of any part of their burden, provided I safeguard federal interests is something that, having regard to that legislation, I am bound to do. It is not the way perhaps that I would choose to do it; it is not the way in which if I were dealing with it de novo I would endeavour to deal with the situation; but with that policy, with that position, with that legislation, I felt the only thing I could do in justice to the people of this country—who after all live in the provinces, but are citizens of the Dominion—was to implement to the extent that the finances of the country would warrant the promises which the party had given when it sought their support in the general election. I do not believe the intelligent electors of this country expected me to introduce in a day legislation to deal with all the things dealt with in the resolutions passed at the Winnipeg convention; but I do believe they expected some evidence of a desire to honour that policy and in good faith to carry into effect the promises that were made to them. It is in that sense that we have endeavoured to meet the situation in the manner that I have indicated. If anyone will take the trouble to read that legislation and see how it imposes the will of this parliament upon the provinces with respect to (a) amount of pensions, (b) conditions under which they pay, (c) conditions under which men may have property taken from them if they have any for that purpose —all that it may be argued is something which protects the federal interests. But what it does is this—it says: "You take it or leave it; there is the system we give you."

Now I succeed to the obligation under the promise made by the party to which I belong

to deal with this as a national system. And we will deal with it as a national system if we continue in office—as I believe we will—but we are not going to endeavour to do it at a time of national financial emergency. All we can do is to endeavour by this bill to show our good faith to the people who gave us their support, and that good faith is evidenced by our relieving to the extent of 25 per cent the obligation that the provinces have assumed with respect to pension legislation.

I must say that I do not believe the Canadian people think it is necessary for political leaders who one day are in power and the next day are in opposition to revile when in opposition all that they held most dear when they were in power, to change their ground, to shift their position and say, "That which I asked you to accept I now ask you to condemn; that which I told you I believed in then I no longer believe in. I misled you when I told you to do thus and so, not knowing whether I knew or not; I instructed you right then, but now, with changed conditions all that is wrong, all that is nonsense, all that is absurd. What I want to do now is to condemn this thing." What would the hon. member for Winnipeg North Centre have said if when the bill was introduced he had listened to the speech he has listened to this afternoon? What would he have thought? He was the man who forced this upon a reluctant administration. What would he and his friends have said? How would they have voted in that crisis? The hon. member for Winnipeg North Centre never made any bones about what he wanted, he was frank and open about it, and he said, "The necessity of one party is my opportunity, and I am going to press it to the full for the benefit of my friends." And he did. I never had any objection to his doing it. But what would he have said if on the introduction of the bill he had listened to the speech he has listened to to-day for the fourth time? What would this country have thought of it? Is not that after all the fair test?

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: I move that the committee rise and report progress and ask leave to sit again.

Progress reported.

[Mr. Bennett.]

SUPPLY—CRIME AND CRIMINALS

Right Hon. R. B. BENNETT (Minister of Finance) moved that the house go into committee of supply.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Before you leave the chair, Mr. Speaker, I wish to bring to the attention of the house some considerations with regard to the administration of our criminal laws. There is no recognized place for the discussion of such a topic, the estimates for penitentiaries being nearly always presented in the last crowded hours of the session, when they receive scant attention. I therefore feel justified to-night in bringing to the attention of the government and of the house some matters which I believe are creating increasing interest among the outside public.

First I venture to suggest that justice is not being impartially administered. Let me point out one or two instances to illustrate my meaning. I quote from a paragraph in the Winnipeg Tribune of June 5, 1931:

> Tense, whitefaced and repentant, Mike Kohut, young farmer of Sundown, Manitoba, winced and clutched the side of the dock when sentenced to ten years in the penitentiary by Magistrate Noble in city police court to-day for extortion.
>
> Kohut pleaded guilty to a charge of "demanding property with menaces."

Again—

> Asked in court to-day if he had anything to say before sentence was pronounced Kohut replied, "I didn't try to do those things."
>
> "But it was only because you were caught before you could do so," replied Magistrate Noble.

Again—

> "This is a very serious offence," commented Magistrate Noble, "and carries a maximum penalty of fourteen years in the penitentiary. I can't see where we could have anything much worse than your case. There will be a sentence of ten years in the penitentiary."

Here is a young fellow who was represented by no lawyer whatever. His mind is said to be somewhat unbalanced and he had simply threatened to do certain things. In his own stupid, fumbling way he probably told the truth as he saw it, when he said that he actually had not done them. I contrast that with another sentence which was reported in the Manitoba Free Press of May 6, 1931, just a few weeks previously:

> Lachlan McNeill, for many years head of the Manitoba Farm Loans association, was sent to Headingly jail for eighteen months by Magistrate H. R. Welsford in provincial police court to-day when he pleaded guilty to theft of more than $7,000 government moneys. . . .
>
> The court expressed much sympathy with the

man, who, after a long and successful career in the public service, where he was highly regarded, now finds himself penniless, and with his character gone. For that reason it dealt leniently.

Here was a different sort of crime, the appropriation of $7,000 of government money, extending over a period of five years, and the sentence was eighteen months. I do not know what some hon. members may think of this, especially some of the lawyers who are accustomed to cases of this kind. But I would point out to you, Mr. Speaker, that a growing number of ordinary people across the country are beginning to resent keenly what seems to them great partiality in the administration of justice. It would seem as if the big criminal is treated in one way and the little criminal in an altogether different and more severe fashion. Let me give a few other illustrations. I quote from the Free Press of December 22:

> Bank hold-up. Gang leader is given twelve years, twenty strokes.

This was simply one of a number of similar sentences meted out by Magistrate R. B. Graham to some young criminals who had been convicted of hold-ups.

Here is another from Toronto:

> James Kirkland, self-confessed bank bandit, who admitted having robbed the Bank of Montreal at King, the Bank of Nova Scotia at Agincourt, and the Canadian Bank of Commerce at Unionville, was this week sentenced to serve eighteen years in the Portsmouth penitentiary, with fifteen lashes at the end of sixty days, by Magistrate William Keith in the Yory county police court.

Take another case which has come to my knowledge. A young chap named Kitowoski robbed a bank. The report says:

> Kitowoski robbed the Dominion bank, Wednesday, of $540. The deed was committed at 12.45 p.m., and in less than twenty-four hours, the bandit received, after pleading guilty to the crime before Magistrate H. L. Cruso, the severe punishment of five years and twenty lashes to be administered in the Stony Mountain penitentiary. . . . . Kitowoski is only sixteen years and two months old.

I am very glad to say that clemency was shown to this boy and the lashes were remitted. Here is a boy just past sixteen who ought to have been dealt with by the juvenile court; yet he was sentenced to five years in the penitentiary. He had not actually injured anyone. It is true he held up a bank, but he was caught and the money had not been disposed of. So that no one was the loser. I am not justifying him, but I do say this is a very severe penalty to inflict upon a boy. Personally I do not think any police magistrate ought to have such powers. This is one respect in which the law should be changed.

Mr. RYCKMAN: In fairness, should you not say that he was armed and threatened to shoot?

Mr. WOODSWORTH: He was armed.

Mr. RYCKMAN: And threatened to shoot.

Mr. SHORT: If the money had not been handed over he would have shot.

Mr. WOODSWORTH: I want to be fair; I am quoting these extracts briefly. In contrast, let me now give two Canadian Press despatches:

> Toronto, Nov. 3.—A verdict of guilty was brought in by the jury Saturday after deliberating three and a half hours in the case of D. S. Paterson and Austin Campbell, charged with conspiracy to defraud and affect the price of stocks.
>
> Toronto, Ont., Nov. 3.—D. S. Patterson and company, mining brokers, were suspended from trading on the Standard Mining Exchange to-day.

I cannot help contrasting such a sentence as that with the sentence meted out to these poor boys of whom I have been speaking.

Mr. SHORT: Was that broker armed?

Mr. WOODSWORTH: No; there are easier ways of robbing people than by using arms—and much more effective.

Mr. BENNETT: What was the sentence?

Mr. WOODSWORTH: He was suspended.

Mr. BENNETT: No; that was not the sentence. That had nothing to do with the sentence.

Mr. WOODSWORTH: A verdict of guilty was brought in. The sentence is not given.

Mr. BENNETT: He is in the penitentiary now.

Mr. WOODSWORTH: Yes, and that is another matter to which I wanted to refer. He has been placed in the preferred class penitentiary. Only a week or so ago we had some information regarding some of these mining brokers who had been placed on the Collins Bay farm some miles west of the city of Kingston. We were told by the Minister of Justice (Mr. Guthrie) that this farm was not intended for juveniles. When the estimates were being considered in 1928, the hon. member for Kingston (Mr. Ross) made a strong plea for better treatment of juvenile delinquents. The following reply was made

by the then Minister of Justice (Mr. Lapointe) as appears on page 4063 of Hansard of June 9, 1928:

When the estimates are being prepared next year this will help me to convince my colleagues that the money will be well spent to provide for the construction of special institutions for young offenders.

The debate of the following year will show that this farm was intended for juvenile delinquents. It is true that it was classed as a preferred class penitentiary site, but I do not think that any hon. member imagined that the preferred class would be the big criminals, such as mining brokers. As someone has said, this is a sort of country club for tired brokers.

Mr. GUTHRIE: Did my hon. friend say that in the passing of the estimates it was stated that this would be used for juvenile offenders?

Mr. WOODSWORTH: I said that the discussion would show that it was for juvenile offenders, although it was classed as a preferred class penitentiary site. The hon. member for Kingston followed much the same line as the year before and it was taken for granted that it was to be for juvenile delinquents. I bring this matter up because I know that a large number of people feel very strongly with regard to this matter. May I read what the Toronto Star had to say in connection with the Solloway-Mills case. The article reads:

Guilty Brokers Escape With One Month and Four Months in Jail—Man Who Steals An Overcoat Gets Several Years

It comes down to this, does it not: That because the guilty brokers are willing to pay into the provincial treasuries a total of half a million dollars out of the vast sums they improperly took from the public, they are to escape with one month and four months in jail. And the elected representatives of the people whose duty it is to see that justice is impartial are satisfied with the arrangement, if, indeed, it was not their own making.

Meanwhile, an unemployed man who steals a suit and an overcoat is liable to go to prison for several years without intervention on his behalf from the fountain head of justice.

Something will have to be done by leaders of the community to improve upon the faulty workings of our system of justice and restore faith in its impartiality.

I quite agree with the comment made by the Toronto Star. Let me give one or two expressions of opinion from my own city. I quote the following:

Judge L. St. G. Stubbs spoke to Mrs. Doris Wyrozub, after acquitting her on a charge of aiding her husband to break jail. He said: "Had you been the wife of some wealthy man, sent to jail for robbing the bank by more subtle methods than those used by your husband, there would have been no need for the use of hack-saws to secure his release. The more potent weapon of political influence is much less dangerous, and much more up-to-date."

That is what was said from the bench by Judge Stubbs.

Mr. GUTHRIE: His Honour Judge Stubbs does not admit that report.

Mr. WOODSWORTH: Of course I have not his statement.

Mr. GUTHRIE: I have, and in writing.

Mr. WOODSWORTH: I am well acquainted with his honour.

Mr. GUTHRIE: So I believe.

Mr. WOODSWORTH: I know something of his sentiments in this regard. In sending Jack Tansowny to gaol for two weeks for furious driving, his honour said:

When a few wealthy rogues can steal more money than all the bank robbers and hold-up men since Canada began, and get off with nominal punishment, it is very disturbing, not only to some of the judges, but to the very serious effect it has on the mind of the public.

I know that our laws have come into existence by piecemeal methods, some of the severest being inherited from the early days. I do not think anyone will contend that in these more modern days we have been as severe with modern crime as they were in the days of old with the class of criminals of that day. Many people are losing their all through speculation, and I ask whether or not this house has any responsibility in the matter. I have talked over this matter with the Under-Secretary of State, but he tells me that he does not see how we can do anything. If we manage to punish crime of other kinds, surely we can punish crime which defrauds people of large sums of money, sometimes of their very living itself. I received the following letter only a few days ago:

I am an employee of the C.N. for about 23 years. When I was a kid of 14, father became an invalid so I had to get out and hustle. At 17 I took out an endowment policy in the Manufacturers' Life. It often kept me guessing to meet the premium but I managed to cash in on it in 1927.

That year was rather unfortunate as I was advised by a so-called business man to invest in some good bonds or preferred stock, so he had a talk with a bond salesman at Wood-Gundy's, and picked out Anticosti for me. So I slammed $2,000 into it.

I am enclosing an editorial from to-day's Free Press which will explain the whole steal better than I can. For every $100 I put in, I get

one and a half shares common. The common is quoted at sixty cents, so that gives me ninety cents or nine mills on the dollar.

Is it any wonder that Canadians are losing faith in their country. The only difference I can see between Sir Herbert Holt and Solloway Mills, etc., is that the latter are in jail, while the former is a bank president.

It seems to me that that letter well illustrates what a large number of the so-called "common" people in this country are thinking. In so far as this government represents law and order, it behooves us to take such steps as will remove these anomalies from our criminal code.

Mr. HANSON (York-Sunbury): Does not the hon. member know that under our constitution the administration of the criminal law is in the hands of the provinces?

Mr. WOODSWORTH: Yes, I know that, but I know also that the federal authorities have general supervision.

Mr. HANSON (York-Sunbury): Over what?

Mr. WOODSWORTH: The Minister of Justice has a certain function; the Solicitor General has a certain function, and this parliament is the body which enacts the criminal code. When interrupted I was urging that we pass legislation which will enable us to deal with the big criminals just as we deal with the small.

Further, in my opinion there should be appointed a special commission to study the causes of crime and the treatment of criminals. It is said that in this connection we are ahead of the United States; I believe that to be true, but I believe that we are far behind Great Britain. Some years ago that country made a careful investigation of the whole situation, and since that time there has been a very marked improvement. The following resolution was passed by the legislative assembly of Manitoba. I quote from the routine proceedings of March 23, 1931, as follows:

> That whereas the increasing number of convictions in Canadian criminal courts, and of prisoners in our reformatories, jails, and penitentiaries, indicates that crime is on the increase notwithstanding severe and long prison sentences and the imposition of flogging; and,
>
> Whereas no scientific system of segregation and treatment of prisoners according to age, nature of the crime committed, and modern methods of reclamation, at present exists in our prisons and penitentiaries; and
>
> Whereas the recomendations of a royal commission appointed by the British government to study the whole question of the cause, punishment, and cure of crime, was followed by legislation which apparently has resulted in a lessened incidence of crime; which recommendations included new forms of trial, new institutions for the preventive detention and treatment of prisoners, such as the Borstal institutions, prison aid associations, the Criminal Court of Appeal, the Juvenile Delinquency Act, and Parole Act, and
>
> Whereas there is in Canada urgent need for a similar exhaustive investigation into the whole matter of crime, treatment of prisoners, conduct of prisoners and penitentiaries, the nature of punishment, and the institutions and organizations necessary for scientifically dealing with the problem;
>
> Therefore be it resolved, that this legislature do hereby humbly memorialize His Excellency, the governor general in council, to make such investigation, by royal commission or otherwise, into the matter of crime, its causes and remedies, present and possible methods of dealing with persons accused of crime and of persons convicted thereof for the purpose of creating legislation, institutions and organizations, necessary for dealing with crime and criminals in an efficient and scientific manner.

Mr. BEYNON: Why not just read the report of the English commission?

Mr. WOODSWORTH: Would the hon. gentleman like me to read it?

Mr. BEYNON: Why not adopt it in Canada instead of having a royal commission?

Mr. WOODSWORTH: If we adopted the report of the English commission, we would probably accomplish our purpose.

Mr. BEYNON: I think that would cover it.

Mr. WOODSWORTH: It might. The trouble is that we have drifted along from year to year in the old way, and we have not attempted any very drastic reforms in dealing with criminals. This idea of a royal commission on crime is endorsed by the Canadian prisoners' Welfare Association of Montreal.

I do not think I need go into any further detail with regard to the necessity of some more modern methods of dealing with crime. In a pamphlet published at Ottawa, giving statistics of criminal and other offences, I note that in 1900 there were 780 convictions per 100,000 of population, while in Great Britain the convictions amounted to less than 200 per 100,000 of population. In that respect we are evidently far behind Great Britain. I admit that conditions in Canada are somewhat different from those in the old country. Owing to our very large and mixed populations and vast spaces, the situation in this country may be difficult. On the other hand, we are apt to say that in the more crowded industrial sections we would look for more crime.

Mr. GUTHRIE: Do those figures include convictions for offences against provincial liquor acts?

Mr. WOODSWORTH: That I cannot say.

Mr. GUTHRIE: I think they do. It makes a great difference.

Mr. WOODSWORTH: In this connection I might quote from a statement from an address delivered in January, 1931, by the Hon. E. J. McMurray, former Solicitor General, before the service clubs of Winnipeg:

> The policemen of Great Britain and Ireland are unarmed and the criminals are unarmed. The jails are becoming empty. From 1913 up to 1930 crime decreased from 600 in every 100,000 population to 120. There are but one-fourth as many people in prisons in Great Britain to-day as there were in 1913. . . . Intelligent scientific treatment of a purely scientific problem has had this result.

Let me give some of our own statistics. The total number of people in Canadian penitentiaries has jumped from 2,769 to 3,187, an increase of 418 over the previous year. By far the greater part of this increase is in the provinces of Manitoba and Saskatchewan. The figures for Saskatchewan penitentiary have almost doubled during the past year—501 on March 31, 1930, as against 268 in 1929. Forty-eight were under twenty years of age when sentenced. I think that is a most serious situation. Over 45 per cent of the total number of prisoners are between the ages of twenty and thirty. Nearly 12 per cent are not yet twenty years old. So that about 57 per cent of the total number of prisoners in Canadian penitentiaries are not over thirty years of age.

We have very largely gone on the old plan of dealing with the criminal individually. Henry Elmer Barnes has said in the Story of Crime:

> The modern criminology supplants the old slogan of making the punishment fit the crime by the new objective of making the treatment fit the criminal.

Some hon. gentlemen insist on banging their desks as I talk. I am well aware that a number of members are not in the slightest degree interested in this question of crime and the treatment of criminals. In the last ten years, that I have been a member of the house I have found that we have had practically no opportunity of entering into details with regard to the situation or really carefully considering the matter. I cannot hope that to-night at this late stage in the session—and this is the first opportunity I have had of dealing with the matter—we can give it careful consideration. What I am pleading for is that in some way the Department of Justice would consider very definite reform measures. If it be necessary to have a royal commission—and sometimes these royal commissions are overdone—let us have one, but in some way let men competent to deal with the question give careful consideration to the whole subject with a view of working more nearly along the British lines or bringing in some other better system. We should not be satisfied simply with reading reports of how we are dealing with criminals; rather, we should take some steps to try to understand and abolish the causes of crime.

Hon. HUGH GUTHRIE (Minister of Justice): I agree with the hon. member for Winnipeg North Centre (Mr. Woodsworth) that the matter he has just discussed is one of the greatest importance in this or any other civilized country. I regret exceedingly that he has waited until almost the closing day of the session to bring this subject to the attention of the house. I also regret that I had no notice whatever that he intended to bring the matter up this evening or at any time to-day; otherwise I might have had before me certain information, in particular statistical data which might have thrown a good deal of light upon the administration of the criminal law in the Dominion of Canada.

As has already been said the administration of the law does not belong to the jurisdiction of this government or parliament. Under our system the administration of the law, both civil and criminal, is entrusted almost exclusively to the various provincial governments. It is true that the criminal law is enacted in this parliament, and that the federal government appoints the judges who for the most part administer that criminal law throughout Canada. But there is a great body of the criminal law which is not administered by the judges we appoint. The majority of the convictions to which my hon. friend has just referred are convictions by justices of the peace, police magistrates, stipendiary magistrates, all of whom are appointed by the governments of the various provinces. The vast majority of the convictions are from the courts of our magistrates, in whose appointment this government has no voice whatever.

I agree that it is difficult in a country such as Canada, or in any country for that matter, to secure uniformity in regard to criminal sentences. Indeed it is impossible. Each case must be decided upon its own particular facts and circumstances. Matters which will appeal to one presiding judge may not appeal to another. The circumstances in no two cases exactly coincide. Consequently we are bound to have in the various parts and among the different populations of this country differences in regard to sentences.

There is a branch of the Department of Justice known as the remission branch, which deals with criminal cases on the basis of

executive clemency, where recommendations are made to His Excellency the Governor General in respect of persons who are actually in custody serving the sentence. Until a man or a woman has been placed in one of our penal institutions and is actually in custody, no question of clemency arises and the Department of Justice in no way interferes; but after the criminal is in custody, then it is within the power of His Excellency the Governor General, in the exercise of the royal prerogative, to take a lenient view, as he very frequently does on many of the applications which are brought before him in respect of clemency.

We have on the statute books of this country what is known as the Ticket of Leave Act. Under that act it is competent for any man or woman who is confined in a penal institution to bring his case up for consideration before His Excellency the Governor General and ask for the exercise of the royal prerogative. Those cases are exceedingly numerous. The applications will run to four thousand, probably five thousand, in a year, and each application, when it comes in, is fully considered and such recommendation is made to His Excellency as seems to accord with the circumstances of the case.

I admit that probably at this date the conditions in respect of criminals and crime are more advanced in Great Britain than in Canada. I have read, not as fully as I should like to have done, and I have to some extent considered, the report of the royal commission in Great Britain upon this subject. We in this country are endeavouring as fast as we reasonably can to adopt such of those methods as have been adopted in Great Britain with excellent results. But we cannot do so in the twinkling of an eye. It will take time to develop that system here as it is in Great Britain. Indeed, it is said by officers of the Department of Justice that as far back as the year 1890 the very system which was adopted in Great Britain was considered in this country and partly adopted. Plans were drawn and laid before parliament for the adoption of such a system, and some money was spent at that time, but the matter was allowed to rest; it never was proceeded with. But in England it is said that they adopted the very plan which we had discussed in the parliament of Canada. They brought them to maturity, and they have been operated in Great Britain with very excellent results.

In any comparison of convictions in Great Britain with convictions in the Dominion of Canada, no true idea of the conditions in the two countries can be formed unless one excludes what we call convictions under the provincial liquor laws. These in Canada are exceedingly numerous, while in Great Britain they are exceedingly limited in number. We have different provincial enactments with respect to the use of intoxicating liquor. In England they have one, broad, general, very liberal law, and the convictions for breach of their law are rare, while in this country convictions for breach of our liquor laws make up a very large proportion of the records of our convictions.

Unfortunately the penitentiary population in Canada has increased. It is now somewhere between 3,800 and 4,000. It has increased in the past three or four years so rapidly that we are experiencing the greatest difficulty in accommodating those who have been sent to our penal institutions, but it is not correct to say that in this country we have not drawn the line between the juvenile offender and the more hardened offender. In I think almost all the provinces of Canada we have prisons and reformatories under the jurisdiction of the provincial governments for the treatment of juvenile offenders. Under the laws of this country, under the laws passed by this parliament, a juvenile offender is a boy or girl up to the age of sixteen. They do not go to our penitentiaries. They go to our prisons and reformatories.

Mr. WOODSWORTH: What about these young people between twenty and twenty-five years of age, who form such a large proportion of the penitentiary inmates?

Mr. GUTHRIE: Over the age of sixteen they are not, under the statute, considered juvenile delinquents. We have a limited number in our penitentiaries to-day between the ages of sixteen and eighteen. I had the figures prepared to submit to the house when the penitentiary estimates were under discussion, but I do not happen to have them with me to-night. It is a very small number between the ages of sixteen and eighteen, but between the ages of eighteen and twenty-five the number is considerably larger. But as between the first offender and the hardened criminal a very great effort has been made to draw a very decided line. It is for that reason, and in carrying out that policy, that certain prisons are being established, and I hope in the future they may be established throughout Canada, called "preferred class" penitentiaries. I do not know that the name is well chosen. I do not know that there should be any preference at all in regard to such a matter, but in some way or other the term "preferred class" has grown up, and you will see in the

various reports in years gone by from the superintendent of the penitentiaries how strongly he has urged that preferred class penitentiaries should be established. The recommendation of the year before last, I think it was, for a vote of money to erect buildings at Kingston and at St. Vincent de Paul in the province of Quebec was for the express purpose of providing preferred class penitentiaries—not for juvenile delinquents at all. I note that in the discussion which took place in this house something was said in regard to juvenile delinquents, but that was not the purpose of the vote. Juvenile delinquents, I say, are looked after for the most part in provincial prisons and reformatories. These preferred class penitentiaries are for first offenders, for men who have not theretofore had a criminal record at all. The idea is to segregate them from the old offender. I grant you that the influence of prison life, where first offenders are congregated day after day and night after night, year after year, with old offenders, is in a great many cases very baleful indeed, and I think it was a step in the right direction when something practical was done to establish the preferred class penitentiary, call it by what name you like.

The criticism which was levelled some six weeks or two months ago with regard to the treatment of some men in the preferred class penitentiary was entirely unjust. It was said that certain brokers were down at the preferred class penitentiary at Kingston. That is so in the case of other men, not brokers only, who are first offenders. Anyone else who goes there is a first offender who has not been convicted of one of the more serious crimes of violence. That prison is now under construction. It is being built entirely by prison labour. Naturally the construction is slow. Men have to be trained as carpenters, stone masons, bricklayers and mechanics in the various trades. In the preferred class penitentiary the hours of labour are precisely the same as in the other penitentiary, the clothes are precisely the same, the prison rations are precisely the same, the hours during which the patient or prisoner is locked up are precisely the same—the treatment in every respect is identical, although as yet the prisoners are not confined behind high stone walls but merely behind barbed wire fences. The idea in the establishment of that prison is to give the inmates a chance if possible, to reform, to keep them away from the bad influence of hardened criminals. Two of these preferred class penitentiaries have been established. One institution which might be in that class is the Ontario reformatory at Guelph, which has done excellent work. It is a provincial prison. Around it there are neither stone walls nor fences. Gangs of men may be seen working on the farm. Of course there are guards in attendance, but the men are allowed a certain amount of recreation while in that institution. In a great many instances I believe positive reforms have been made and men have been saved from careers of crime. That is the first of the large prisons established in Canada based upon reformative principles.

The preferred class penitentiary follows as closely as possible the model of the reformatory at Guelph. Conditions are the same in many respects, but segregation is complete. First offenders sent to Kingston to-day, except in cases where crimes have been accompanied by violence—because as yet we cannot trust such prisoners—are placed in the preferred class. Although at the present time there is not room to accommodate all of them, about 200 or 250 are in the preferred class prison. Another institution of the kind is being established at St. Vincent de Paul, Montreal. I hope when we are in a position to make the necessary expenditures similar preferred class prisons will be established throughout all the provinces.

I do not wish further to discuss this matter. I agree that the matters to which my hon. friend referred are serious and I should like to offer some practical suggestions concerning the points he raised. I think however that in this country we are proceeding along proper lines and if we do not stand first in the number and treatment of our criminal classes I believe we stand second to Great Britain and ahead of every other country in the world. Perhaps some day we will in that regard be upon as high a plane as is the mother country.

Mr. A. E. ROSS (Kingston City): Mr. Speaker, I do not intend to say very much to-night, because I am not prepared, but I believe the subject under consideration is worthy of the attention of hon. members. For some years I have been interested in the subject before us, especially from the point of view of juveniles. I think a mistake was made in allowing police magistrates to sentence to penitentiaries. They have not the experience or judgment to qualify them to make such decisions.

I have one example in mind which I think worthy of mention, and to which I shall make further reference when we are dealing with the subject of penitentiaries. I refer to a

young boy who enlisted for overseas service as a result of which at the age of seventeen years, he was taken from his home. At the close of the war he was rooming above a grocery store, and one night being hungry he entered the store and took two tins of pork and beans. A few mornings afterwards the police magistrate, not being in his right mind, sentenced the boy to three years in the penitentiary. Before we could get the boy out of prison he had spent two weeks in Kingston penitentiary on a bench beside a lifer. Although we were told repeatedly that boys were not placed beside lifers, I know in this particular instance the reverse was the fact. This should make plain the necessity for some consideration of the matter before us. I do not agree with the information the Minister of Justice (Mr. Guthrie) has received concerning preferred class penitentiaries. I think the term "preferred class penitentiaries" will damn us all. It is said that this particular type of institution is for first offenders, but if it is supposed that only first offenders are admitted, somebody is badly mistaken, because I am in a position to state that at the present time there are other than first offenders in the institution.

I am not particularly concerned with the statements which have been made concerning the preferred class penitentiaries. I do not care how much comfort and ease the brokers have experienced, and so far as I am concerned they may be given more. In my view it is a mistake, however, that those men should have been picked out, some of whom had been only twenty-six days at the penitentiary and some only seven days when they were transferred, while on the other hand boys, first offenders, are still in the big prison. I am not concerned about the brokers, but I am opposed to naming the institution "preferred class penitentiary," and believe that such action will get some people into trouble.

There are further matters with which I intend to deal when we come to the matter of penitentiaries. For the present, however, I wish only to say that I am not convinced that the Minister of Justice has been correctly informed concerning the existing situation.

Mr. JAMES ARTHURS (Parry Sound): Mr. Speaker, earlier in the session I placed a motion on the order paper asking that a board be appointed to examine all sentences pronounced for offences under dominion statutes with power to revise either by appeal or otherwise. Unfortunately when the matter came before the house shortly after eight o'clock I was not in my seat and the motion was dropped. I have had a great number of letters and large quantities of corespondence in the matter. I have had considerable experience in dealing with criminals and I believe there should be some check upon sentences imposed, especially by police magistrates whose environments and sympathies are purely local.

Before I proceed further I should like to give an example of the administration of justice in the county from which I come. A few years ago a foreigner ran amuck through the town and smashed twenty-one windows with an iron bar. He was arrested and charged with wilful damage to property, and sentenced to serve two years for each window that he had broken—forty-two years in the penitentiary. Evidently the magistrate intended the two-year terms to run concurrently, but once having delivered judgment, he insisted that it was correct. We have had cases in Ontario—largely automobile accident cases—where through the sympathy of the local judge and magistrate the accused was let off on suspended sentence. A young man in my riding was convicted of stealing a fox from a fox farm. For this offence the extreme penalty is two years' imprisonment—and he got it. It was pointed out, and rightly I think, that this young fellow had had no previous convictions against him, that he was drunk at the time and in the company of criminals who no doubt had induced him to commit the theft. It took me a year and a half to get a remission of the sentence. Why? Because in this, as in every such case, remission of the sentence depends upon the magistrate reversing his original judgment, and it is naturally to be expected that our magistrates being just human and having no legal training will be disinclined to stultify themselves.

I do not desire to labour the matter further, but I would impress upon the government that a board should be appointed to whom such appeals could be made. I know I shall be told by the Minister of Justice that the persons convicted are at liberty to engage a lawyer to appeal their conviction, but many of these criminals, especially the young men, have no means, and therefore cannot possibly engage legal assistance to lodge an appeal. I submit there should be a body appointed to whom these cases could be appealed without any costs to the unfortunate appellants.

RESTIGOUCHE RIVER BRIDGE

Hon. CHARLES MARCIL (Bonaventure): Mr. Speaker, I am in the happy position this evening of bringing to your notice and to that of the government, through the

hon. Minister of Public Works (Mr. Stewart), a question that appeals favourably to me as it has for many years appealed to the people of New Brunswick and eastern Quebec; I refer to the construction of a bridge over the Restigouche river from Cross Point in Quebec to Campbellton in New Brunswick. The matter has been brought to a head during the last four or five years by the construction by New Brunswick of the magnificent highway extending from Campbellton to Edmundston down to the United States boundary, and also by the construction of the magnificent Gaspe highway by the province of Quebec. The hon. Minister of Public Works has been kind enough to advise me of the progress that has been made in regard to this question. A few years ago, if my memory serves me aright, the New Brunswick government passed an order in council to pay one-third of the cost of this undertaking, and recently the government of Quebec has passed an order in council, a copy of which the hon. Minister of Public Works has very courteously supplied to me. I presume it is practically on the same lines as the order in council passed by the government in New Brunswick. It reads:

Whereas Act 21, George V, chapter 5, authorizes the government of the province to build an interprovincial bridge on the Restigouche river, between Cross Point, in the province of Quebec, and Campbellton, in the province of New Brunswick, and, consequently, to enter with the government of Canada and that of the province of New Brunswick into the necessary covenants concerning the construction, maintenance, up-keep, repair, administration and operation of the said bridge.

Whereas it is now necessary to enter into these covenants.

The honourable the minister recommends that he be authorized to enter with the government of Canada and that of the province of New Brunswick into the necessary covenants concerning the construction, maintenance, up-keep, repair, administration and operation of an interprovincial bridge on the Restigouche river, between Cross Point, in the province of Quebec, and Campbellton, in the province of New Brunswick.

On Wednesday last I brought this arrangement to the attention of the government, and the hon. Minister of Public Works told me that his department was prepared to enter into a discussion of the matter with the two provinces. This enabled the citizens of Campbellton,—the most important town in northern New Brunswick—to convene its board of trade. At the meeting a resolution was adopted which I had the honour of transmitting to the hon. minister asking him to take action in this matter, both by reason of the urgency of the work itself and the necessity to provide employment in that part of the country owing to the practical stagnation of the lumber industry. I also communicated with the hon. Minister of Public Works and Labour in Quebec, Mr. J. N. Francœur, and this afternoon I received from him the following message:

Have sent to-day following telegram to hon. Stewart, Ottawa, and hon. Stewart, New Brunswick, "Re Cross Point Campbellton Bridge as per legislation passed concerning this bridge and as authorized by order in council our government ready to contribute to the extent of one-third of cost of bridge."

This dispels all doubt on the question. I do not think I need plead any further with the government to cooperate with the provinces in this undertaking. When we see two provinces agree as in this case, it has been the time-honoured custom of the federal government to contribute one third of the cost. Happily at the present time this government has at its head a distinguished son of New Brunswick, and I have no doubt that under the circumstances he will be delighted to aid his native province and the old province of Quebec in the construction of this bridge over the historic Restigouche river. I have inquired of the hon. Minister of Public Works and I know I shall have his support and also that of the hon. member for York-Sunbury (Mr. Hanson) with whom I have sat in this house for many years, and I am sure also the support of the member for Gaspe (Mr. Brasset) and the member for Restigouche-Madawaska (Mr. Cormier). Already the supplementary estimates have been tabled, but this is a matter of great urgency and I know there have been instances of further supplementaries being brought down. Therefore I think it might be possible until such time as the plans are prepared and the arrangement between the two provinces completed for a small amount to be voted by this house to enable the preparatory work to be carried on and certain necessary construction material ordered. I can assure the government that if it responds to the public feeling in this matter it will be entitled to the thanks of the community on both sides of the river.

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, at the risk of detaining the house but without making any apology for so doing, I desire to say a brief word in regard to this proposal for a bridge over the Restigouche river between Cross Point, Quebec, and Campbellton in my own province. The agitation for this bridge extended over a very considerable number of years. Previous to the war it was thought that the project might be brought to fruition, but the enor-

mous war expenditures forced its postponement. Recently, however, interest has been stirred up, chiefly by the citizens of Campbellton. They have been exceedingly active in urging upon the three governmental authorities the absolute necessity for providing a through highway joining the two provinces at this point. I quite realize that perhaps the country is not in a very favourable position just now to vote large sums towards this project, but I agree with my hon. friend from Bonaventure (Mr. Marcil), who has laid the matter before the government in a reasonable way, that a start might be made this year. The reason I urge that something be done is that I realize that unemployment conditions in that particular locality call for immediate attention. Restigouche river, dividing New Brunswick and Quebec, has been for many years the scene of very extensive lumber operations. But as a result of the change from long lumber to pulp a large number of long lumber mills have been put out of active business, with consequent unemployment. If the government, and especially the Minister of Public Works (Mr. Stewart, Leeds) could find it convenient to call a meeting of the representatives of Quebec, now that they have put themselves in order, and of New Brunswick, which has been urging the project for three years, some start might be made this fall. I commend this to their consideration, because I believe it will go a long way towards relieving some of the distress from unemployment in that community in the coming winter. A substantial amount of preparatory work could be done before the drawing of the plans and the calling for tenders; but if that is not possible I suggest that some provision be made either in the supplementary estimates or out of the moneys that may be voted for unemployment, so that the project may not be delayed until the next session of parliament. In other words, I urge that a start be made this year, and I heartily concur in what has been said by my hon. friend from Bonaventure. I trust that the government will give the matter its very earnest attention.

Hon. H. A. STEWART (Minister of Public Works): Very little can be added to what the two hon. gentlemen who have just spoken have stated in connection with this project. The Dominion has sometimes made a joint and equal contribution with the provinces interested in interprovincial bridges. It is correct to say that a considerable time ago New Brunswick intimated its readiness to join in this project and to contribute one-third of the cost. It is only within the last few days, as I have already said in answer to a question asked by the hon. member for Bonaventure, that any intimation of this kind had been received from Quebec, and I have not yet been handed the telegram to which he refers. The orders in council passed by that province signify its willingness to consider the question of a contribution, and I stated to the house that we were prepared to enter into a discussion. That still stands. It is unfortunate that the matter comes up so late in the session, when the supplementary estimates are practically down. It would take weeks or probably months to conclude the discussion and have plans prepared, because no action can be taken until the three authorities interested are in agreement with regard to cost and other matters. It has been suggested that possibly the Canadian National Railways would be interested in this project, and that would change its character altogether. All I can say at this time is that I shall be pleased to receive deputations from either or both of these provinces, and give the matter careful consideration, discussing it in all its details and endeavouring to arrive at a conclusion as to the kind of structure to be built, whether it is necessary to proceed with it immediately, or whether it would be possible to do so. That is as far as I can go to-night. I have no doubt that in the near future, the two provinces being now interested and each having agreed to make a contribution, we shall be able to discuss the subject. The details can be settled and an agreement framed if it is thought, after all the information is available, that this is the proper time to proceed.

CRIME AND CRIMINALS

Miss AGNES MACPHAIL (Southeast Grey): It shows how little we can hear, and how bad the acoustics are, when I say that I did not know that the hon. member for Bonaventure (Mr. Marcil) and the hon. member for York-Sunbury (Mr. Hanson), who followed him, were discussing something altogether different from the matter introduced by the hon. member for Winnipeg North Centre (Mr. Woodsworth). Since I could not hear one word that either of them said, I shall now proceed to say something on the subject of crimes and criminals. Before I go on to do so, however, may I suggest that we need not only an improvement in the acoustics of the chamber but a training school in voice culture. The least we can expect is to hear what is being said.

It seems to me that in this time of widespread unemployment, when people cannot find work and often are driven to desperation,

the sentencing of those who have committed offences is something that should be done with great care. We know only too well that many people who commit the gravest crimes against society are not condemned but rather applauded. On the North American continent the strange custom prevails of honouring most the most unsocial of citizens; they are given places of trust, all the fine things fall to their lot, and in fact the laurel wreath of victory is placed upon their brows. It therefore makes me sympathetic with men and women who in these days are often driven by hunger and despair to do what otherwise they would not dream of doing. I think it is particularly fitting that the hon. member for Winnipeg North Centre should bring this matter up.

Many years ago, when the Right Hon. Mr. Doherty was Minister of Justice, a splendid commission was appointed and it brought in recommendations which if acted upon would have resulted in the improvement of our treatment of criminals. But those recommendations have not been acted upon, and so our whole penal system has suffered.

In Great Britain they have been remarkably successful in their treatment of criminals. There are three things in which they have gone much further than we. First, in regard to probation, many are given suspended sentence; second, the man or woman is given a chance to pay the fine in instalments. Now that we have the instalment plan in nearly everything there is no reason why it should not be applied to the payment of fines. Then, too, they carry on a more extensive parole system, particularly in regard to young offenders. This is something which we might well follow the lead given by Great Britain.

In case I should not be here when the estimates come down—because it is often difficult to be in the house when particular estimates are in committee—I wish to say now what I think is most needed at the moment in our Canadian penitentiaries. Possibly more than anything else we need a citizens' board of reestablishment. That need not be the name, but we do need a body of responsible citizens to whom prisoners can go, and who will help them in a human way to become reestablished in life. I am sure we could get people of splendid mental attainments and fine character to take part in such work as this. Very often the prisoner becomes utterly discouraged during the first week in which he or she is free, and this feeling might be overcome.

We need wardens who are trained in penology. While some wardens have been good wardens, many have been political appointees. They are appointed not because they are trained in penology, but because they happen to be the brother, the cousin or the brother-in-law of some person in authority. At times these appointments turn out rather badly.

We need that to which this house agreed to some time ago but which has not been carried out, the providing of productive work for prisoners. This work would be paid for, the pay to go to the support of their dependents, if any, and, if there are no dependents, to be held for the use of the prisoners when released. Of course, the cost of maintenance would be first deducted.

Mr. ARTHURS: We should provide first for the men out of prison.

Miss MACPHAIL: I do not see why a man should be prevented from working simply because he has committed a crime. Certainly I want to see the men out of prison having work, but by adopting the method of productive work with pay for prisoners, maintenance would cost the state less and the men would be better off if they had plenty of work to do. Social workers will tell those interested that one of the disastrous things which happens after a man has served a long term is the fact that he will not again assume the responsibilities of his family upon release. This would be prevented to a large extent if the man had to consider these responsibilities while in prison.

The library facilities in our penitentiaries could be improved. They are much better than they were previously, but the lighting in the cells is not good. If a prisoner wants to be studious he should not be forced to carry on his studies under the worst possible light, with a danger of eye strain.

SUPPLEMENTARY ESTIMATES

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1932, was presented by Right Hon. R. B. Bennett, (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

SUPPLY

The house in committee of supply, Mr. Hanson (York-Sunbury) in the chair.

DEPARTMENT OF PENSIONS

European war—naval, militia and air forces after the war, $50,500,000.

Mr. MACKENZIE (Vancouver): Mr. Chairman, when this item was last before the committee I asked the minister as to the

standing of the disputed cases which had been sent to the exchequer court. I understand that a total of $25,000 is payable in connection with the six cases. Perhaps the minister could give the committee some information in this regard.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): My information is that the decision of the exchequer court did not touch the question of payment. I am informed also that to effect payment application must be made to the tribunal, and that one or more of those affected have already made such application.

Mr. MACKENZIE (Vancouver): Another point which was raised on a previous occasion had to do with the commission counsel throughout Canada. A return was tabled earlier in the session containing the instructions sent out by the chief commission counsel to the various counsel throughout Canada. When that return was made I discovered that further instructions had been issued on June 26, 1931. I brought this matter to the attention of the minister who informed me that he did not approve of the instructions and had asked that they be cancelled immediately. I think it only fair to the minister to make this statement. However, these instructions violated absolutely the spirit of the legislation passed last year under which the ex-service man was to be given the benefit of the doubt. Without detaining the committee too much, I should like to place these instructions on record. They read:

Ottawa, June 26, 1931.
C.C. Instruction No. 25.

Re: Medical Witnesses.

Up to the present time it has been only on rather rare occasions that counsel have brought in any medical witnesses on applications before the various tribunals. Our attitude, as you well know, has been to insist upon the applicant proving his case against the crown rather than producing evidence against him. This practice has resulted in what might be described as "unbalanced transcripts." That is, all the evidence is in favour of the applicant and there is none which tends to show the soundness of the medical theory advanced by applicant's medical witness. This situation has been repeatedly commented on by the court and a change is considered advisable.

Pension medical examiners in the various unit offices have now been instructed to furnish counsel with the name of a prominent doctor in each of the towns and cities visited by the tribunals. Immediately upon arrival in that town or city it is desired that district counsel communicate with this doctor, advising him that you wish him to peruse the file, listen to the testimony and if necessary go into the box as a witness. If it happens that he agrees with the medical theory advanced by the applicant's medical witness or the applicant himself, it would seem hardly necessary to put him in the box. On the other hand, should he doubt that the symptoms complained of by the applicant are bona fide symptoms of any present injury or disease or that it is likely that the said injury or disease could be related to service, put him in the box, so that his opinion may be recorded.

It is impossible to lay down any definite tariff of fees but you will have to inform these doctors that the commission is prepared to pay them a reasonable fee.

In case of consultants or specialists the figure would, of course, be larger. The best method of arranging payment for these services is for the doctor to give you an account at once and for you to forward it to this office, advising in what cases he attended before the tribunal and whether or not he actually testified.

This change in procedure is to go into effect immediately.

Chief Counsel.

The only reason I am bringing this to the attention of the committee is this: I strongly advise the minister that all instructions sent in the future by the chief counsel to the various commission counsel be reviewed by the minister himself or by his deputy before they are sent out, because this instruction is in direct conflict with the spirit of the work of the parliamentary committee of last year and the principle of giving the ex-service man the benefit of the doubt. Again I wish to congratulate the minister on recalling this instruction as soon as I brought the matter to his attention.

Mr. MacLAREN: It is true when the instruction was drawn to my attention I did not approve it, and I wrote the pension board asking that it be cancelled immediately. I want to say further that I am not yet informed that the instruction has been cancelled. This may be partly due to the absence of the chairman or to a question of the minister's authority under the act. I do not know which it is, or whether both were factors; but as a matter of fact I have not yet been informed of the cancellation. Further, as the matter has been brought up and as the instruction has been read in the committee, I wish to state that I entirely disapprove of the communication having been sent in reference to the giving or the not giving evidence. It is hardly in accordance with the spirit in which we look on these matters of claims for pensions.

Mr. NEILL: I wish to bring up a matter that is of great interest to many ex-soldiers seeking pension and that will be of still greater interest in time to come, because they do not yet fully realize what they are up against. The situation is this: When a case comes before the Board of Pension Commissioners,

as we all know they have three matters to decide: First, has the man any disability? Second, did he get that disability due to war service? Third, what is the amount of the disability? If the answers are in the affirmative in the first two cases, they will grant him a pension in accordance with the answer to the third question.

Prior to the legislation passed last year, if the Board of Pension Commissioners, while admitting the disability, refused to admit that it was due to war service, the man could appeal to a higher court, called the appeal court, but he could not appeal if, while they admitted the disability was due to war service, they said that the disability was negligible, or they gave him a sum less than he thought he should get. Many of the men felt that they suffered an injustice in that regard; they said that the Board of Pension Commissioners could always get out of their responsibility by saying: We admit you have a disability due to the war, but we find it is negligible, or only one or two per cent, in which case the man had no redress. The pension committee which went so largely into the subject last year thought they had remedied that by changing the right of appeal so that the man could appeal on either ground, either that the board had refused to admit that the disability was due to war service, or that he thought the pension was not big enough on what is called technically, assessment. That was highly satisfactory; it was made public and there were thousands of appeals. That began in the latter part of September or early in October and went on for a month or two. Then someone, I do not know who he was, had the idea that was all wrong, that the legislation passed in 1930 gave the man the right to appeal not on assessment but only on the question whether he had what is called entitlement or disability due to war. It appears that the legislation of 1930 provided that in case of any doubt arising as to the interpretation of the act, it was to be decided, not by the pension board, not by the regional tribunal, but by the higher court, the court of appeal. The question was submitted to them, so far as my memory goes, somewhere around December and was heard some time in March. It is almost August now and the decision has not been rendered. It must be a simple matter for men versed in the law to decide whether that appeal comes within the four corners of the act or not. I have tried again and again by asking questions in the house, and so on, to find out the situation, and all I have been told is that the matter has been heard but a decision has not yet been given. I feel ashamed to go home, and surely many other members feel as I do, and have to say that this matter has been hanging fire all this time and we cannot get this simple decision rendered by some three or five men.

This question very materially affects the returned men and the whole system of pensions, because thousands of cases where the appeal is against assessment are in consequence being held up; they are not being sent on to the regional tribunal because it is not known whether that can be done or not. It is difficult to explain the matter to the ordinary pensioner who put in an appeal last October and wants to know why there has been no action. When one tells him that a decision has not yet been given all he asks is; why not? I am interested not so much in asking why a decision has not been given as in asking that pressure be put upon this body to give their decision immediately. The benefit of it is this, that those men who have appealed on assessment and who find that they can or cannot, as the case may be, go on with their appeal, will know the best or the worst. Whichever way the decision goes, it will result in advancing the roll. The appeals will either be dropped or gone on with, which will be to the benefit of the system of granting pensions. I should like to know from the minister, who has studied this question carefully, whether he could give us some expression of his determination to bring this to a head in the interest of everybody concerned, including his own department.

Mr. MacLAREN: I shall make inquiries in reference to the matter.

Mr. IRVINE: I rise to direct a question to the minister in regard to the status of a Canadian soldier who remained in Great Britain at the close of the war and who is now suffering from a very serious disability which is, I believe, traceable to his war services. This young man was in Canada when the war broke out; he had lived here for a number of years; he joined up with the Canadian forces; he served with the Canadian forces throughout the entire period of the war, but he remained in Great Britain after demobilization. Has he any claim now to apply to Canada for a pension?

Mr. MacLAREN: I think he has, but if a communication were sent in writing to the department any day, a prompt reply would be furnished in regard to the case, because the records would be searched, a statement would be before the department and the matter could easily be settled.

Mr. IRVINE: I think the application has gone in.

Mr. SPEAKMAN: How many applications are now pending which have been made since that act came into force on the first of October?

Mr. MacLAREN: There are 20,000 odd.

Mr. SPEAKMAN: Can the minister say how many appeals have been taken, not heard, during the same period by the Board of Pension Commissioners against favourable decisions of the tribunals?

Mr. MacLAREN: I think all those figures have been given in answer to questions. The number is 717.

Mr. SPEAKMAN: In how many of those cases was the decision of the tribunal reversed?

Mr. MacLAREN: In 200 cases up to the end of June.

Mr. McMILLAN (Huron): Are the cases before the appeal court increasing or decreasing?

Mr. MacLAREN: The appeal court is able to deal with its cases more completely than the other courts. It is pretty well up to date now.

Mr. SPEAKMAN: I neglected to ask what should have been my first question. How many of these 700 odd appeals have been heard?

Mr. MacLAREN: The number is 377.

Mr. SPEAKMAN: And in 200 cases the decision has been reversed? I understand that under the resolution which was adopted, I believe, a little while ago, the number of the members of the tribunal will be increased so that in effect there will be two additional courts, which it is hoped will be able to overtake the applications that are accumulating. It is a matter of a good deal of importance, as the minister knows. I have never been in the habit of bringing up individual cases in the house, and I am simply going to touch on one illustrating the situation that exists and with which the minister is very familiar.

It is the case of a young chap named William Martin. The minister will not remember him, but this young fellow remembers the minister because, through the kindness of the minister, this young chap at my request was given several weeks of hospitalization, although at the time not legally entitled to that hospitalization.

Mr. MacLAREN: That was in Calgary.

Mr. SPEAKMAN: Yes, at the Colonel Belcher hospital. He is a young chap from Red Deer, who was given hospitalization at my request as a compassionate case. Unfortunately the doctors found that they could not do very much for him, and although he was a little easier while in hospital, they came to the conclusion that the case was practically incurable, and so he went home. The situation is this: It is something over three years now since he first made his application. His application was refused, but he reapplied under the new act. During the time of application, some months ago, the minister was good enough to issue an order which placed him in hospital for some weeks. As I say, that is some months ago now. When he left the hospital he was assured by the officials there that his case for a pension was a good one. His condition was obvious, and they said that so far as they could judge his condition was attributable. He was a machine gunner. He received certain dental injuries and injuries in the back, with the result that in addition to the weakness and pain in his back, he now finds himself in a nervous condition which totally disqualifies him for any kind of work. As a matter of fact, at the present time this chap with his wife and two children, one of whom is an invalid and has to have special food at all times and special treatment due to some form of kidney trouble, is totally unable to work, and his sole income is derived from four cows which they are milking.

I have taken a particular interest in this case, perhaps a greater interest than in any other that has come to my attention because of the patience and courage of this man. He hardly ever complains, and he has endeared himself to the doctors and officials with whom he comes in contact just by reason of those qualities. But for months now his papers have been in Ottawa, and for months he has been awaiting word. He was informed when he left the hospital that very shortly afterwards he would receive notice as to his pension, but month after month has passed and he has been unable to get any reply. Apparently the file is hung up somewhere in this mass of 20,000 cases. Hope deferred makes the heart sick. I get an occasional letter from this man, not a cheerful letter, but very patient and courageous. I got a letter from a neighbour a little while ago asking if I could possibly find out why this fellow whose condition so obviously to all his neighbours entitles him to a pension, was unable to get a hearing and get any action. I am not complaining of the min-

ister at all, because I know just as well as the minister himself that when we placed these boards beyond the reach of any political influence we placed them practically beyond the influence of the minister himself as well as everybody else. They are almost autonomous boards, but at the same time the minister has naturally some influence, and I would like him to use it in this way, not to get for this man something that he does not deserve, but if possible to hasten the decision so that he will be able to get the pension which he thinks will be coming, and which I think will be coming eventually. At present the case seems to be lost in this labyrinth of 20,000 cases. I have applied again and again to try to find out where it is, and no one seems to know or to be able to locate it, or to be able to say when the man's case will be settled. In the meantime the neighbours write to me and ask why in the world, with all the legislation we have passed and with all the intent on the part of parliament and the people of Canada that these proper cases should he taken care of, he is left in that situation.

I estimate that his income from the four cows would be from $2 to $2.50 a week, and the minister knows how far that will go to support four of a family, two of them invalids. I would ask the minister to make inquiries and ascertain the present position of this application, and if possible to hasten the day when definite action will be taken and the pension, if he is entitled to a pension, will be granted. As I say, it is a case which above all others which have gone through my hands in all these years has enlisted my complete sympathy. I am almost ashamed to look the man in the face when I meet him, because when I go home and go to see him, month after month and recess after recess he asks me about his case and, I can only tell him that I am doing all I can and that presently, if he will only have patience, his case will be attended to. As I say, it is a case of hope deferred making the heart sick, and I am a little afraid, in view of the condition this chap is in, nervously and physically, of just what the consequences may be; because a man can hope only so long, and courage and patience last only so long. The man's name is W. G. Martin, and his regimental number is 2275312. That is an outstanding illustration of the delays which have taken place and of the fact that some of the procedure has gone a long way towards nullifying legislation which was passed. I hope the minister will look into the matter and that before long this young man will receive the consideration and financial assistance to which his services and disabilities have entitled him.

[Mr. Speakman.]

Mr. MacLAREN: I do not assume, necessarily, that the department is at fault. I have seen many cases where full investigations have shown that the department was not in error. I hope however that the hon. member (Mr. Speakman) will have a reply at a very early date.

Mr. SPEAKMAN: I am not assuming that the department is at fault; I have a good deal of sympathy with it. Delays can last only so long, however, without being fatal.

Mr. CAYLEY: I wish to bring to the attention of the minister a matter which has been referred to me concerning the late G. A. Warren, regimental No. 775429. Mr. Warren was in receipt of a pension but directly following his death the pension due his wife and daughter was cut off. An application was made for appeal, and the case was heard in Toronto by the pensions tribunal on December 18, 1930, at which time the appeal was allowed. The finding of the tribunal was that the late Mr. Warren's death was due to cerebral hemorrhage, traceable to military service. In the hearing before the tribunal the evidence seemed to be very clear. For some reason however, the decision was referred to the pension appeal court, which set aside the finding of the tribunal on the ground that in the opinion of the court the evidence was insufficient properly to establish the claim. At the present time they are asking for more detail and evidence. The wife and daughter are in dire need of assistance. On the surface this seems to be a very cruel way of handling the matter. Before Mr. Warren's death he was in receipt of a pension; directly after his death the pension due to his wife and daughter was cut off and they are left to get along as best they can. I trust the minister will investigate the matter to see if something can be done.

Item agreed to.

Care of patients and medical examination respecting pension, $3,000,000.

Mr. MACKENZIE (Vancouver): How many are in all the hospitals in Canada at the present time receiving treatment?

Mr. MacLAREN: There are 3,348.

Mr. ROSS: There is one matter I should like to bring to the attention of the minister. A notice of motion in this connection has been given, but has not received considera-

tion by the house. One matter which is causing ex-service men a great deal of pain and suffering is the fact that when they make application to the unit administrator they are told they can get no treatment or hospitalization until the examiners at headquarters decide whether or not they are entitled to pension. In all cases such decisions require periods of time ranging from two to six months, and often longer. I think it would only be fair, where an applicant or ex-service man presents himself for such consideration, that he should be examined forthwith, by the unit or district director, and if there is a matter of urgency or seriousness he should be admitted to hospital pending the decision whether or not he is entitled to pension. Many of these men have come up on such applications, and before decisions have been reached the men have died and the determination of eligibility was more difficult than ever. I think this country could well afford, where there are serious or emergent cases concerning ex-service men, to admit through the unit or district administrator to the hospital at once. This matter has been the subject of discussion on more than one occasion and I believe it is the wish of all parties that such treatment should be given. There is no doubt that men have died simply because they were refused treatment. It may be true that those ex-service men may become municipal or charitable cases, but they have points of view of their own and believe that they are entitled to better treatment. I know how difficult it is to prove a man's eligibility, but according to the methods used at the present time it is just as difficult and perhaps more so to prove that he is not eligible. I believe that ex-service men, and especially those who have had front line service, are entitled to this particular consideration. When they present themselves they should be forthwith examined and if their cases are urgent or serious they should be admitted to hospitalization at once.

Item agreed to.

Salaries—administrative, $1,510,000; insurance, $40,000; hospitals and clinics, $1,850,00.

Mr. MACKENZIE (Vancouver): Has the minister given consideration to the necessity for a new military hospital in the city of Vancouver?

Mr. MacLAREN: No. There have been very substantial improvements in the building in Vancouver. At one time it was not regarded as being reasonably safe, and for that reason extensive changes have been made. Bed patients have been moved downstairs, administrative rooms have been moved upstairs, because they are used only in the day time; special shingles have been placed on the roof and other changes have been made in the building so that it is now reported as being a fair and reasonable risk. It is not an old building and was not built as a hospital, but I think conditions at present are quite favourable.

Mr. MACKENZIE (Vancouver): Thank you.

Item agreed to.

Unemployment relief, $600,000.

Mr. MACKENZIE (Vancouver): Why the reduction of $300,000 in this vote?

Mr. MacLAREN: Really it is not a reduction, it is a very substantial increase. Last year instead of there being what was thought by many a decrease, on the contrary nearly twice as much was spent; that is to say, over $900,000 as compared with $500,000 odd. But the amounts were not always sufficient and were supplemented by governor general's warrants. This year $600,000 was the original estimate, but as during the summer it has not been possible to make the usual reduction, that amount will have to be very substantially increased by an appropriation in the supplementary estimates.

Mr. CAYLEY: Is this vote to provide for returned soldiers out of work?

Mr. MacLAREN: Unemployed pensioners.

Mr. CAYLEY: In my constituency there is a soldier who has not been able to prove that he is entitled to a pension, although he has been so used up that he is not able to work and has to depend on the municipality and his friends for maintenance. Is there any provision for such a case?

Mr. MacLAREN: Yes, a man not a pensioner and not able to work can qualify for a veteran's allowance.

Mr. CAYLEY: What would he receive in that case? He is a married man.

Mr. MacLAREN: Forty dollars a month.

Mr. NEILL: But he has to be permanently unemployed before he becomes entitled to such an allowance.

Mr. MacLAREN: I cannot give details, but it is quite possible from what my hon. friend says that the man might qualify for that allowance. No definite statement could be made until after a thorough investigation.

Mr. GARDINER: Suppose a returned man is unemployed and cannot qualify for that allowance, what provision is made for him?

Mr. MacLAREN: Then this department does not cover his case.

Mr. NEILL: On what basis is this money distributed to a single man, in cash or groceries?

Mr. MacLAREN: If the man works for it, he gets money; but as a rule it is an order for groceries, coal or rent.

Mr. NEILL: I heard of the case of a single man, totally unable to work, given an allowance for groceries of $5 a month,—this to cover rent, food and clothing.

Mr. MacLAREN: This is a supplementary allowance and is not intended for the maintenance of a man and his family.

Mr. NEILL: What does it supplement?

Mr. MacLAREN: His pension. If he has a large pension he does not get anything out of this fund. It is to bring up his pension to a certain amount.

Mr. NEILL: What is that amount?

Mr. MacLAREN: For a single man $30, for a married man $45, for a man and wife and one child $57, for a man and wife and two children or more $67. It does not exceed the latter sum.

Mr. GARDINER: What was the total amount spent last year?

Mr. MacLAREN: We spent $907,000.

Mr. ROSS: What per cent of disability must a man have before he participates in this fund?

Mr. MacLAREN: A man who has a pension of 80 per cent or over does not receive anything.

Mr. ROSS: What is the minimum?

Mr. MacLAREN: I do not think there is any minimum now.

Mr. MACKENZIE (Vancouver): Oh, yes, there is.

Mr. ROSS: I know that men with 5 per cent disability have been refused relief. It very often happens that the man who is credited with only 5 per cent has 100 per cent disability but he gets no relief, whereas the man who has only 15 per cent total disability gets relief. Would it be possible to remedy that anomaly?

[Mr. MacLaren.]

Mr. MacLAREN: There is no downward limit. Any man who has five per cent disability can get assistance from this fund.

Mr. ROSS: That may be true, but quite a few men in my city are refused simply because they are only 5 per cent disability cases. If the minister will say that is so, I shall be satisfied.

Mr. MacLAREN: I do not say unqualifiedly that that is so at all seasons of the year.

Mr. ROSS: How many have received assistance from what is known as the disablement fund, and who administers that fund?

Mr. MacLAREN: It is not in the estimates, it is a private fund administered by the secretary of the department.

Mr. ROSS: Has the secretary of the department the whole say?

Mr. MacLAREN: He has a very substantial say, yes.

Item agreed to.

Sheltered employment, $130,000.

Mr. SPEAKMAN: How are the vetcraft shops getting on? Some time ago their chief difficulty was finding markets for their products.

Mr. MacLAREN: There is considerable difficulty in disposing of the products. These shops have salesmen who travel about the country, trying to get orders. Some of the shops have a large accumulation of stock so that there is a good deal of difficulty. As time goes on the need of these shops will largely disappear.

Mr. SPEAKMAN: Are the proceeds returned to the men or are they taken in part by the department to carry on the shops?

Mr. MacLAREN: The men are paid so much an hour. The shops cannot be expected to be self-sustaining; they are behind something like $30 per man per month.

Mr. SPEAKMAN: Roughly speaking, what returns were received by the department last year from the sale of goods?

Mr. MacLAREN: Last year the amount was $430,000.

Item agreed to.

Pension tribunal, $55,000.

Mr. SPEAKMAN: I wish to submit to the minister certain statements made to me recently by a returned man who said he represented the organized unorganized returned men, if that title is understood. Those

men who do not belong to any of the recognized soldier bodies have apparently some form of loose organization. He gave me a lengthy memorandum which I shall not read at the moment, but the gist of his request was that an investigation should be held into the working of the whole act and into the funds which come under the jurisdiction of the department directly or indirectly, including the last post fund. He included the canteen fund, which is not at present under the jurisdiction of the department. These men, it seems, have certain grievances and this ex-service man's suggestion was that an investigator should be appointed, paid by themselves but clothed with authority from the minister so that he might have access to the books and the records of the different departments in order to satisfy his organization with regard to these matters, particularly as they affect those men who do not belong to the legion or any other kindred body. He felt, apparently, that the men who do not belong to the legion were discriminated against, and he seemed to have a strong feeling in the matter. I suggested that he approach the minister himself. I do not know whether he has done so but I am passing on to the minister the gist of what he said to me. I can give the minister the memorandum for his private information.

Mr. MacLAREN: I do not recall the case.

Mr. SPEAKMAN: The name is W. Martin.

Mr. MacLAREN: The accounts are audited and anyone who wishes to do so can come to the department and get the information.

Mr. SPEAKMAN: I will advise him to see the minister.

Item agreed to.

Pension appeal court, $23,209.68.

Mr. CAMPBELL: What are the duties of the members of the court?

Mr. MacLAREN: The court comprises a president and two members. The president receives $8,000 and the two other members $7,000 each. The president of the appeal court was a member of the Supreme Court of Alberta and he was retired with his superannuation allowance. It has been so arranged that his retirement allowance will continue in addition to the salary of $8,000. It was found necessary to obtain the services of someone who would have to be paid considerably more than $8,000 if we wished to get the ideal man. So that Judge Hyndman receives his retiring allowance as judge and also the $8,000 as president of the pension appeal court.

Mr. MACKENZIE (Vancouver): The minister's explanation is quite lucid as far as it goes, but I wish to repeat the warning I sounded when the item was discussed on a previous occasion. I would point out that this system of dual appeals is working to the distinct injury of the returned men. Anyone who studies the returns submitted during this session will find that of 560 cases heard by the court of appeal from the pension tribunals, the decision in 143 was favourable to the ex-service appellant, and unfavourable in 417. It seems to me very unfortunate that after an appellant has won his case, returning home in that belief, he should some months afterwards be notified from Ottawa that this successful appeal has been rejected by the pension appeal court. It is a most cruel thing.

Mr. MacLAREN: That happened during the early history of the tribunals. Instructions were issued and are now being carried out that all concerned are to be informed at the time of the award that the award is subject to appeal. In this way disappointment is avoided.

Mr. SPEAKMAN: I feel very strongly, as does the hon. member who has just taken his seat, about this whole system of appeal against the decision of the tribunals. I know the act provides for this precedure and the minister is not responsible, but the effect is to discredit the tribunal. I feel, as do many more vitally interested, that there should be finality as far as favourable decisions are concerned, and that that finality should rest with the body best qualified, the body which meets the applicant and hears his evidence. There should be no appeal except on the part of the returned men where an unfavourable decision is given. I hope the legislation will be amended in this regard.

Mr. KENNEDY (Winnipeg): I am very much interested in the remarks just made by the hon. member for Red Deer (Mr. Speakman). Undoubtedly when a favourable decision is given by the court of first instance, the tribunal, and that decision is reversed on appeal, the general effect is bad. A sound principle of law is that the court of first instance which hears the evidence, sees the witnesses and observes their demeanour, and then finds upon the facts, should not have its decisions lightly disturbed. As I understand the law a court of appeal will not disturb a finding of fact made by the court below. If the court of appeal finds that there is no evidence to sustain certain facts necessary to support the finding, it is within its juris-

diction to reverse the finding. I have no doubt that the appellate body in this instance takes into consideration the facts and frequently reverses decisions based upon facts. That is where the appellate court is going astray, and in fairness to those who submit their cases, there should not be the large percentage of reversals referred to by the hon. member for Vancouver Centre.

Mr. SPEAKMAN: In view of the fact that the percentage of reversals is about fifty per cent, there would seem to be no doubt that the tribunal itself is taking less care in the consideration of these cases. It is losing its sense of dignity and importance. I have gone over 100 cases of appeals and I find a very strong feeling that the appeal court is ignoring largely what we call the benefit of the doubt clause and is insisting upon positive and conclusive evidence in almost every instance. This is contrary to the act itself.

Mr. MacLAREN: The pensions board, the tribunal and the appeal court are bound to give heed to that clause.

Item agreed to.

War veterans' allowances, $1,600,000.

Mr. MACKENZIE (Vancouver Centre): What percentage of applications received have been granted?

Mr. MacLAREN: Those granted number 2,219, and those refused 2,508.

Mr. SPEAKMAN: How many applicants had reached the age of sixty, and how many were under that age?

Mr. MacLAREN: Of those refused, 527 were sixty years and over, and 1,981 were under sixty years of age. Of those granted, 872 were under sixty,and 1,347 were over sixty.

Mr. ROSS: I understand that the disablement fund is a private fund, and I would like a little information in this connection.

Mr. MacLAREN: The disablement fund had its inception in 1915. In the late summer of that year money was being paid to the government by public-spirited citizens for the purchase of machine guns which it had been claimed through an erroneous newspaper report were not being supplied to the Canadian troops owing to the lack of money. Sir James Lougheed, then president of the Military Hospitals Commission, and acting Minister of Militia and Defence, suggested to Mr. E. H. Scammell, secretary of the Military Hospitals Commission and now secretary of the department of Pensions and National Health, that he issue an interview to the press with a view to having some of the subscriptions then being raised diverted to create a fund which might be of use to disabled members of the Canadian forces. He authorized Mr. Scammell to administer any moneys thus obtained. As a result of an interview given to the press, correspondence, addresses, and so forth, the sum of $128,710.20 was raised. There was one very large subscription amounting to $100,000 made by the late Mr. James Carruthers of Montreal. Mr. Carruthers attached no conditions to his subscription, nor did any other contributors do so. The total number of subscriptions received was sixty-five, many of them representing collections made by various organizations among their members, so that in all probability the number of individual subscribers ran into some thousands. In addition to Mr. Carruthers,' large individual subscriptions were received from Mr. John Nichols of Souris, Prince Edward Island; Messrs. Goldie, McCulloch Company, Galt; railway mail service staff; Irish Charitable Institution, Halifax; Mr. M. P. Davis, Ottawa; Mr. A. Baumgarten, Montreal; Thursday Afternoon Club, Yarmouth, Nova Scotia; employees of Dominion Bridge Company and Montreal Ammunition Company, Lachine; collection per Mr. A. L. Kennedy, Aylesford, Nova Scotia; Prince Edward Island students' gift fund; Military Hospitals commission staff, Winnipeg; McMurrich School, Ontario.

I might read the financial statement. The following statement sets forth the present condition of the fund:

Subscribed..	$ 93,710 20
Interest..	72,810 42
Total..	$166,520 66

Item agreed to.

NATIONAL HEALTH

Public health engineering, $25,000.

Mr. SPEAKMAN: Just what is the class of work carried on under this item?

Mr. MacLAREN: This is in connection with water supply, for instance, protection against diseases in polluted waters, on railway trains, inland lakes, lake boats, and other services.

Item agreed to.

DEPARTMENT OF FISHERIES

Salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services, $1,116,000.

Mr. NEILL: I have had a large number of complaints as to the way in which these appointments of fishery guardians have been

made. These men are what are called permanent seasonal men; that is, they are employed every year for a few months. The procedure that has been adopted for the last number of years has been that if they gave satisfaction, and there was no complaint from their superior officer, they would be taken on year after year no matter what their political affiliations might be. The result was that that system made for the efficiency of the department because the men understood that if they carried out their duties properly they would be kept on year after year, without any regard to political considerations. But a different system seems to have been adopted in the last few months. Last fall, after the election—I am speaking of that period only—thirteen appointments were made, and in only one case was the man a returned soldier. I forgot to say that the system that was always followed previously was of giving a preference to a returned man. Even though these appointments were not under the Civil Service Commission, but were rather political appointments, the well recognized principle of giving the returned soldier the preference was carried out. As I said, thirteen appointments were made last fall, and only one appears to be a returned man. I am not proposing to take up the time of the house to go into each of these cases, but I would like to give a couple as thoroughly illustrative of the system that is being followed.

At Qualicum Beach, on the second of September, a man was put on. He was not a returned man. I believe the reason was that he had to be put on in a hurry and there was no returned man available. That is a fairly good excuse if it happened to be true, but it does not happen to be true. There was no rush about it because it had been known for six months before that his services would be required. In the next place, Qualicum Beach has a returned soldiers' organization of somewhere around fifty or sixty, which is right at that spot, of course. Then at Parksville there is another returned soldiers' organization, numbering about ninety, and three miles beyond that is the residence of this man who was appointed, and who is not a returned man. Both these returned soldier organizations are thoroughly alive, and they have very capable secretaries, both of them on the telephone, I believe, at all events both readily accessible, and they would have been only too glad to furnish a half-a-dozen names of returned soldiers for the selection of a fishery officer, but instead of that, they were all passed over and this non-returned man from a greater distance was selected. I might point out that the way in which his predecessor was selected the year before was this, that when the vacancy occurred the returned soldiers' organization was asked to nominate two or three, and then one of these men nominated, irrespective of his politics, got the position. But in the case I have mentioned it was done in the way I have indicated. I shall not stop to ask the minister for an explanation now, but will give the other case so that he may answer both at the same time. In the case I have mentioned the appointed man's name was Craig, and the circumstances are as I have indicated.

In respect to the appointment at Sprout Lake, this summer, the man who had been there was a returned man, appointed according to the practice that had been followed for a number of years. I do not know if he had been actually wounded, but he had considerable disabilities due to the war, and he had held that position for six years. He had been appointed year after year as a matter of course, and he took it for granted that he would go on again. He had been there since 1925. Apparently there had been no complaint against this man. If there had been, why did it take six years to come to the surface? That man was put off and a gentleman who was not a returned man was put on. Another returned man, who had been three and a half years in France, named Below, also applied for the vacancy, and he naturally wants to know why he did not get the preference ordinarily and properly given to returned men. I would be glad if the minister would give me the official explanation as to these two cases. There are quite a number of others of the same character but I have given just a couple for the purpose of illustration.

Hon. E. N. RHODES (Minister of Fisheries): In reply to the hon. member for Comox-Alberni (Mr. Neill) I have no record before me nor could I have a record with respect to each individual appointment, but I shall be very happy indeed to take up Hansard to-morrow and make a personal investigation into each case raised by my hon. friend. I am advised, however, by my deputy that there has been no change whatsoever in the practice of the department with respect to the appointment of fishery guardians, but that the same practice which has obtained for many years has been followed.

My hon. friend is in error in assuming that the policy was ever laid down that a fishery guardian who had been employed for any number of years should have a prescriptive right to continue in office. As a matter of

fact, these appointments have been made for years in a manner which is known to hon. members of this house. They are not permanent. They are made on nomination, as my hon. friend knows; and I will say this to him, that I have been at pains to satisfy myself that in every letter sent out from the department calling for nominations for these positions it has been clearly stated that returned soldiers should be given the preference. I am not surprised that certain of these appointments are not acceptable to hon. gentlemen who sit on the opposite side of the house. I may say, however, that while there are over 550 of these officials scattered throughout the country, I have had very few complaints with respect either to the individuals themselves or to the manner in which they have performed their work. Further information than that I cannot give with respect to individual cases, but any that my hon. friend cares to bring to my attention I shall be very happy to investigate to see if there is anything I ought to do to remedy what he claims to be an injustice.

Mr. NEILL: Neither the minister's deputy nor anyone else can deny the fact that the system has been changed, because hitherto it has been as I have stated. Returned men were given the preference, and the returned soldiers' organization in the locality was asked to nominate a man, and where they were unable to nominate a man, as in years gone by when work was plentiful, I have had to go and practically beg men to take these rather petty jobs, and sometimes men who were not returned men were put on. I know what I am talking about. I am talking of the policy that prevailed in Comox-Alberni, not of the policy that may have been followed throughout the country. The system that was followed in Comox-Alberni was wherever possible to appoint a returned man on the nomination of the returned soldiers' organization, and there was no discrimination on account of politics at all. There are men who have been carried on in these positions year after year since before I was first elected, and they are there still regardless of their politics, or at least were there until the election, and I certainly would challenge anyone to deny that out of thirteen appointments made last fall only one was a returned man I accept, of course, the minister's statement that he cannot be cognizant of every case, and I am also glad to hear that he has given instructions that the preference to the returned men should be recognized. I can only regret that his instructions have been very poorly carried out, and I would ask him to put some pressure on his subordinate officers in British Columbia in order to see that the proportion of returned men appointed in future is a little better than one in thirteen.

Mr. VENIOT: May I ask what is the cause of the delay in the appointment of the regular fishery inspector at Miscou and Shippigan?

Mr. RHODES: So far as the department is concerned, there has been no delay. We are awaiting the action of the Civil Service Commission.

Mr. VENIOT: I wish the minister would urge the commission to make the appointment, because the acting inspector is busying himself with other work rather than looking after the work of the protection of fisheries. I refer to Mr. Albert Robicheau.

Mr. RHODES: I am advised that within the last few days the Civil Service Commission were requested to hasten the appointment concerning which my hon. friend has spoken. Mr. Robicheau, however, is not an inspector but a guardian.

Mr. VENIOT: Hs is acting in the place of the inspector.

Mr. RHODES: Pending the appointment by the Civil Service Commission.

Mr. VENIOT: He is a temporary inspector; my statement is correct in that regard.

Mr. McLURE: The other evening when the estimates of this department were under consideration I made some statements concerning complaints of the crew of the steamship Amla. I desire at this time to put the remainder of the facts on record.

On the former occasion I presented letters showing that the crew of the Amla had not been paid, despite the fact that many promises of payment had been made. I wish to read a letter under date of July 25, 1930, addressed to one of the crew of that ship. The particular letter in question is addressed to Lemuel Winchester, and is as follows:

> Many thanks for your kind felicitations regarding my appointment to the Senate. We understood when leaving Ottawa that the wages due on the Amla were to be paid at once. As there was no word of it last week we wired the minister to have no further delay in effecting a settlement, but we have no word yet. We expect it be attended to at once.
>
> Yours truly,
>
> John E. Sinclair.

On the previous occasion I said that representations had been made by the hon. members from Prince Edward Island in favour of paying the crew. In spite of promises which

have been made we find that on July 12 the then Minister of Fisheries wrote the captain of the boat as follows:

Captain W. P. Burke,
148 Elm Avenue,
Charlottetown, P.E.I.
Dear Captain Burke:

I have your letter of the 10th instant. I have taken up with the department the case of yourself and crew of the Amla and have been pressing for an immediate settlement. I am glad to inform you that the department has approved of payment and has forwarded the recommendation to the treasury board for approval. Because of the peculiar circumstances of the case, payment cannot be made until this approval is given and I confidently expect that this will be done at the first meeting of the board which, I am told, must be at an early date. I have every hope and assurance of an early and satisfactory settlement,

I am,

Faithfully yours,
Cyrus Macmillan.

At that time Cyrus MacMillan was Minister of Fisheries.

On July 19, 1930, when the election campaign was in progress, Doctor Grant, the gentleman in Kings county who was running against the Honourable J. A. Macdonald, had received complaints concerning wages paid to the crew of the Amla. The then Minister of Fisheries wrote him as follows:

With reference to the claim for unpaid wages submitted by Captain Burke and the crew of ss. Amla mentioned in your recent letter, I have to inform you that this claim which has been pending for nearly a year was finally approved by the Department of Fisheries some time ago. There is no departmental appropriations from which the amount can be taken and payment can therefore only be made by the treasury board. This board has not met for some days because of the absence of so many ministers. A meeting will be held at an early date, possibly within the next few days, when the matter will be finally adjusted.

I confidently look for an early and satisfactory settlement.

With all good wishes, I am,

Faithfully yours,
Cyrus Macmillian.

With reference to the claim of the Amla we have had reports from two different ministers of fisheries, and they each assure us that the claim was justifiable and should be paid. I have learned that the sum of $3,650 is claimed by the crew and has not been paid. We hope that the present minister will consider the matter favourably and that as a result the crew will be paid. It is bad enough for men to have no work, but in this instance men have had work but have not been paid.

Mr. RHODES: Mr. Chairman, the hon. member has continued some remarks he made when the estimates were previously under consideration. I think I can place the facts briefly before the committee. An agreement was entered into between the then Minister of Marine and Fisheries and one O. W. Nordin, President of the International Fresh Fish Corporation. The agreement covered a period of six months, and a portion of it provided that Nordin was to purchase from the fishermen all the fish available in a certain area of the waters of Prince Edward Island, at a certain price set forth in the agreement. For the services to be performed he was to receive during a period of six months a subsidy of $1,800 per month. This agreement was approved by order in council passed on March 20, 1929. The terms were that the services to be performed were to be commenced on the first day of June of that year. As a matter of fact, on the first day of June the services did not commence, and in consequence of the negligence of the company which had contracted to perform the services notice of cancellation was given and the contract was cancelled on the 17th day of July following. In other words, the services to be performed were never even commenced, and the contract was duly cancelled.

Subsequently there were a number of claims made by seamen for wages and by merchants who had supplied goods to the company which owned the ship, and an action was entered in the exchequer court, Prince Edward Island admiralty district, and judgment was rendered by Mr. Justice W. S. Stewart. He found, not that there were due for services in connection with this ship five month's wages, as has been alleged on different occasions, but that there were due one month's wages to each member of the crew. The amounts which he found to be due were as follows: to the captain, $117.75; to the mate, $125; to the cook, $125; to the engineer, $210; to two firemen at $140 per month $280; and to two seamen at $120 per month, $240; or a total of $1,097.75. I think it would be admitted by any fair-minded person that there is no claim either in law or in equity against the government for the month's services which were found by the judge to have been rendered to the owner of the ship, because he performed no services for the government under his agreement and his agreement was cancelled.

There is one regrettable phase on which I do not desire to dwell,—apparently an understanding was given these unfortunate men that in some manner or other the government may have been connected with the enterprise. But that understanding came from nobody in authority with the government. Possibly in virtue of it the men had in their minds that

they were working for the government, and they continued their services long after any work was performed on the ship. As a matter of fact Mr. Justice Stewart in his judgment makes reference to it in these words:

> Although the claim was for five months, I allow each of the plaintiffs one month's wages, and I fix the allowance at so much. The crew seems to have been kept connected with the ship until the trial at the request of the captain, although it is not easy to understand why they were so kept.

Now, sir, on the merits I submit there is no claim in law, neither is there in equity, by these men against the government. It would be a very dangerous precedent to establish if under the circumstances you are going to make such a remotely distant contract with the government an excuse for a claim against the government for wages. I have gone this far, and I do not see how I can very well go any further, I have said: The government at the time took out a bond for the faithful performance of the contract with the Fidelity Insurance Company of Canada in the sum of $5,000, indemnifying the government against any damages which might arise as a result of this contract and to ensure bona fides on the part of the contractor. The Department of Justice has been asked to collect under that bond. Up to the present moment they have not succeeded in doing so. If they do recover, so far as I am concerned, I would be quite willing to recommend to the government that these men be reimbursed their wages as an act of grace, and as an act of grace only, because I submit, it would be too dangerous a precedent for the government to admit any liability whatever in the circumstances.

I am not going to impute any motives or find any fault with my predecessor, the Minister of Marine and Fisheries of that day, who submitted the recommendation to council that these wages be paid. But I do say this, that while that recommendation went to council, there it remained and no action was taken on it. So I can only conclude either that the government were not in agreement with the then Minister of Marine and Fisheries, or that they considered it immaterial whether the wages were paid or not. It is true that when the first Minister of Fisheries was appointed a further recommendation came in on behalf of those who had supplied goods to this vessel. Well, I am not going to enter into the merits in that connection. These merchants must have gone into the contract with their eyes wide open, and they must have known that there was no liability on the part of the government. And I am not going to dwell upon the circumstance that the recommendation, if my memory serves me right, went into council after the last general election. At all events, this I do know, that my predecessor as Minister of Fisheries, when he wrote the letter which was last referred to by my hon. friend from Queens (Mr. McLure) must have written it in Prince Edward Island, because there is no record of it in the department whatsoever; we have no knowledge of it there. Needless to say, the recommendation to council for payment of those accounts received precisely the same treatment as the first recommendation to council with reference to wages.

Now, Mr. Chairman, I cannot take up very much more time on this matter for I see I have only half a minute left. I will add only this: I hope we can recover under the indemnity bond, and if so I am prepared to recommend payment of these claims as an act of grace. Otherwise I do not see how I can possibly concur in the view that the government is under any liability whatsoever. I must take my courage in both hands in making that statement, because my hon. friend from Queens has been most insistent, persistent and consistent in demanding that these claims should be paid; but with all respect to him I must say that I cannot agree with him that the government is liable in any respect whatsoever.

Mr. McLURE: Will the bond be collected?

Mr. RHODES: I hope so.

Item agreed to.

Progress reported.

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

Tuesday, July 28, 1931.

The house met at three o'clock.

LIBRARY OF PARLIAMENT

First report of the joint committee on the library of Parliament.—Mr. Speaker.

HUDSON BAY RAILWAY

TEST SHIPMENTS OF GRAIN THROUGH CHURCHILL THIS SEASON

On the orders of the day:

Mr. F. R. MacMILLAN (Saskatoon): Mr. Speaker, will the Minister of Railways and Canals (Mr. Manion) advise the house if he

has received any intimation from exporters of grain in the west that they would like to have cargo space reserved in the trial shipment from Churchill. Will he inform the house also if competent authorities in Saskatchewan have stated that they have secured grain in quantities for the test shipments?

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I have received no requests from anyone in western Canada for space in this trial shipment. No one has communicated with me except the On-to-the-Bay Association, who stated that they had disposal of 150,000 bushels, which would comprise about half a cargo. While on my feet may I add that statements have appeared in the papers that Mr. Dunning had said repeatedly that if his party were returned to power they would ship 5,000,000 bushels this fall. A search has been made of the records and of Hansard and no such statement has been found. I do not believe Mr. Dunning ever made any such statement. I ask these western papers either to tell me the source of their information or to stop misquoting and misrepresenting.

PRIVILEGE—MR. SPOTTON

On the orders of the day:

Mr. GEORGE SPOTTON (North Huron): Mr. Speaker, I rise to a question of personal privilege. The Toronto Daily Star of Monday, July 27, contains the following headline:

M.P. Franks Circular Soliciting Students for Business College.
Had Several Hundred Mimeographed in House, George Spotton admits.

The article itself reads as follows:

Enclosed in an official envelope of the House of Commons, Ottawa, a letter written on government stationery received by a Toronto girl, carries a mimeographed text of about 250 words soliciting her patronage for the Canada Business College, an organization owned and operated by George Spotton, Conservative M.P. for Huron North.

The letter is signed "Canada Business College, per George Spotton, M.P. for North Huron." The outside envelope is franked for free postage, and on the back in large type is the word "free."

Also enclosed is a return envelope, on House of Commons stationery, addressed to G. McEachren, B.A., Canada Business College, 274 College Street, Toronto, Ontario.

Interviewed by The Star in Toronto to-day, Mr. Spotton admitted that the letter was one sent out by him.

"How many have you sent out?" The Star asked. "Several hundred," Mr. Spotton said. "Where were they mimeographed?" "In the house. They were dictated to a government stenographer and passed through the usual channels. All letters dispatched by members have to be authorized by the chief of stenographers and the Clerk of the House."

"Were these letters authorized?" "They were authorized. In fact it was Mr. Smith, head stenographer, who suggested that they should be multigraphed to save time. Otherwise I could have had carbon copies made."

"Do you consider this method of writing business letters quite in order?" "Certainly. I consider it one of my perquisites. Every public office has perquisites. If a man were not allowed to keep in touch with his business while in Ottawa, except by hiring his own stenographer, then a parliamentary career would be for rich men only."

"Is this a general practice?" "Even more so than in my case.' Mr. Smith told me a short time ago that I had been particularly lenient in the use of his stenographers this session. I am not trying 'to put it over.' Both Mr. Smith and the clerk have long experience in parliamentary custom."

Mr. Spotton stated he did not think that the matter would be brought up in the house. "It was done before and it came out that the persons who protested had been themselves making particularly free use of departmental facilities," he said. "If anyone thinks they will do me harm in my constituency, I will say that my electors would laugh if anyone brings up the question in the house, of my having saved $17 or $18 or $21 by using the house stenographers, stationery and stamps. Every envelope bears my initial, written either by me or by someone else on my behalf. That means that I am responsible for that letter."

I wish to say that the Toronto Daily Star was particularly fair to me. During the week end they searched for me all over western Ontario and sought an interview before they published this item.

Mr. SPEAKER: Will the hon. member state his question of privilege? He has laid the ground therefor by reading the article, but it is not in order to make a speech.

Mr. SPOTTON: The following appears under date of Ottawa, July 27:

"Offhand, I should say such a practice would be an abuse of the franking privileges," an official of the Post Office Department told The Star, commenting on Mr. Spotton's circular.

That is my chief complaint. I will read another paragraph in the article, as follows:

The regulations governing franking are quite broad and indefinite, the text reading merely as follows: "letters and other mailable matter sent to or by any member of the Senate or House of Commons are carried free of postage."

No limitation as to the character of the letter is contained in the regulations.

Mr. SPEAKER: Will the hon. member state his question of privilege?

Mr. SPOTTON: I deny absolutely the accusation contained in the heading of this article. A cursory reading of the article would make it appear that the hon. member for

North Huron was abusing his privileges. I ask that the Postmaster General (Mr. Sauvé) give the name of the post office official who says that a member of this honourable body has abused his franking privileges. I state: This is not correct. A lawyer in the house fills out his deeds, leases and mortgages and keeps in touch with his clients, so does the manufacturer, and if a humble business college manager cannot keep in touch with his business, then he cannot remain in the house.

Mr. SPEAKER: The hon. gentleman can direct his complaint to the Post Office Department which, and not this house, controls the franking privilege.

CUSTOMS TARIFF AMENDMENT

Right Hon. R. B. BENNETT (Minister of Finance) moved the third reading of Bill No. 111, to amend the customs tariff.

He said: The hon. member for Kenora-Rainy River (Mr. Heenan) said that on the third reading he desired to move an amendment and the matter stood over to afford him that opportunity.

Hon. PETER HEENAN (Kenora-Rainy River): I am not going to discuss my amendment at any length, because it has been discussed on several previous occasions, and I think we have exhausted all the discussion on that particular subject. I am not, however, so sure that I am really responsible for the amendment I have to offer. I think the Prime Minister (Mr. Bennett) is responsible for it; in fact, I think the Conservative party is responsible for it, because in 1930 they advocated an amendment to the customs tariff, and taking my cue from their position I consider that industries which are receiving benefits from the customs tariff should be prepared at least to give their workingmen protection in accordance with the treaty of Versailles. My amendment is along the lines of the one I moved when the bill was last in committee. I beg to move:

That the bill be not now read a third time but be referred back to the committee empowering the committee to add the following section:

The governor in council may direct from time to time that any industry, the products of which receive protection under this act, shall demonstrate to the satisfaction of the governor in council that freedom of association for employees for all lawful purposes is permitted in the operation of such industry, and that the hours of labour and rates of wages are observed consistent with the provisions of the labour part of the treaty of Versailles concluded at Paris, France, on June 28, 1919.

Mr. SPEAKER: Will those in favour of the amendment kindly say aye?

[Mr. Spotton.]

Some hon. MEMBERS: Aye.

Mr. WOODSWORTH: Mr. Speaker—

Mr. SPEAKER: Will those opposed to the amendment kindly say nay?

Some hon. MEMBERS: Nay.

Mr. SPEAKER: I declare the amendment lost.

Mr. WOODSWORTH: Mr. Speaker, I was on my feet before you put the motion, trying to catch your eye or ear. Some of us are seated at a long distance from the Speaker, and when we stand in our places in regard to a matter of this kind, I think we have a right to be heard before a motion is put. I was standing in my place before Your Honour put the motion.

Mr. SPEAKER: The hon. member for Winnipeg North Centre rose while I was putting the question. He was too late. The question is now on the motion for the third reading of the bill. If the hon. member desires to speak on that, not having done so before, that is his privilege.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I do not propose to discuss at any length the proposal put forward by the hon. member for Kenora-Rainy River (Mr. Heenan). It seems to me that this is quite in keeping with the suggestion as made last year by the present Prime Minister (Mr. Bennett). I think it was read once before, but I want to read once again what he said on May 21, 1930. He said:

Did Canada sign the treaty of peace? Did Canada thereby become, amongst the nations of the world, a member of the League of Nations? The answer is yes. Did the Liberal party, in solemn convention assembled, adopt the Labour articles of the treaty of peace? The answer is yes. Did the Conservative party do the same? The answer is yes. To-night the question is whether or not the parliament of the Dominion of Canada that signed the treaty of peace, with two great parties pledging themselves to its observance and the group to my left also supporting it, is helpless. It is true that property and civil rights are matters exclusively under the control of the provincial legislatures. It is equally true that this parliament may, if it so pleases, impose conditions with respect to any matter wherein it expends public money or confers a benefit or privilege upon any person or class or corporation.

I do not think the case could have been better put. Since only yesterday the Prime Minister definitely assured us that he was prepared to carry out the pledges made by the people who elected him to his present position, I can scarcely understand—

Some hon. MEMBERS: Carried.

Mr. SPENCER: Can we not have order in this chamber ?

Mr. WOODSWORTH: I was saying, Mr. Speaker, that since it was only yesterday the **Prime Minister** told us that since he had been elected by the convention at Winnipeg to the position of leader of the Conservative party he was prepared to stand by the program laid down at that time, I can scarcely understand his position in this matter. Today I find that he is taking no steps whatever to carry out the solemn pledges adopted at that convention, and which he himself stated so well only a year ago when leader of the opposition. I can say no more than that.

Motion agreed to and bill read the third time and passed.

CANADIAN NATIONALS ACT

PROVISION FOR LOSS OR RENUNCIATION OF CANADIAN NATIONALITY

Hon. C. H. CAHAN (Secretary of State) moved:

That the motion to go into committee on Bill No. 24, be discharged, and the bill be withdrawn from the order paper.

He said: The other day I gave reasons why it was impracticable in the present session to deal further with the bill.

Hon. FERNAND RINFRET (St. James): I understand that the government still believes in the principle of the bill, but for some special reason cannot proceed with it at this session.

Mr. CAHAN: I think I explained the other day to the hon. member for St. James that because the Minister of Immigration (Mr. Gordon) had been employed on a select committee of the house it had been impossible to secure agreements between the Department of Immigration and Colonization, the Department of External Affairs and the Department of the Secretary of State with respect to certain necessary amendments to the Immigration Act which would be required to comply with the terms of this measure. For that reason the government decided not to proceed further with this measure this year, in the hope that at the ensuing session steps might be taken to enact measures embodying the principle of this bill and also making certain necessary amendments to the Immigration Act so that it may be made consistent with the terms of the bill before the house.

Motion agreed to and bill withdrawn.

CUSTOMS ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENT

Hon. E. B. RYCKMAN (Minister of National Revenue) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 39, to amend the Customs Act.

Mr. MACKENZIE KING: What is the nature of the amendment?

Mr. RYCKMAN: The amendment is really formal in character, and is quite acceptable. If this bill as amended in the Senate becomes law, we will still have in our law subsection 7 of section 151 as it stands at present, although it is understood we will not exercise jurisdiction beyond the three-mile limit pending appeal to the privy council in the Dunphy vs. Croft case. Then, if a favourable decision is obtained from the privy council, a proclamation would be issued, the effect of which would be to repeal subsection 7 as it now stands and substitute therefor the new subsection 7 as proposed in our original bill.

Motion agreed to; amendment read the second time and concurred in.

CHICOUTIMI HARBOUR

ADVANCE OF $450,000 FOR CONSTRUCTION OF TERMINAL FACILITIES

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 141, to provide a further loan to the Chicoutimi harbour commissioners.

Motion agreed to, bill read the second time, considered in committee, read the third time and passed.

SPECIAL WAR REVENUE ACT

The house resumed from Thursday, July 2, consideration in committee of Bill No. 106, to amend the Special War Revenue Act.—Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

The CHAIRMAN (Mr. Hanson, York-Sunbury): We shall consider section 1.

Mr. BENNETT: No; section 1 has been adopted. The bill was in committee before.

The CHAIRMAN: I am not certain of the sections which have been carried.

Mr. BENNETT: The first section for consideration was No. 2.

On section 2—stamp tax on cheques.

Mr. BENNETT: This section stood. It is proposed to give effect to the contention that cheques of five dollars or under should not pay the stamp tax.

Mr. RHODES moved:

That section two of Bill 106 be deleted and the following substituted therefor:

2. Section forty-four of the said act is repealed and the following substituted therefor:

"44. No person shall

(a) issue a cheque for an amount exceeding five dollars, payable at or by a bank or drawn upon or addressed to a bank and requiring or directing payment of a sum of money; or

(b) present to a bank for payment a cheque for an amount exceeding five dollars, as defined in paragraph (c) (ii) of the last preceding section;

unless there is affixed thereto an adhesive two cent excise or postage stamp or unless there is impressed thereon by means of a die a stamp of the value of two cents."

Amendment agreed to.

Section as amended agreed to.

On section 4—stamp tax on receipts for money paid by bank.

Mr. BENNETT: The next amendment is to section 4 with respect to the receipt tax. It merely continues the provision of section 4 of the original act, exempting receipts for amounts up to five dollars from the tax.

Mr. RHODES moved:

That section four of Bill 106 be deleted and the following substituted therefor:

4. Section forty-seven of the said act is repealed and the following is substituted therefor:

"47. No person shall sign a receipt for money exceeding five dollars paid to him by a bank chargeable against a deposit of money in the bank to his credit unless he has affixed to the receipt an adhesive two cent excise or postage stamp, or unless there is impressed thereon by means of a die a stamp of the value of two cents."

Amendment agreed to.

Section as amended agreed to.

On section 6—Stamp tax on money orders, etc., of express companies.

Mr. BENNETT: Section 6 is amended to conform with the other sections.

Mr. RHODES moved:

That section six of Bill 106 be deleted and the following substituted therefor:

6. Subsection one of section sixty-five of the said act is repealed and the following is substituted therefor:

"65. No money order or traveller's cheque for an amount exceeding five dollars shall be issued by an express company, bank or other person unless there is affixed thereto an adhesive excise or postage stamp of the value of two cents, or unless there is impressed thereon by means of a die, a stamp of the value of two cents."

Amendment agreed to.

Section as amended agreed to.

On section 7—Stamp tax on money orders of the post office.

[Mr. Bennett.]

Mr. BENNETT: This is the same provision with respect to section 69.

Mr. RHODES moved:

That section seven of Bill 106 be deleted and the following substituted therefor:

7. Section sixty-nine of the said act is repealed and the following is substituted therefor:

"69. No money order for an amount exceeding five dollars shall be issued under the provisions of the Post Office Act unless there is affixed thereto or to the relative advice a postage stamp of the value of two cents."

Amendment agreed to.

Section as amended agreed to.

On section 14.—Excise tax of 1 per cent on duty paid value.

Mr. BENNETT: The right hon. leader of the opposition directed attention to a suggested change and we made an amendment in committee, but I think it is more clear if it reads in this way:

or by the owner thereof when entering Canada, unless more than one entry of such goods be made by one importer during one day from one country, in which case the tax shall be applicable.

We exempted goods to the value of $25 coming in by mail or express or by a person crossing the boundary, and we are providing that the exemption shall extend only to one entry by one person in one day from one country. The proposed amendment makes it a little more clear than the amendment that was rather hastily drawn in committee.

Mr. EULER: Is that the one per cent excise tax?

Mr. BENNETT: Yes. It will not apply to $25 worth of commodities brought into the country by mail or express or by any person crossing the boundary, but there shall be only one such entry by any one person in any one day from any one country.

Mr. EULER: It applies only to that provision, the one per cent excise tax?

Mr. BENNETT: That is all. There has also been added after the words "gold coin" the words "bullion and unmanufactured gold." Attention was directed to the fact that some gold came in from a foreign country, and we want to make it abundantly clear that it is exempt from the one per cent excise tax.

Mr. STEWART (Edmonton): If a person were bringing in two different commodities to a total value of under $25, they would not be exempt as there would be more than one entry?

Mr. BENNETT: They would have to pay the tax.

Mr. RHODES moved:

That section 14 of Bill 106 be deleted and the following substituted therefor:

14. The said act is further amended by inserting therein the following section as section eighty-eight:—

"88. In addition to any duty or tax that may be payable under this part, or any other statute, there shall be imposed, levied and collected a special excise tax of one per cent on the duty paid value of all goods imported into Canada payable by the importer or transferee who takes the goods out of bond for consumption at the time when the goods are imported or taken out of warehouse for consumption. Provided that the said tax shall not apply to goods, the duty paid value of which does not exceed twenty-five dollars, when imported by mail or express, or by the owner thereof when entering Canada, unless more than one entry of such goods be made by one importer during one day from one country, in which case the tax shall be applicable.

Provided, further, that the said tax shall not apply to articles on which other excise taxes are imposed on importation by Part XI of this act, nor to raw leaf tobacco when imported by licensed tobacco or cigar manufacturers; material for the manufacture of binder twine for export, when imported by the manufacturers thereof; British and Canadian coin and foreign gold coin, bullion and unmanufactured gold; fish and other products of the fisheries of Newfoundland; fish caught by fishermen in vessels registered in Canada or owned by any person domiciled in Canada, and the products thereof carried from the fisheries in such vessels; donations of clothing for charitable purposes, nor to goods enumerated in customs tariff items 700, 702, 703, 704, 705, 705a, 706, 707, 708 and 709, but shall apply to all other articles of whatsoever nature, which are imported.

Provided that when raw furs imported into Canada are exported therefrom a drawback of the tax paid may be granted under regulations to be made by the minister."

Amendment agreed to.

Section as amended agreed to.

On section 18—Drawback.

Mr. ELLIOTT: There was some discussion with regard to a change in schedules 3 and 4, particularly with regard to vegetables.

Mr. BENNETT: I shall come to that. I have kept it in mind. With respect to section 18, the hon. member for Queens-Lunenburg (Mr. Ernst) suggested the use of the word "in" after the word "used" and before the word "wrought," to make the meaning clear. That has been adopted.

Mr. RHODES moved:

That section eighteen of Bill 106 be deleted and the following substituted therefor:

18. Section ninety-four of the said act is repealed and the following is substituted therefor:—

"94. A drawback of ninety-nine per cent of the taxes imposed by this part paid in respect of materials used in, wrought into or attached to articles exported, may be granted; provided that payment of a specific sum in lieu of such drawback may be authorized by the governor in council in cases where specific rates of drawback of customs duties are granted under the provisions of section two hundred and eighty-six of the Customs Act."

Amendment agreed to.

Section as amended agreed to.

On sechedule III.

Mr. BENNETT: If the committee will next turn to the exemptions commencing with line 2 of page 13 of the bill some question arose as to making it quite clear that hospital supplies would be exempt from the sales tax. The exemption commencing at line 2 of page 13 of schedule III is proposed to be deleted, and the following substituted therefor:

articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased for use exclusively by the said hospital and not for resale.

The committee will remember that some difficulty arose in properly defining the term hospital, and some exception was taken by some members of the committee to the language used. It is proposed to use the same language that was employed in dealing with sales of alcohol to hospitals, and to provide that a public hospital is one certified to be such by the Department of National Health.

Then the exemptions appearing on the same page under customs tariff item 219a. We have to add the provisions of the tariff that we passed the other day, namely:

Customs tariff—219a. Non-alcoholic preparations of chemicals for disinfecting, dipping or spraying, n.o.p.:

Dry preparations used for the same purposes as goods enumerated in items 219a and 219c.

Those items were passed in the tariff and are now added to the exemptions. Then schedule 3 at the top of the page:

Preparations for use exclusively as gopher poison.

This question was raised by the hon. member for Kindersley (Mr. Carmichael). Then the customs tariff items that I have just referred to, 219c and 409e. The latter item deals with spraying, dusting and other garden machines. Those also will be free from tax.

Mr. RHODES moved:

That the exemption commencing on line two of page thirteen of schedule three of Bill 106 relating to hospitals be deleted and the following substituted therefor:

"articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased for use exclusively by the said hospital and not for resale;"

That the exemptions appearing on page thirteen under customs tariff item 219a, and dry preparations used for the same purposes as goods enumerated in item 219a, be deleted, and the following substituted therefor:

"219a. Non-alcoholic preparations or chemicals for disinfecting, dipping or spraying, n.o.p.;

Dry preparations used for the same purposes as goods enumerated in items 219a and 219c;"

That the following be added to schedule three:

"preparations for use exclusively as gopher poison."

Goods enumerated in customs tariff item 219c:

"219c. Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping, or spraying, when in packages not exceeding three pounds each, in weight;"

That goods enumerated in customs tariff item 409e, appearing on page fourteen be deleted and the following substituted therefor:

"409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing;

(ii) Fruit and vegetable grading, washing and wiping machines and complete parts therefor;"

Amendment agreed to.

Mr. BENNETT: The same applies to tariff item 410d, well-drilling machinery and apparatus. There is a list on page 19. We delete the section that appears there and add the items that have been passed in the Customs Tariff commencing at 219a and 219c. That arises from the renumbering of the items in committee so the act will conform to the particulars of the customs tariff.

Mr. RHODES moved:

That goods enumerated in customs tariff item 410d appearing on page fifteen be deleted and the following substituted therefor:

"410d. Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing over eight inches in diameter, for use exclusively in drilling for water, natural gas or oil, and in prospecting for minerals, but not to include motive power."

That the list of articles and materials to be used exclusively in the manufacture of goods enumerated in customs tariff items appearing on page 19 be deleted and the following substituted therefor:

"219a, 219c,—Dry preparations used for the same purposes as goods enumerated in items 219a and 219c,—281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 409o, 410b, 410d, including goods enumerated in this item of a class or kind made in Canada; 410e, 410f, 410g, 410k, 410l, 410m, 410n, 410o, 410p, 410q, 410s, 410z, 411, 411a, 411b, 431, 431a, 439c, 439d, 440k, 442, 442a, 476, 476a, 480, 538, 663, 663a, 663b, 666, 667, 696, tubing enumerated in customs tariff item 1017;"

Amendment agreed to.

[Mr. Rhodes.]

Mr. BENNETT: The next amendment is:

That section 25 of Bill 106 be deleted and the following substituted therefor:

"25. Sections ten to thirteen, both inclusive, and fifteen to twenty-three, both inclusive, of this act shall be deemed to have come into force on the second day of June, 1931; Provided that the rate of consumption or sales tax imposed by section eleven of this act shall apply to any stocks of goods, wares and merchandise in the hands of licensed wholesalers on that date."

Otherwise the section would work great injustice to certain wholesalers who had cancelled their licences. Now they make their sales and pay the same rates as others.

Mr. RHODES: I move that section 25 be amended accordingly.

Amendment agreed to.

Mr. BENNETT: There is no change in the sense of section 26 but the language is put a little clearer by a change in the arrangement of the words.

Mr. RHODES moved:

That section twenty-six of Bill 106 be deleted and the following substituted therefor:—

"26. Section fourteen of this act shall be deemed to have come into force on the second day of June, 1931, and to have applied to all goods therein mentioned, imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for consumption for which no entry for consumption was made before that day."

Amendment agreed to.

Mr. BENNETT: Section 27 will read as follows:

27. Sections three, five, eight and nine of this act shall be deemed to have come into force on the first day of July, 1931.

That, it will be recalled, is the provision by which all cheques were required to bear a two cent stamp, and it has been in force for the past month:

Sections two, four, six and seven shall be deemed to have come into force on the first day of August, 1931.

That is the exemption of cheques up to $5.

Provided that with respect to cheques, receipts for money, money orders and travellers cheques on which taxes were imposed by sections two, four, six and seven of this act, issued, or presented for payment between July first and July thirty-first, 1931, both dates inclusive, no refund of the said taxes shall be paid.

That is to make it abundantly clear that there will be no difficulty in that regard.

Mr. RHODES moved:

That section 27 of Bill 106 be deleted and the following substituted therefor:

"27. Sections three, five, eight and nine of this act shall be deemed to have come into force on the first day of July, 1931.

Sections two, four, six and seven shall be deemed to have come into force on the first day of August, 1931. Provided that with respect to cheques, receipts for money, money orders and travellers cheques on which taxes were imposed by sections two, four, six and seven of this act, issued, or presented for payment between July first and July thirty-first, 1931, both dates inclusive, no refund of the said taxes shall be paid."

Amendment agreed to.

Mr. BENNETT: My hon. friend from West Middlesex (Mr. Elliott) raised a question with respect to certain types of canned vegetables which he thought might possibly be brought within the exemptions. After much consideration the officials of the department advise that there is no good reason why it should be done having regard to all the circumstances, and from a personal examination of the facts I cannot think that there is any reason for taking that action at this time.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

OLD AGE PENSIONS ACT AMENDMENT

INCREASE IN PAYMENT TO PROVINCES FROM FIFTY TO SEVENTY-FIVE PER CENT

The house resumed from Monday, July 27, consideration in committee of Bill No. 136 to amend the Old Age Pensions Act—Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

Mr. BENNETT: Mr. Chairman, my hon. friend from Kenora-Rainy River (Mr. Heenan) suggested an amendment last night. He said that the provinces were desirous of having the amendment, but it imposes an additional burden upon the state, and I think it would be out of order.

Mr. HEENAN: I think the Prime Minister misunderstood me, Mr. Chairman, I did not offer it as an amendment. I think this is a measure that we can very well deal with without offering amendments from our side. What I had in mind I would rather offer as a suggestion.

The question of the amendment of the Old Age Pensions Act has been fairly well discussed in this house during this session, and I am not going to cover the ground further. The leader of the opposition has suggested that the government should take over the old age pensions scheme and administer it with the Dominion paying 100 per cent, and my hon. friend from Winnipeg North Centre (Mr. Woodsworth) has offered a suggestion with regard to the inclusion of the blind. I should like to say to the Prime Minister, in case he does not know it, that I think I am safe in saying five of the provinces have signified their willingness, either directly or indirectly, to have the blind taken in when the Old Age Pensions Act is amended.

The amendment I suggest to the Prime Minister at this time has to do with a matter which is causing a great deal of hardship. It is true that only a very few people are affected, but still those few should be entitled to a pension which, because of the way the act reads at present, they cannot get. As I said before, when we first introduced this measure we did not know how many provinces would take up the scheme, and naturally it was desired to protect the provinces who first took part, so that if only one or two provinces participated they would be protected from an influx of old people from other provinces. So we included subsection (d) of section 8, which reads:

(d) has resided in the province in which the application for pension is made for the five years immediately preceding the said date;

We find, in the administration of the act, that, I think, fifty old people have resided in one or more of the provinces for more than five years but have not been in any one province for that length of time. They have been in this country all their lives but are unable to obtain a pension. When the interprovincial board met to discuss amendments and new regulations they drafted the following suggested subsection to replace the present subsection (d) of section 8:

(d) has resided in the province in which the application for pension is made, or in that province and in another province with which an agreement under this act is in force, for the five years immediately preceding the said date.

That is to say, if a person had been in this country for twenty years and had resided for five years in one or more of the provinces coming under this scheme, he would be permitted to apply for pension, and since the five provinces under the scheme desire this amendment I suggest to the Prime Minister that he give consideration to it, because after all is said and done it will only affect about fifty persons.

Mr. BENNETT: I am not disposed, Mr. Chairman, to adopt the amendment at this session.

Mr. MACKENZIE KING: I had not intended to say anything further in committee, and had it not been that at the close of

yesterday's sitting my right hon. friend by his remarks rather left the impression that in some way I was seeking to block this legislation, I would not speak at the moment. Fortunately the Hansard report is there and speaks for itself. Hon. members of the committee will see that when the bill came up for second reading I drew the attention of the Prime Minister to the fact that the preamble contained a clause which I thought would create some difficulty unless it were removed. I thought it desirable that it should be removed in order to ensure the enactment of the measure. When my right hon. friend rose to speak he said he intended to withdraw that particular clause, and it was withdrawn.

Later I spoke about the desirability of the government taking over the administration of the measure, particularly since it now involved a contribution of 75 per cent on the part of the federal administration; I said it seemed rather anomalous that the body which was paying the largest part of the cost of the scheme should not be the body to administer it. My remarks were all intended to convey the hope that the government would move as rapidly as possible towards the administration of the scheme in its entirety in order completely to relieve the provinces of that responsibility. I also said that in speaking during the last campaign I had expressed the view that it was desirable that there should be a dominion-provincial conference to review as between the dominion and the provinces all these matters of social services and to delimit the fields of taxation and of expenditure and that I thought it would have been of advantage to the dominion had such a conference been held before this legislation was brought in. A conference for that particular purpose might well have taken place previous to this session of parliament. At any rate, it might have been arranged that a conference would take place between now and next year at which time a 100 per cent payment might be agreed upon. My sole contention in that regard was that in making our financial readjustments with the provinces, being trustees of the dominion's purse, we would in such an event be in a stronger position than would be the case if, before holding any conference of the kind, we were committed to further extensions of these and other grants.

Then I think my right hon. friend rather left the impression that in some way, when in office, I had been responsible for beginning the grants in general. May I say that the policy of making grants to the provinces started with previous administrations; that they had been made with respect to highways, agricultural instruction, technical education, loans for housing and unemployment relief before the Liberal administration ever came into office. With respect to old age pensions, at the time the Liberal government undertook to pay 50 per cent of the cost it was recognized that it was desirable to have a national scheme, but at that time anything of the sort was impossible owing to well known constitutional difficulties. The government of the day had been advised by the Department of Justice as to its authority and rights and powers in the matter, and as a result of the advice given the government reached the necessary conclusion that unless it were to be made a contributory scheme, which at the time we were not prepared to consider, the federal government could not inaugurate an old age pension scheme in any other way than by grants to the provinces. That was the reason why the government of the day made the grant of 50 per cent; it did so with a view to bringing about throughout Canada a uniform system of old age pensions and also with a view to giving time to remove any constitutional impediment to the dominion taking over the entire scheme. It was felt that the fact that all the provinces would be prepared to accept an old age pension scheme on the lines laid down to secure uniformity would of itself be the strongest evidence that it was desirable to have such a scheme on a national scale, administered federally.

That is the sum and substance of the remarks I made yesterday, and if my right hon. friend felt that in any way they were susceptible of another interpretation I hope he will permit hon. members of the committee to read for themselves the Hansard report.

Mr. BENNETT: They can read it without my permission.

Mr. NEILL: I understand that the right hon. Prime Minister has said he will not open the act for amendment at this time, so I only desire to place on record in the hope that it may be useful to the Minister of Labour when the act is to be amended another year, this difficulty which has been experienced in ascertaining the age of these old people.

The regulations require the production of a birth certificate, if possible, but in several of the older provinces of Canada births were not registered seventy years ago, and it has been sought to have recourse to the census returns where the age given by a man at a

certain period is on record. For some reason or other, however—I think possibly in the Census Act—there is a regulation which provides that even with the consent of the man or woman this information may not be given out unless it has reference to a census which took place not less than thirty years ago. Old people applying for old age pensions forget frequently just where they were thirty years ago, and this information is difficult to locate. If the parties are willing to sign a consent certified to by a justice of the peace that they are willing to have their age revealed as at a certain census; this should be made applicable to as late as the census of 1921 because it would be out of place to use the present one where wrong information might be given for purposes of eligibility. In 1921 there was no suggestion of old age pensions and it would facilitate the work if access could be had to the censuses up to and including the year 1921.

Section agreed to.

On the preamble.

Mr. BENNETT: I will ask the hon. member for Argenteuil (Sir George Perley) to move an amendment to the preamble.

Sir GEORGE PERLEY: I move that the preamble be amended by striking out all the words after the word "desirable" in the seventh line down to and including the word "desirable" in the twelfth line.

Mr. BENNETT: The preamble would then read:

And whereas it is desirable and would be of advantage to the Dominion to augment the national contributions:

Amendment agreed to.

Preamble as amended agreed to.

Mr. HEENAN: Section 20 of the act of 1927 reads as follows:

All regulations made under this act shall, from the date of their publication in the Canada Gazette, have the same force and effect as if they had been included herein.

Regulation number 32 under the act reads as follows:

The minister charged with the administration of the act may at any time require the province to furnish information, detailed or otherwise, in connection with statements of account rendered by the province.

Although it has not been used, I consider that there is sufficient authority contained in this regulation without making necessary subsection 3.

Mr. BENNETT: It is just to make it clear.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Hanson (York-Sunbury) in the chair.

DEPARTMENT OF FISHERIES

To assist in the conservation and development of the deep-sea fisheries and the demand for fish, $190,000.

Mr. STITT (Nelson): Mr. Chairman, before this item is carried I would like to deal with certain articles which have appeared in the press in connection with the fisheries of Hudson bay. I feel that I would fail miserably in my duty as the representative of that great country if I did not correct some of the statements which have been made.

The Ottawa Journal of April 24 contained an article stating that the government spent a large sum of money last summer making an investigation into the fishing possibilities and that no fish were taken. That article would cause the average citizen not acquainted with that country to believe that there is no fish in the Hudson bay, and to that statement I take exception. I intend to place on the records of this house certain evidence in regard to the fishing possibilities in that great body of water. This information should be of great benefit to hon. members of the house as well as to the people of Canada generally.

In a book published by the Department of the Interior entitled The Unexploited West, I find the following information in connection with Hudson bay. J. B. Tyrrell, a well known engineer, stated that salmon of the very finest quality are found in abundance both in Hudson bay and the straits. In another paragraph, Mr. Hanbury of the department states that he has seen Eskimos with cod and fish in great abundance along both the east and west coast of the bay. Mr. Christie, chief inspector of the Hudson's Bay Company, stated before the Senate committee that salmon were found in large numbers at Churchill as soon as the ice cleared out of the river, which was about the middle of June. He stated that they entered the river and went out with the tide, and he thought that these salmon were as large as those he had seen in Scotland. Mr. A. P. Low, director of the Geological Survey of Canada, examined by the Senate committee, stated that the Arctic salmon found on the east and west sides of the bay were very abundant. He stated that this was an excellent fish, beautifully coloured and resembling the western salmon more than it did the Atlantic or eastern salmon. He stated that salmon fishing in Hudson bay would no doubt have a commercial outlet as soon as marketing facili-

ties were provided. He stated that the whitefish to be found in the bay was a very fine fish.

Captain Bernier, the explorer, published an excellent book entitled Hudson Bay and Straits which book contained a report of the special committee appointed to report on the navigability and fishing resources of Hudson bay and the straits. Captain Bernier states that at the entrance to the straits there is any amount of codfish, and that east of there they used to take from 200 to 300 fish a day with line fishing. He states that he caught a few halibut at Fullerton and some salmon further north. He found every river along the coast teeming with fish, particularly with salmon trout weighing from 10 to 15 pounds. In the same bulletin, Mr. J. B. Tyrrell, a mining engineer and explorer who has made several trips into the bay, states that he met an enormous number of walrus which swarmed about the shores of the islands. These walrus live on clams and other shell fish and are to be found in great numbers. He states that they saw many seals and caught large quantities of fish, including salmon, whitefish and sturgeon. He states that seals appear quite frequently along the shores of the straits and bay.

So much for the evidence given before the Senate committee, to which I might add my own knowledge gained during eighteen years spent in this country. I have seen as many as 1,000 whales come into the harbours of Nelson and Churchill at one time. These whales live on fish, so that if what some seal expert who writes for the Ottawa Journal says is true, that there are no fish in the bay, there would not be any whales or seals or walruses, because those mammals live exclusively on fish. Inside of an hour using a short net, I have taken out of the bay more salmon than would fill a small boat. Last summer, when I was there during my election campaign trying to capture a few votes from a handpicked bunch of Liberals that were put in there, I saw about 1,000 whales chasing a shoal of herring. It was a great sight and was evidence that there must be fish in the bay.

It is true the government sent a trawler there last year to do some investigating in the deep water. It is also quite true they did not catch any fish by this deep-water trawling. Every schoolboy in that part of the country knows fish are not to be found in the deep water of the bay, because the water there is only one degree above freezing point, but we know there is a great number of fish along the shores and in the estuaries of the rivers. It is interesting to note that the fishing industry of British Columbia produces two-fifths of the fishery wealth of the dominion. Exactly the same condition exists in Hudson bay. I cannot too strongly urge upon the minister the necessity of a more thorough investigation of the shoreline and estuary fisheries of Hudson bay. It is of great importance to the Hudson Bay railway and the people of the west that a complete investigation is made. Boats should be sent in there, equipped to ply on the east and west shores of the bay with a good supply of gill nets, small boats and net fishermen. I sincerely hope the minister will provide for that at the earliest possible moment, and that it will be carried out.

Hon. E. N. RHODES (Minister of Fisheries): If the hon. member for Nelson reads the report outlining the result of the investigation into the fisheries of Hudson bay, I think he will see that the statement that there were no fish had reference merely to what is known as deep-sea fish, that is, cod, halibut and fish of that type. There is no question that the results of the experiments conducted by the Loubyrne demonstrate that fact. It is well known, that for many years there have been rich cod fisheries in Hudson strait, especially at the entrance. As a matter of fact, Newfoundland fishermen operated cod fisheries there as far back as a century ago. It is also well known that the rivers flowing into Hudson bay are teeming with fish; that those are what we know as freshwater fish. My hon. friend referred to the fact that there were seals and whales in the bay and they would not be there unless there were something on which they could feed. As a matter of fact, I am informed by the officers of my department that shoals of caplin come in there from time to time and they form the most delectable food for seals and whales. We are well satisfied the rivers are teeming with fish that an investigation on the part of the department scarcely seems necessary excepting that I might add that even this year we have issued a number of experimental licences to individuals who are conducting fishing operations there and a condition attached to the licence which was given to them was that they should report to the department the result of their season's operations. Therefore, to the extent that they succeed, we shall add to the store of knowledge we already have.

In conclusion, I should like to assure my hon. friend we are already seized of the fact that there are rich fisheries in the rivers and tributaries surrounding Hudson bay.

Mr. BRADETTE: I must say very frankly to the Minister of Fisheries that the northern

section of northern Ontario is not satisfied with what I may call the Hachey report. I believe the government should find it possible this year to spend another $65,000 in order to make a very thorough inquiry into the situation, because we maintain that there are deepwater fish in Hudson bay. I am going to give the history of the reasons why such an inquiry was made last year. At page 81 of the sixty-third annual report of the Fisheries branch, I find the following information:

Hudson Bay Resources

A quick trip visit was made to the Churchill at Hudson bay during the late summer, the object being to ascertain what available information there was relative to the fisheries of the bay and the estuaries of the big rivers. A special report was made to the department, in which a recommendation was made to send a properly equipped trawler from the outside to investigate conditions in the deeper areas of the bay.

Along the Manitoba coastline and entering the rivers, there appear to be two important varieties of fish, the Arctic trout and herring or ciscoes. The former centre on the Churchill, while the latter seem more plentiful towards the Nelson, also whitefish although these fish are apparently not very plentiful. There are also to be found indefinite indications of both cod and halibut, but nothing to base a conclusion on whether or not these are indigenous to the waters of the bay.

Again it is clearly stated that in Hudson bay there are deepwater fish. In our section of the country we were all astonished when we read the report which was made after only a few days spent in making investigations over an area which covers 540,000 square miles in Hudson bay and 150,000 square miles in Hudson strait and Ungava bay, and which stated that there were no deepwater fish.

I am going to read the preliminary report of the investigations of the Hudson bay and strait fisheries expedition of 1930. On page one of the report I find the following:

Instructions From The Department

The instructions received from the department were in part as follows:

"Actual fishing operations should be begun as soon after Hudson strait is entered as may be deemed feasible, but there should be no unnecessary loss of time to the trawler incurred in the journey to Churchill, or fishing carried on to the extent that might endanger exhaustion of the coal supply before Churchill would be reached. Also fishing should be again conducted in the strait on the homeward journey to as great an extent as conditions will permit."

On page 2, I find the following:

Operations In Hudson Bay

On the journey across Hudson bay the biological, physical and chemical conditions of the waters were investigated. These investigations consisted in,—

(1) collecting samples for the qualitative and quantitative determination of the smaller organisms present which would form an important link in the food cycle of life in these waters,

(2) determining the temperature of the water at various depths and localities,

(3) obtaining samples of water for the determination of the salinity of the water at various depths and localities, and

(4) setting out drift bottles for the purpose of mapping the prevailing surface water movements.

On page 3 of the report they give the results:

Results

The expedition travelled a total distance of about 8,000 nautical miles. Of this amount 3,100 miles were covered in occupying the various stations for the purposes of the investigation. The total distance was covered in approximately fifty-six days so that the average daily distance travelled was 143 miles.

The record of fishing operations furnishes the particulars of the actual fishing done.

Our objection is to the actual fishing done. We maintain in our district that the time allotted was not sufficient to make a thorough investigation. The report continues:

Hand lines were used at several points for seven hours and fifteen minutes. Drift nets were used for twelve hours. Long lines were used for two hours and fifty-five minutes, and trawling operations were carried on for fifty-seven hours and fifty minutes. As a result of the total work covering the whole of Hudson bay not a single commercial fish was taken.

I stated previously that Hudson bay comprises an area of 540,000 square miles. Was it possible to investigate such a large area in such a short time? They also had to investigate fishing conditions in Hudson strait which, including Ungava bay, comprises an area of 150,000 square miles. It was absolutely impossible to make a very good investigation under the circumstances. I must give credit to the officers in charge because they did the best they could in the time allotted, but I repeat that at least a three months' investigation should be conducted in these waters next summer. Anyone will realize that it would take at least three months to make a thorough investigation into the resources of Hudson bay. Quoting from the report, I find this:

In looking over a chart of the Hudson bay region the experienced fisherman would note immediately the absence of anything that would correspond to the various "banks" so familiar and appreciated by the fishermen of the Atlantic coast. There is one small region in the vicinity of stations 39 and 40 which might be called a bank.

I challenge that statement. Any navigator in those waters knows that there is more than one bank in Hudson bay. The whole of James bay is practically a bank itself, and

there are unlimited schools of fish in that section of Hudson bay. They wind up their report by saying:

The scientific investigations were carried on concurrently with the fishing operations, and sufficient data is available for the correct interpretation of the fishing results. The cursory examination of the material collected and the data noted suggest that the waters of Hudson bay are similar to the unproductive waters of much higher latitudes.

Again I challenge that statement. The greater part of Hudson bay is in a temperate zone. The climatic conditions in James bay are identical with climatic conditions in Cochrane or northern Ontario. The statement in the report is not a true statement of the conditions in Hudson bay.

In all sincerity I say that this is not a political question but as a man from northern Ontario I am particularly interested, as all hon. members must realize, in this question which vitally affects the northern sections of Ontario, Quebec and Manitoba. Only a few years ago the Ontario government wanted to extend the government railway northward from North Bay, and some people prominent in public life said that not a single dollar should be spent in that northern country which they said consisted only of stunted poplar and muskeg. To-day that district, which comprises Cobalt, Porcupine and Kirkland Lake, is the treasure house not only of northern Ontario but of Canada as a whole. The same is true of Hudson bay. Anyone who looks at the map must be arrested by that great inland sea, and no one will say that not a single deep sea fish could be caught in that vast expanse of water. I know that the minister has at heart the development of the fisheries of this country. There have been rumours that there is fear of competition from Hudson bay with the fisheries of the Atlantic and the Pacific coasts. I do not believe that there is anything in that, but I would point out to the minister that we are fully equipped now to give a thirty-six hour refrigerator car service from Moose Factory to Toronto, and a forty-eight hour refrigerator car service from Moose Factory to New York. So we are highly interested in this problem. In conclusion, I would make a strong appeal to the minister to send a trawler up there this fall, to quarter there for the winter months, and then conduct a three months' inquiry into deep sea fishing in Hudson bay next summer.

Mr. RHODES: I think we are all agreed with my hon. friend from North Timiskaming that this is not a political question, and I hope it will never be approached as such. I am at one with him in that, and I think all members of the committee are.

[Mr. Bradette.]

I do not think it was ever suggested when this expedition went to Hudson bay that in one short season it could cover that whole immense area. Without for a moment calling in question the findings of that commission, and without calling in question the suggestion of my hon. friend that a further and more prolonged examination might result in finding deep sea fish in those waters, may I point out this, especially with reference to his suggestion that possibly the examination was not as complete as it might have been, and that if deep sea fish were discovered in those waters it would minimize the opportunity of selling fish from the Atlantic coast—

Mr. BRADETTE: I say there were rumours to that effect.

Mr. RHODES: I never heard of them before, but I do not find fault with my hon. friend for having voiced them, although I do not think there is any truth in them at all. I would point out that the fishing operations were under the direction of Captain Sigurd Sorensen, master of the Loubyrne. He was given full charge of the actual fishing operations, while the scientific aspect of the expedition were under the direct supervision of the officer in charge, Mr. H. B. Hachey. In Captain Sorensen the department had a man who had had twenty-four years of experience in trawler operations in various north Atlantic waters, including the North sea, the White sea, the gulf of St. Lawrence, the waters off Labrador, Iceland and the west coast of Scotland, and the region extending from the Grand banks to Georges banks. In addition, at least two members of the crew were experienced in the use of hand lines and long lines. The instructions received from the department were as follows—I am quoting from the report:

Actual fishing operations should be begun as soon after Hudson strait is entered as may be deemed feasible, but there should be no unnecessary loss of time to the trawler incurred in the journey to Churchill, or fishing carried on to the extent that might endanger exhaustion of the coal supply before Churchill would be reached. Also fishing should be conducted again in the strait on the homeward journey to as great an extent as conditions will permit.

My hon. friend quoted quite correctly the number of hours which the expedition employed in the various methods of fishing. For example, that some seven hours and fifteen minutes were employed in the use of hand lines, twelve hours for drift nets, two hours and fifty-five minutes for long lines, and fifty-seven hours and fifty minutes fishing by means of the trawler, but when you come to analyze the record as disclosed in the report of the expedition it will be found that this com-

paratively limited number of hours represented continuous operations subject only to the limitations of weather and sea conditions, beginning on August 8 and continuing to September 10. Furthermore, these operations were directed by men who knew, of their own experience, from the character of the ground the probable places in which fish might be caught. So it by no means represented as limited an inquiry as my hon. friend would imagine. Furthermore, the scientific end of the expedition was engaged in determining a number of other factors which would have a bearing on evidencing whether or not there were any deep sea fish, such as taking the temperature at various depths, taking water samples, investigations as to the various forms of bottom life, quantitative and qualitative samples of minute organisms in the upper fifteen fathoms. If, as time proceeds, it is deemed advisable to extend and enlarge this experiment, I am prepared to approach it sympathetically. Certainly our store of knowledge will be much more rapidly augmented now that the Hudson bay railway is open and Churchill will become an occupied place of some importance. Possibly we may be able to discover what the conditions are by the actual operations of men upon the ground, which would save the treasury a great deal of money in sending an expedition up there to carry on an investigation covering two or three years. If there is evidence that further and more complete and extended inquiries would result in the discovery of sea fish there I should be very happy to lend my support to the proposal.

Mr. HANSON (Skeena): Before this item is carried I should like again to bring before the house a matter which seriously concerns Canadian fishermen on the Pacific coast. At an earlier date I believe I outlined their reasons for being concerned about this particular matter. At this time, speaking again to the question, I shall quote some of the evidence by members of the American fishing fleet from Washington. The whole report is lengthy, and I do not intend at this time to read it fully, but shall make a few quotations to show that it is necessary for the American fishing fleet to use the port of Prince Rupert.

I understand that since I last spoke concerning this matter the minister has received a petition signed by fishermen and residents of Prince Rupert and vicinity. I understand it is signed by the Canadian Fishermen's Association. In 1929 it was urged that the port of Prince Rupert should be closed to American fishermen. I believe the minister has thoroughly investigated the matter, and that it is of great importance so far as Prince Rupert is concerned. We lose the trade and rail haul of fish going to the American market, the market we have ultimately to secure in which to dispose of our Canadian fish. Before a committee of congress Mr. H. E. Lokken appeared representing the Fishing Vessel Owners' Association of Seattle, Washington. Mr. Hadley who did the questioning was one of the commissioners. I quote from the evidence as follows:

Mr. Hadley: How many owners do you represent?

Mr. Lokken: Our association consists of 190 vessel owners. Their investment is over $1,500,000.

Mr. Hadley: They are individual independent operators, who have an association to which they all belong?

Mr. Lokken: Yes, sir.

Mr. Hadley: And you are representing that association?

Mr. Lokken: Yes, sir.

Mr. Hadley: And you say there are 2,500—

Mr. Lokken: Fishermen.

Mr. Hadley: What are the opportunities for source of supply for the American fishermen?

Mr. Lokken: Where they catch their fish?

Mr. Hadley: Yes.

Mr. Lokken: They catch their fish in Alaskan waters, or in waters from northern California clear to Bering sea.

Mr. Hadley: Is there an unlimited supply?

Mr. Lokken: No, sir, there is not.

Then, at a latter point I find the following:

Mr. Hadley: How many pounds did you say are produced on the American side?

Mr. Lokken: 44,000,000 pounds this past year.

Mr. Hadley: And on the other side how many?

Mr. Lokken: 9,000,000.

Mr. Davenport: A rather large percentage of our total was landed at Prince Rupert.

Mr. Lokken: 21,000,000 pounds are landed at Prince Rupert; 13,000,000 pounds at Seattle, Washington; and 9,000,000 pounds in Alaska.

Mr. Davenport: Does Canada object to your landing fish at Prince Rupert?

Mr. Lokken: There has been objection a number of times but only on the part of the Canadian fishermen alone.

Mr. Davenport: If you had to land your catch at Seattle, would it mean additional cost of operation?

Mr. Lokken: It could not be done, because the run from Seattle is something like 1,200 miles, and only on rare ocasions can that be done; that is, when a vessel will catch the larger part of its trip in two or three days and will have sufficient speed to come to Seattle in a short time.

Mr. Davenport: Suppose they should shut out Prince Rupert; what would you do?

Mr. Lokken: We would just have to tie up; the majority of the vessels would just have to tie up.

That was in 1929. Since the matter has been taken up in this house I have received

a wire from the Deep Sea Fishermen's Union. The wire is dated June 22, 1931, from Seattle, and is addressed to Mr. J. M. Morrison, the Canadian agent of the Deep Sea Fishermen's Union. The text is as follows:

> Rumours here that there is strong move to close Prince Rupert to American vessels, wire our member's attitude on this matter. In my opinion it would not help men there as we are in the midst of a national and international depression we can and will try to have the tariff on Canadian fresh halibut reduced to one cent per pound if the men there think that of sufficient benefit.

I wish to read at this time a paragraph from a letter from myself to the minister dated July 2, 1931:

> I also have a letter informing me that the halibut fishermen on the American side have asked their representative in Washington to cooperate in every way with the Canadian authorities in order to adjust the present discrimination between Canadian and American halibut fishermen, especially in reducing the American duty, if not altogether, at least 50 per cent. This is for your information and I hope you will give it due consideration and advise me as to what steps you have taken in this regard.

I do not think it is necessary to go into this matter at greater length. I wish merely to learn from the minister whether he has done anything to assist the fishermen either by negotiations with Washington or closing the port of Prince Rupert to American fishermen.

Mr. NEILL: Before the minister answers may I add my support to the proposals put forth by the hon. member for Skeena (Mr. Hanson), as I did when the same constituency was represented by an hon. member of the party opposite. This is not a political matter at all; it is beyond and I hope above that. The petition to which my hon. friend has referred I understand was signed by 1,500 people. I suppose that they did not solicit the ladies, so that 1,500 people in a place the size of Prince Rupert would indicate almost complete unanimity. I believe they seek to have the minister take steps to restrict the operation of American fishermen into the port of Prince Rupert. On many occasions in the past this matter has been discussed by officials but never was there a better opportunity or more appropriate occasion to take action than the present.

We know of the conditions of hardship existing among the fishermen in the present year, and I believe conditions will be much worse this year than they were last. Any support which can be given the fishermen to enable them to help themselves is much better than the handing out of doles. A government is in power committed to the policy of high protection. To avoid possibility of an argument I shall simply use the expression "protection." Coupled with that policy we have heard the further suggestion of equal opportunities to the man in Canada as against competitors from foreign fields. It cannot be said that Canadians and aliens are operating on equal terms when the alien can come into our ports, bond his fish through to the United States, get two cents a pound of protection in that market—because there is a duty on our fish going into the United States—fish with our fishermen on a common fishing ground and purchase gasoline at a price much lower than that asked of our fishermen.

At no time have we any right to object to duties imposed by foreign nations. That is their privilege. When such duties are imposed we can but take such steps as are possible to balance the situation. That is not always possible, but in this particular situation it is, owing to the geographical advantage we possess. The halibut ground used to be much nearer Seattle but because that ground has been fished out the fishermen have moved farther north and west until now it is practically compulsory for American fishermen to land their fish at Prince Rupert. There exists in the United States a rather high-class market such as we do not have in Canada. So we must base all our conclusions on those premises, that the market is in the United States. The halibut banks now being exploited lie so much nearer Prince Rupert that, as I said, the American fisherman is compelled to go in there, even though he does not want to. Efforts have been made to go to Ketchikan, which is comparatively near, or to Seattle, but in both cases it has been found impracticable and unprofitable, on account of the extra handling and extra expense involved. So the American fisherman must use the port of Prince Rupert, and the report that my friend from Skeena quoted was the report of a representative of the American fishing interests before a congressional committee at Washington, saying they did not want to change the existing system, and if they were compelled to they would have to tie up their boats.

The minister cannot impose a duty, but it is suggested that to remedy the present unsatisfactory situation he could charge port dues on all foreign fish coming into Prince Rupert. Or for a time he could withdraw the regulations under P.C. 2777, which gives certain privileges to American citizens coming into our ports. These privileges are granted absolutely as a matter of courtesy, and are

renewed annually at the beginning of the year. I do not suggest that he should do that; he need not close the port, but he could place our men on the same basis as the American fishermen by imposing port dues of 2 cents a pound on foreign fish. The evidence quoted by my hon. friend from Skeena shows that the American fishermen could not endure that. That is the language they used a year or two ago. But to show that condition still exists and is indeed intensified, we have only to consider that when this matter was brought up in the house a month or two ago—and it was not at the time pushed to the extreme of asking for action—immediately the American fishermen from their headquarters at Seattle wired, as my hon. friend has said, to Prince Rupert, asking the Canadian fishermen to go slow on that matter because they were making efforts with their congressmen at Washington to have the two cent duty taken off. We have evidence that they are taking the matter up now, and they are asking their congressmen to take action—and this only on a vague hint that the policy I have suggested might be adopted. I am thoroughly satisfied that if the minister took that step we would find that the American authorities, through pressure at Washington would arrange the matter by striking out the obnoxious two cent duty. The result would be as Mr. Lokken said, the duty would either have to be taken off or they would lose the trade. Either event would undoubtedly inure to the benefit of our fishermen and would be the making of Prince Rupert.

While it would benefit Prince Rupert both as to halibut and salmon as the duty on fish going into the United States applies not only to the halibut but to salmon, and that affects also the district which I represent. There is a season of the year when practically our only market for spring salmon is in the United States. Speaking a few minutes ago when I said that our market for halibut was almost exclusively in the eastern United States I should have also mentioned spring salmon. Our market for the spring salmon that we catch off the west coast of Vancouver island in the spring and early summer is principally in New York and other eastern United States cities. That market cannot be secured anywhere else, so far as I am aware, than in the United States and our nearest port is Seattle. If this regulation were passed we would get a better price for our "springs" as they are called, at that season of the year.

I hope the minister will take action. I may say, without any attempt to flatter him, that he has shown himself to be a man capable of taking decided action. If he took action in this case he would not only endear himself to the fishing industry of the Pacific coast, but I think he would also secure the respect of our friends to the south, because that is just the sort of language they understand, and if they found that he was prepared to take a step such as I have suggested, it would buttress him very strongly in any dealings with them. I am quite sure we would soon find them knocking at our door anxious to enter into negotiations.

Mr. RHODES: Mr. Chairman, my hon. friends, the members for Skeena and for Comox-Alberni have touched upon a question which is not free from difficulty, but in that respect it is in common with every problem that I have so far met in the fishing industry—it seems to be one of a succession of difficult and almost insolvable questions. Let me say at the outset that, while I agree with my hon. friend from Comox-Alberni that this is not a political question so far as parties in Canada are concerned, yet he was unfortunate in bringing in the controversial question of protection, because I am rather sensitive upon the subject. Although a protectionist, let me say to him that I have never subscribed to the point of view that there is any such thing as high protection or low protection. I would not wish to digress into a tariff discussion, but I should not like his remarks upon that point to pass without putting in this caveat; otherwise he might accept my silence as agreement with his idea of what our views are in respect to that vexed question also.

As my hon. friend from Skeena knows, this subject probably has become more acute this year by reason of the depressed conditions which have resulted in a very low price for fish and a very limited market. In fact the market this year was limited to such an extent that something has happened there which so far as I can ascertain has never happened heretofore, certainly not on the Pacific coast, namely, the fishermen could not sell their fish and for a time had to tie up their vessels with heavy loss to themselves because their overhead charges had to be carried on in the meantime. I can quite understand the feeling of bitter dissatisfaction—I do not think that is too strong a term to use—of those engaged in the industry at the unfairness of the situation which exists there today by reason of the difference in prices. Because here we find American vessels and Canadian vessels fishing side by side in the same waters, for the same fish, with the same

gear, and coming to the same port, and each having the same privileges there, and yet the American fisherman can ship his fish through Canada into the United States and land it there duty free, while the Canadian fisherman is handicapped to the extent of the duty of two cents a pound. I must say that I do not take very much exception to the attitude of the Canadian halibut fisherman as to the injustice of that situation. I can assure my hon. friend that I have given very serious thought to the question as to whether it would not be wise for us to prohibit the port privileges at Prince Rupert to the American halibut fishing fleet so long as this unfair condition continues. That I did not take action was because the petitions to which my hon. friend refers came to hand within the last ten days, I think, certainly not more than two weeks ago.

This scheme has only crystallized, if I may use the word, within that period of time. It would be a very unfair thing, I think, to take such drastic action in the midst of a fishing season after a large fleet of vessels had left their ports, outfitted and undertaken their season's operation with the idea quite properly in mind when they started that the conditions which hitherto obtained would continue to obtain during the fishing season. But I may say to my hon. friend that the department is giving very serious consideration to the question of whether we would not be wise to close the port of Prince Rupert to the American fishing fleet under these conditions, so that to the extent to which it can be utilized it may be made available to our Canadian fishermen. I would regret to have to take that step, in view of the fact that there are a number of questions outstanding between ourselves and the United States with regard to fisheries matters. I would rather approach those questions around a common table in the hope of being able to reach a solution which would be reasonably satisfactory; in other words I would rather approach our American friends in an attitude of sweet reasonableness.

Mr. RALSTON: You would not be red blooded, like the Minister of Railways?

Mr. RHODES: Sometimes the red blooded policy is the policy required; sometimes the other is the policy required, and I will say to my hon. friend that I will have no hesitation in using whatever policy happens to be necessary, as far as I am concerned.

I want to impress upon my hon. friends and members of the committee generally, that I am fully seized of the seriousness of this problem. As I have said, I would wish that it might be solved by our sitting around a council table and discussing the matter with our American friends in an endeavour to reach a solution which might be reasonably satisfactory.

Mr. HANSON (Skeena): I understand negotiations are already under way between the United States government and the Canadian government with regard to this question of duty.

Mr. RHODES: I would not wish to say very much about that at this stage, but I can assure my hon. friend that the department has not lost a single moment in taking every step and using every reasonable effort in an endeavour to lead the way to a solution. The department will continue to keep this matter in mind; it will not be lost sight of and no effort will be spared to see if we cannot reach a solution which will be reasonably satisfactory all around.

Mr. NEILL: Hon. members will excuse us from British Columbia for taking up the time of the committee in these matters, but the fishing industry is as important to us as wheat growing is important to the prairies, and whether hon. members like it or not they will have to allow us a reasonable time in which to discuss these questions.

I think the hon. member for Skeena and myself might well join in thanking the minister for the attitude he has taken. Knowing him to be a man of his word I believe he will do even more than he has indicated I should like to deal with one or two other matters, but before doing so I should like to express my gratitude to the minister, if I may do so without the suggestion of trying to curry favour with him, for his action in connection with the pilchard industry this spring. To his energy and persistence alone was due the fact that the regulations were so changed that it is now possible to manufacture pilchard oil into shortening in Canada and, thus carry on a very important industry in British Columbia. Previously the regulations were such that it was impossible to do so; our main market was in the United States, with a very high duty and a very low price, and many of the plants were bankrupt while others were almost prepared to shut down. The minister had the regulations changed so that now we will have access to the Canadian market. The effect of this action may not be apparent this year, because probably it will be necessary for a plant to be built in order to carry out the process of hydrogenation, which is the essential part of the manufacture, but even the knowledge that this

market is available has enabled several additional plants to be put into operation. I see by the press that there is a very good run of pilchard, and it is to be hoped this change will make more money available for an industry which I can assure the house very badly needs it.

Some six weeks or two months ago the canned salmon industry in British Columbia was very much agitated by a report, which there seems to be good reason to believe to be true, that the French parliament was preparing to introduce a bill which would have the effect of doubling the general tariff on canned salmon, thus giving the Japanese, who are under a different trade treaty, complete control of that market. At one time we sold a large proportion of a certain variety of our fish in France, and if nothing can be done to modify or change this provision the result will be disastrous. I should like to ask the minister if anything has been done or if it will be possible to do anything in that regard.

Mr. RHODES: The last question asked by the hon. member for Comox-Alberni is one of exreme delicacy. Of course he is aware that the disparity in favour of the Japanese has existed ever since the French treaty came into operation.

Mr. NEILL: Yes, but this makes it worse.

Mr. RHODES: Unfortunately that disparity has been such that it has brought about a gradual decrease in our shipments of canned salmon to France and has deflected to Japan what hitherto had been an almost exclusively Canadian business. That situation is still further aggravated by recent tariff changes made by the French government, which will make it practically impossible for us to export our canned salmon to that country. All I can say to my hon. friend is this: The hon. gentleman will realize that it is purely within the right of the French government to effect such tariff changes as may suit their own purposes, but to the extent that it is open to us to discuss the matter with the government of France I can assure my hon. friend that this will be done. So far as any action of ours will enable us to bring about a betterment of that condition, it will be the desire of the government to endeavour to have this country placed on a parity of trade with our friendly neighbour, Japan.

Mr. CHAPLIN: How much longer must we put up with this French treaty?

Mr. RHODES: My hon. friend will have to address that question to the Prime Minister.

Mr. NEILL: One more point before I go home; after this I will not bother anyone further. My last point is in connection with facilitating methods of communication to a place called Kyuquot on the west coast of Vancouver island. On this occasion I can hardly resist making my annual protest in connection with the diversion of $160,000—I see the hon. member for Digby-Annapolis is not here—to the friends of the hon. member on the Atlantic while we on the Pacific are equally entitled to it. I am not going to say anything more on that point now, except to suggest that since they have been getting the whole of that sum illegally for a long period of years—it is a fisheries bounty authorized by statute, and I am not going into it in detail—we on the Pacific should be entitled to the major portion of the vote now under consideration, this $190,000 for the conservation and development of deep sea fisheries and the furthering of the demand for fish. I assure the minister that we will not ask that it be expended in the petty ways in which the money is spent on the Atlantic, where they give eight dollars and six bits to one man and seventy-five cents to some other. That is not going to develop deep sea fisheries.

At the annual meeting of the Pacific coast fishermen, held at Nanaimo last December, when the Deputy Minister of Fisheries was present, a petition was either presented or referred to from those who fish from the Kyuquot asking for better wire facilities. Kyuquot is a very small place; I do not suppose the total population exceeds 50 people during the winter, but when the fishing season is on the population may run up to 2,000, because many fishermen use that village as a base. I may explain also that Kyuquot is very remote; the nearest telegraph wire is about seventy miles away, and the country between is of such a character that one might almost say it would be impossible to build a telegraph line there. Nothing is impossible if you have sufficient money, but this country is so cut up with inlets, fiords and so forth, and the ground itself is so rough that the expenditure would be prohibitive. These people fish during the spring and summer, and in these days of keen competition it is necessary to have access to market information. A telegraph line eighty miles away is of very little use, they must have constant contact with the outside world. A sudden run of fish might come along and they would have them on the ground and not be able to get a carrier in time. These are the conditions which they have to face. A gentleman writes

me that during an ordinary season Kyuquot will produce about 800,000 pounds of springs which at an average price of 25 cents per pound would be worth $200,000. That amount of trade is not to be picked up in a forenoon and it should be encouraged in every way possible.

As I have said, it is practically impossible to connect this place up by means of a land wire. What is the alternative? The alternative is a wireless system. Several of the pilchard companies used to have their own wireless plants, manned by operators, but these companies are not operating at the present time and these unhappy fishermen have no way of getting news from the outside world. The coastal steamer calls twice a month, but such service is of very little use. A wireless station could be installed and it need not be an expensive plant. Where something is to cost $500, the government is apt to get out plans for something costing $6,000, and then point out that such a plant would be too expensive. It is suggested the necessary plant would cost about $3,000, but there need not be an operator, which would obviate a large part of the upkeep. For a small percentage of the tolls one of the storekeepers would undertake to operate this plant and the government would receive a fair return by charging the regular rate for messages.

This is not a new idea. I happened to be in the office of a fishing company some years ago when I heard a telephone ring. The manager asked me to excuse him, saying that it was one of his carriers which was calling. These boats are about 50 or 75 tons burden, but they are equipped with small wireless sets by which they are enabled to keep in touch with the head office. It is estimated that it would cost about $3,000 to erect the necessary machinery and equipment at Kyuquot. Trees could be used for the masts, and a quite ordinary plant would be sufficient.

It may be said that this is something which should be taken up with the Department of Marine, but that department has not what might be termed a progressive viewpoint. I found that out after ten years experience. I suggested that a portion of this vote for the preservation and development of deep-sea fishing could be profitably expended. The Marconi people will rent these outfits for something like $60 per month, but as no operator would be required the investment of $3,000 or $4,000 would save the rental charge and be a profitable one, considering benefits to the fishing industry and also the possible returns.

[Mr. Neill.]

This place can produce about $200,000 worth of fish per year. This business is handled in two or three months of the year, and if it had sufficient encouragement there would be a considerable development. Under present conditions these fishermen are losing out in their competition with other and better equipped places. Of course there is no possibility of anything being done this year, but I would like the minister to consider this matter. As I said before, he would not lose much because the regular rate on messages could be charged and the returns would be considerable.

It need not be a high-powered plant because there is a wireless station at Estevan Point, which is no more than 100 miles away. From there the messages could be sent by wireless into Vancouver or Victoria, which would make additional business for the government wireless stations at those points. I trust the minister will give this matter his consideration.

Mr. RHODES: The first reaction to the information that this business amounts to $200,000 per year is that it should be sufficiently profitable to enable those engaged in it to provide their own means of communication.

Mr. NEILL: These are small fishermen with no money.

Mr. RHODES: This subject has been up before and is being inquired into at the present time. I do not think that this department should embark upon a policy of establishing telegraph and wireless services. We have neither the machinery nor the equipment, and I do not think it is good business to have several departments conducting similar lines of endeavour. The Department of Marine handles all wireless matters, and I understand telegraph lines are being operated by both that department and the Department of Public Works. I assure my hon. friend that I will take this matter up with the Minister of Marine (Mr. Duranleau) and the Minister of Trade and Commerce (Mr. Stevens), and if it can be demonstrated that this is a reasonable measure of assistance which this department can give at not too great an expense, I will be disposed to consider the matter favourably.

Mr. RALSTON: Mr. Chairman, speaking for the other end of the Dominion, I want to say a word or two in support of the hon. member for Comox-Alberni (Mr. Neill). I am glad that the minister appears to be somewhat sympathetic in this regard. Every

means possible should be used to extend our market for fish in the United States. This matter affects the western fisheries, but I think the minister knows better than most of us that it affects even more the eastern fisheries. I appreciate that the minister cannot give any definite information with regard to the progress of international negotiations, nor do I desire to instruct or advise him in this connection, but it seems to me that if we were able to go to Washington with this Prince Rupert matter and indicate to our friends to the south that we have been doing them a favour in affording certain facilities, there would be a different situation existing as far as the exporting of fish is concerned. I feel sure my hon. friend has now found that the negotiations, which were held up only because of certain negotiations with regard to treaties which were being considered, have sufficiently progressed to enable him to reopen the matter—and I presume he has done so—and to endeavour to secure better terms and more opportunities in connection with the consumption of fish in the United States. I assure him that so far as I am concerned he will have all support in that respect, and I am glad to hear he is at least thinking of this matter of withdrawing the port privilege or thinking of the extent to which it affords facilities to United States fishermen and of the way in which it might be said to improve our relations with the United States. The fishermen of Nova Scotia, as the minister knows, needs that market very badly. While we welcome every effort that can be made to extend the Canadian market, I am not convinced that the Canadian market can absorb the production of fish which it is possible to have if a decent and fair market is provided for the fishermen.

The minister spoke of the fishing industry in the west, and I have no doubt he intended to include the fishing industry in the east also. I do not think in any previous year the fishermen of the east have endured a worse situation or more hardships, if I may use that term in connection with business, than they did this year. Prices have been down; gear has been lost; it has been difficult to make ends meet; there has been no market and altogether the fishing industry is not at this time in a very healthy condition. It would give the fishermen new hope if the minister could indicate that there was some prospect of the opening up of the United States market.

While I am on my feet, I should like to ask what progress has been made with regard to the survey which I understand is being made by the firm of Cockfield Brown and Company with regard to the development of increased marketing facilities for fish.

Mr. RHODES: I wish to thank the hon. member for Shelburne-Yarmouth for the subject matter of his remarks and his manner of approaching it. With every word he has said I am in hearty accord. The fishermen in the eastern part of Canada have had a very serious year and every reasonable effort ought to be made to assist them.

My hon. friend knows how delicate his first question is as to negotiations with the United States. I can speak only in general terms and assure him that I am at one with him in appreciation of the desirability of what he has suggested. I feel sure when the time comes I shall be able to demonstrate to him that we have not lost any opportunity to take every step we can towards that end.

The survey of Cockfield, Brown and Company is now completed; the report is in process of preparation, and last week I was advised by Doctor Goforth that according to an agreement it will be in my hands on the first day of August. That survey, contrary to a more or less general impression, is not by any means confined to the Canadian market. It covers marketing conditions throughout the world wherever there is a possibility for a market. I am led to believe it has been very comprehensive and I trust when the report is available we shall be able to base upon it a policy which will enable us to enlarge not only our Canadian market but our foreign market to a considerable extent.

Mr. RALSTON: Does my hon. friend think the report will be available at the end of August or within a month?

Mr. RHODES: As soon as it is in hand and has been perused, we shall have it printed and made available for distribution if possible before the end of August, or at all events as early as may be.

Mr. RALSTON: I know the report is not confidential except in the sense that it should be given to the government first. From what my hon. friend knows of what has been discussed and the nature of the report, does he think that under the present legislation and powers of the department any recommendations contained in the report can be put into effect?

Mr. RHODES: I do not think any further legislation will be required, nor do I think, so far as this year is concerned, any further appropriations will be necessary for the purposes which we have in mind.

Mr. VENIOT: Has any request been received from the salmon fishermen for an extension of time? If so, what action has been taken?

Mr. RHODES: I think I could answer the question of the hon. member for Gloucester without making any inquiry at all. I do not know there has ever been a year or a district that there has not been a request for an extension of not only salmon fishing but every other kind. Perhaps my hon. friend will take that as an answer.

Mr. VENIOT: I should like to know what action he has taken.

Mr. MARCIL: I do not think this discussion of the fishing industry would be complete if I did not put in a word in regard to Quebec. In the early spring I received many complaints from those engaged in the salmon fisheries on account of the change in the regulations. Has the minister reason to believe the change made in working out in the interests of the fishermen and the fishing industry in that part of the country?

Mr. RHODES: My hon. friend may take it as axiomatic that no regulations and no change in any regulations will ever be satisfactory to everyone. The best that the department can hope to do is to make regulations and effect such changes as will reduce complaints to the minimum. My information from the officers of my department is that the changes recently effected have been in the main reasonably satisfactory. They have been concurred in by the fishery authorities of the province of Quebec and by our officers, and I think on the whole are supported by public opinion, although here and there no doubt there will be the odd complaint.

Mr. RALSTON: I suppose under this item I may refer to the policy which the minister enunciated the other day in the house with regard to trawlers. I note he intimates he has come to the conclusion—and I take it he is enunciating a matter of government policy—that any trawler to be licensed must be built and owned in Canada. Does the minister intend to pass regulations to that effect?

Mr. RHODES: Yes. Regulations are now being prepared, and I propose to recommend them to my colleagues. If they concur, the regulations will be put into force. I presume my hon. friend gathers from what I have said previously that it would be unjust to discriminate against trawlers already licensed, but it does not follow that we shall continue to license them all. If it be found that four or five trawlers are sufficient, we shall not license more than that number, but the six that are now in existence will have the preference.

Mr. RALSTON: My hon. friend is going to pass regulations?

Mr. RHODES: Yes.

Mr. RALSTON: Let me steer my hon. friend past any pitfalls that the late government found. Is he not going to get into difficulty if he passes regulations of that kind?

Mr. RHODES: I do not say that we are going to avoid pitfalls, whatever we do, but if my hon. friend has any suggestions to make I shall be glad to receive them.

Mr. RALSTON: In order that it may be put beyond peradventure, in view of the fact that a case is pending before the supreme court, my hon. friend should have a statute for whatever he is going to do, particularly in the matter of limitation of licences. I am all for limitation of licences. As my hon. friend knows, the policy of the government of which I had the honour to be member was that after April 1, 1932, no licences should be granted except to Canadian-built trawlers. I understand that the difference between that policy and the policy enunciated by my hon. friend is that after this date no licences will be granted to other than Canadian-built trawlers except such as are now in existence and are now licensed.

Mr. RHODES: I think my hon. friend, if he will look at section 69 (A) will agree that it gives ample powers to the minister; in fact, as I said the other day, it gives too much power to the minister. I wish it had not given quite so much. I do not think any power, desirable or undesirable, could possibly be added by legislative authority to the powers contained in that section. This need have no bearing on the case now on appeal before the supreme court. That is only a question whether we are going to take so much money out of the trawler companies or not. If my colleagues agree with me in the regulations to be promulgated, I am going to recommend that that case be withdrawn and not proceeded with, because there is no object in attempting to extract large amounts of money from companies which are already having difficulties in financing. So I say quite frankly that the case was held over on my recommendation, having in mind the course which I felt I ought to take. If that course is taken, that case will be withdrawn.

Mr. RALSTON: I do not want my hon. friend to misunderstand me. I do not recede

one tittle from the position which the former government took. We believe the policy which we laid down in that order in council was correct. The exchequer court has decided that it was ultra vires, but I am talking of the policy as a policy, and so far as I am concerned it still stands. On the other hand, I would warn my hon. friend, if I may, with deference, that in view of the principle which seems to have been laid down by Mr. Justice Audette, it would seem to me that he ought to look very carefully into the question whether he can ever make a regulation limiting the licences to the trawlers now in existence, for that, I understand, is what he is going to do. Outside of that they are to be Canadian-built trawlers. That is one of the points on which Mr. Justice Audette decided that the order in council was ultra vires. I only throw out that suggestion to my hon. friend. I think he is not going far enough in his limitations, but if he is going that far, I do not want him coming to us next year and saying: Well, we passed regulations, and we found that they were ultra vires. In view of the principle laid down by Mr. Justice Audette it is very questionable whether the policy which my hon. friend laid down in the house the other day can be accomplished without legislation.

Mr. RHODES: I do not propose to enter into a discussion of the legal phases. I can assure my hon. friend that the question he has raised I have had in mind, and I certainly do not anticipate any difficulty upon that score. If the regulations are not so onerous as to come within the purview of the judgment of Mr. Justice Audette, and I do not think they will be, I cannot see where we shall have any difficulty.

Item agreed to.

Oyster culture, $10,000.

Mr. REID: I would like to direct the attention of the committee and of the minister in particular to a state of affairs that exists in connection with oysters in British Columbia. We have two rivers there, the Serpentine and the Nicomekl, flowing into what is known as Mud bay. These two rivers have been set aside for biological purposes presumably for the cultivation of oysters. In order to acquaint the minister with the situation as it now exists I should like to give him a few facts of the case.

At one time there were no dams in these two rivers, but a few years ago dams were constructed across them and about the same time a lease was given by the provincial government to companies to propagate oysters out in the bay. It was not until the dams had been constructed, and possibly not until the oyster operations began in the bay that the oysters began to go up these rivers. The dams are each about three and a half miles from the bay. There were however native oysters in the rivers before these companies started their operations in the bay. The beds of the rivers are now covered with old shells to a depth of some four or five feet, and the fishermen last year had a great deal of difficulty in fishing in these rivers because their nets would catch on these oyster beds, and when they dragged up their nets they would bring up large masses of oyster shells and also oysters which tore holes in the nets. Many persons were coming to these rivers to take oysters, but the oyster companies frowned on such action. They claimed that the oysters on the rivers belonged to them, due to their having propagated the oysters for many years and having also brought spat from away back east. They then approached the provincial government, which in turn approached the federal government. The result was that these oyster beds were set aside for biological purposes.

May I point out to the minister that in the description as it appears in the return that was brought down, an error occurs, inasmuch as it states that the reserve would exist from the river to Boundary bay. I think that that should be checked up because Boundary bay is far off, and if the reserve really extended to those limits not even the company could take oysters, because Boundary bay is many miles distant from Mud bay, into which these two rivers flow. I have the official file before me, from which I should like to quote. Here is a letter addressed to Mr. Found by J. P. Babcock, assistant to the commissioner of the provincial Fisheries department, Victoria. He says:

> It is suggested that you take the bull by the horns and create an oyster reserve.

That certainly is an Irishism, to take the bull by the horns and create an oyster reserve. In another letter from Mr. C. R. Elsey, the marine biologist in charge of the oyster investigation, to Mr. J. P. Babcock, this statement appears:

> Shells placed in the rivers by the Crescent Company have become heavily set.

I may say, Mr. Chairman, that no shells were set in the river by the company. The shells were there in the bay already, so that statement is not correct. He says further:

> Efforts on the part of the oyster company to obtain leases have failed.

That is probably correct, Mr. Chairman, because there is a controversy as to the

respective jurisdiction of the Dominion and provincial government over navigable streams, the Dominion government having jurisdiction over navigable rights and the provincial government claiming the bed of the stream. He says further:

> Persons have been taking these oysters but the Crescent Oyster Company has refrained in the past from such action, but are at present quite resentful of such unrestricted vandalism and threaten, quite naturally, to go in with their superior equipment.

It would be interesting to know what superior equipment can be used in lifting oysters, because my information is that oysters are lifted by hand. He says further:

> The removal of these fully grown and well established oysters would make the summer's work futile and put back for ten years the establishing of seed beds.

That is very far away from the truth, because those beds have so many oysters in them now that they could not be depleted in years. One firm has offered $100,000 for the privilege of getting the oysters from each of the rivers, so great are the numbers of oysters in them. So that the statement that the removal of these fully grown and well established oysters would make the summer's work futile and put back for ten years the establishing of seed beds, is not correct.

One of the criticisms I have to offer concerns the hardship enforced upon fishermen. Fishing licences are given every year to fishermen allowing operations on certain areas on those rivers. Until last year they had the right to take the oysters and sell them if they wished, or use them for their own purposes. Now that privilege has been denied them. On behalf of those fishermen I ask the minister seriously to consider this point of view: They are now denied the right of taking oysters from those rivers. It is hardly correct to say that the beds of those streams have been set aside for experimental purposes. No experiment is necessary, because the oysters are there by the thousands. In fact, when they lifted the gates off the dams this year, oysters were found encrusted about two feet thick upon them. The fact of the matter is that the company to which I have referred are endeavouring to obtain absolute control of the two rivers. They could not obtain control in any other way than by first coming here and having the reserve put on for biological purposes. This is the first move. Their intention later on is to obtain possession, but in the meantime outsiders including fishermen who year after year have used these streams for fishing are denied the right even to use the oysters for themselves. I have not gone into full particulars with the minister, but I should like to have done so because there are many aspects of the matter which should be inquired into. First of all I am asking on behalf of the fishermen that they receive back the right to get the oysters. Secondly, I think the situation should be carefully looked into; in the event of any lease being given to a company to operate the question of navigable rights would come in, because the rivers might have to be dredged. If any company or companies owned the beds of the rivers they would object very strenuously to dredging operations as such operations would take out practically all the oysters from the river. I shall not take up further the time of the committee, but would ask that the minister give these matters his serious consideration.

Mr. RHODES: The only manner in which I can be of service to my hon. friend is to send his remarks as they will be reported in Hansard to the Commissioner of Fisheries of British Columbia, because the fisheries to which he has referred come within the exclusive jurisdiction of that province. It is true that we must in all cases, and did in this case, pass regulations, but that was done at the request of the government of British Columbia, pursuant to the policy followed by this as well as by previous administrations, namely to put into effect only such regulations as are in conformity with the wishes of the various provincial governments. That arrangement is subject always to a general provision—in the event of the dominion not agreeing with the provinces on a matter of policy relating to conservation, or something of that nature. So it was that this regulation was passed at the request of the government of British Columbia, and the area was set aside to enable experiments to be conducted by the biological board. Those experiments were paid for by the Dominion but were carried out by the biological board for the province of British Columbia and at its request. At the moment I do not believe I can do more than send Hansard containing the remarks of my hon. friend to the Commissioner of Fisheries for the province of British Columbia.

Mr. REID: What experiments were carried on last year?—because I can assure you no experiments are necessary. Oysters are there on each river for a distance of three and a half miles—beds of them.

Mr. RHODES: I think my hon. friend will find that a report covering these experiments

has been circulated by the biological board. In any event I believe there is a report in the department which will be made available to him.

Mr. RALSTON: I have in mind a matter which may not be of very great importance, but for the consideration of which I would ask special permission at this time. It concerns an appointment, and is as important to those interested as would be a matter of international significance to the industry at large. I am protesting on behalf of my own constituency. Mr. Marshall was appointed inspector in Digby. He had been dismissed for active political partisanship about a year before. However, in the eyes of the government at least he had purged his sin and was again considered eligible. Mr Lewis had been appointed temporarily and was located at Yarmouth. An advertisement was issued by the Civil Service Commission, confined to the counties of Halifax, Guysborough, and Digby. There was a joint advertisement for Kings and Queens but Yarmouth was not included. The point I make is that Yarmouth is included in that particular fishing district. The inspector who was to be appointed was to have jurisdiction in Yarmouth, Digby, Lunenburg and Queens, but when the advertisement was issued Yarmouth was excluded; in other words no residents of Yarmouth need apply. Why was that?

Mr. RHODES: I cannot agree entirely with my hon. friend. I remember the matter to which he refers. Digby is a more central region for this officer than is the town of Yarmouth. Yarmouth is at one end of the area, because that inspector covers the counties of Yarmouth, Shelburne, Queens Digby Lunenburg and Annapolis. His location at Yarmouth would put him about as far away as possible from the centre of the area.

Mr. RALSTON: It would put him just in the centre.

Mr. RHODES: No, I do not agree with my hon. friend. Digby is a much more central point. He has to go away up to cover Annapolis, Queens and Lunenburg. Certainly when in Digby he is much nearer the centre than if he were in Yarmouth. My hon. friend will recall that we insisted the offices should remain at Digby where they had been originally.

Mr. RALSTON: My hon. friend has missed the point. I am not talking about the location of the offices. I say my hon. friend is wrong; anybody who would take the trouble to look at the map would know that he is wrong. With his knowledge of the geography of the province of Nova Scotia he does not need to look at the map. Yarmouth is in the centre of that district. Fishery inspectors have to go around the shores. For the first time, Yarmouth was going to have the office, but my hon. friend moved it back to Digby.

Mr. SHORT: It never was moved to Yarmouth.

Mr. RALSTON: Let us leave it at that; but when my hon. friend moves it to Digby why does he exclude all the residents of Yarmouth from eligibility for the position?

The CHAIRMAN (Mr. Hanson, York-Sunbury): We are not discussing the matter to which the hon. member for Shelburne-Yarmouth (Mr. Ralston) has directed attention.

Mr. RALSTON: I asked special permission to have the matter considered.

Mr. RHODES: I have no objection to discussing it. I do not agree with my hon. friend at all when he says the jurisdiction of the fishery officers is around the shores; it is over the rivers and streams and lakes as well. So he covers the whole area. My hon. friend was wrong there.

Mr. RALSTON: One-tenth of the rivers, streams and shore.

Mr. RHODES: Yarmouth was not excluded. This question would never have arisen, because Mr. Lewis was not dismissed. He was asked to carry on his office from Digby, where quarters were available in the public building, and where the work had been carried on for years and years. If Mr. Lewis had not resigned he would have been in office yet, and it was only when we insisted on his living in Digby that he resigned. Having resigned, his place was filled by the Civil Service Commission.

Mr. RALSTON: I understand that, but it has nothing to do with my question. I am asking why when the position was going to be filled in Digby residents of Yarmouth were not allowed to apply.

Mr. RHODES: My hon. friend had better address his question to the Civil Service Commission.

Mr. RALSTON: My hon. friend knows perfectly well that the advertisements were prepared by the department.

Mr. RHODES: Quite so, but the position was filled by the Civil Service Commission.

Mr. RALSTON: A gentleman, a returned soldier, living in Yarmouth was declared ineligible for the position because he lived outside the district advertised.

Mr. RHODES: My deputy tells me that it cannot be the same position; but even so, he has to live in Digby, that is all.

Mr. RALSTON: I am saying that according to this return this gentleman is regarded as ineligible for this position because he lived outside the district advertised. There was no advertisement that included Yarmouth. Halifax and Digby were included.

Mr. RHODES: Will my hon. friend let me have the advertisement?

Mr. RALSTON: Yes.

Mr. RHODES: My hon. friend is confusing two things. This advertisement is for an inspector of fisheries; that would be a Digby county appointment. Mr. Marshall's position was that of supervisor of fisheries—a different office altogether.

Mr. RALSTON: Was not Clement Crowell an applicant for this position?

Mr. RHODES: He may have been, but this advertisement has nothing to do with the appointment to the position at Digby.

Mr. RALSTON: Is the other position filled by a returned soldier?

Mr. RHODES: My deputy advises me that we have two vacancies for an inspector of fisheries in Digby county; that is why they were asked to be residents of Digby. The position that my hon. friend speaks of is that of supervisor. Of course, there is no question of exclusion there, and it was quite competent for the man at Yarmouth to apply. I do not know anything as to the details.

Mr. RALSTON: I simply want to say to my hon. friend that that is the information given me by the secretary who abstracted the return.

Mr. RHODES: Quite so. But possibly the individual referred to in this application might also have applied for the position of supervisor.

Mr. RALSTON: Yes. Is it true or not that for the position of supervisor residents of the county of Yarmouth were excluded?

Mr. RHODES: No.

Mr. RALSTON: Does my hon. friend know that?

Mr. RHODES: I am so advised by my deputy.

[Mr. Rhodes.]

Mr. RALSTON: Does my hon. friend know that Mr. Merkel was an applicant for the position of supervisor?

Mr. RHODES: I would have to make inquiries to find out.

Mr. RALSTON: If my hon. friend would inquire I should be obliged. I do not want to do any injustice to my hon. friend or to the department.

Mr. RHODES: I shall be glad to make inquiries.

Mr. RALSTON: A man named J. W. Merkel lived in Digby and served in France for four years. According to the report I have he was third on the list of eligibles. Even so, under the Civil Service Act he would be entitled primarily to the appointment, because no matter how far down the list a returned soldier happens to be he takes precedence over a civilian. Perhaps my hon. friend will at the same time look up the application of Clement W. Crowell. He was a disability case. He had a super-preference according to the return and applied for the position.

Mr. RHODES: Yes, I will make inquiries.

Item agreed to.

To provide, subject to the approval of the governor in council, for a grant to the United Maritime Fishermen, $5,000.

Mr. RALSTON: Will my hon. friend be good enough to call the attention of his colleague, the Minister of National Revenue (Mr. Ryckman) to a communication to the secretary of the United Maritime Fishermen? There was some difficulty in Yarmouth to which I have referred before in this house—I do not propose to go into it fully again on this occasion—with regard to holding up a shipment of rope on which 5½ cents dumping duty had been imposed temporarily. An investigation was held which took a considerable time. The net result was that the rope was finally released in time for the fishing season, but very late, and after the fishermen had been put to a great deal of trouble due to the uncertainty as to whether they would get the rope or not. Then the secretary of the United Maritime Fishermen—which is the association getting this vote—wrote to the minister of Customs with regard to the holding up of the shipment at Yarmouth and to be advised fully as to the conditions under which it was released. The reply sent from the Department of National Revenue—I am bringing it to the attention of the minister,

and I am sure he will see that such a thing does not occur again—is signed by Mr. Watson. He says:

Messrs. Stone and Forsyth, Boston, Mass., have been advised as to the conditions under which the importation at Yarmouth—referred to by you—was released and are in a position to communicate same to you if they so desire.

It does not make any difference who the secretary of the United Maritime Fishermen happens to be, he represents a responsible body recognized by this government in the vote now under consideration, and I submit that the information he asked for was information to which he was entitled, and that he should not have been referred to somebody in Boston when the required information was so easily available in the department.

Mr. RHODES: I went very carefully into that case. My hon. friend, I think, is wrong in saying that this extra duty was charged. As a matter of fact, Mr. Breadner, acting for the department, wired to the collector in Yarmouth not to collect, but to assure himself that the shipment had come direct from Holland. That was where the whole question arose. It was thought at first that the rope had been transhipped at Boston, but when it was found that it had come direct from Holland it was passed through without extra duty. The inquiry had taken place before Doctor Hamer ever sent any telegram. I have in my hand a copy of the letter on the subject written by Stone & Forsyth and addressed to the Prime Minister.

Mr. RALSTON: I have it here.

Mr. RHODES: May I say it is almost a disease with Doctor Hamer, the secretary of the United Maritime Fishermen, to rush into print on the first available opportunity, usually with a telegram, which he in all cases sends collect. In the present instance he could not resist dashing into print and getting his name—and usually his photograph—into the papers at the same time. Messrs. Stone & Forsyth say:

We feel that Dr. Hamer should have waited the result of the investigation and the decision to be made by Mr. Breadner's office before giving the matter such publicity.

In other words, the very people for whom he professed to speak in part, took exception to his having dashed into the newspapers before he knew what he was talking about. As a matter of fact this whole thing was adjusted by officials of the department, and Doctor Hamer had nothing whatever to do with it one way or the other. But he had to stick his telegram in the paper, get his photograph published once more and try to take a little credit in the matter.

Mr. RALSTON: I do not know and never even saw Doctor Hamer, but I want to say to my hon. friend that he is not quite doing justice to the association.

Mr. RHODES: Neither is Doctor Hamer.

Mr. RALSTON: My hon. friend said Doctor Hamer had nothing to do with it. Here is a telegram from Mr. Breadner dated January 30 in which Mr. Breadner does not say "Hold it up" or "Do something temporarily," although he does say something about an investigation pending. The telegram reads:

Value for entry with collection of dumping duty twenty-three and one-half cents per pound less two and one-half cents per pound discount to dealers pending completion of investigation.

On February 1, only two days later, Doctor Hamer does wire, and I suppose there are wires from him right along. Then my hon. friend read a letter from Stone & Forsyth, for whom he said Doctor Hamer was acting. Stone & Forsyth are the dealers; they are not the fishermen. I am talking about the fishermen, and I only rose to make one point, that the secretary of the fishermen's association of the maritime provinces is entitled to some different answer than to be told that he can go to Boston and find out what was done there. That was the only point I desired to make, and I repeat it.

Item agreed to.

To provide for an investigation by an international committee into the probable effect upon the fisheries of the lower bay of Fundy region of damming Passamaquoddy and Cobscook bays, in New Brunswick and Maine, U.S.A., $22,500.

Mr. VENIOT: There are a few minutes left before six o'clock, and I think we can get through this item, since I have just one question. Can the minister tell me what progress has been made with this investigation? I understand that the Canadian representatives to the commission already have been named in the persons of the Deputy Minister of Fisheries and Doctor Huntsman. If that is true I wish to express my satisfaction with those commissioners, but I should like to know how far the matter has progressed, because the delay is causing a great deal of uneasiness in the fishing industry of Passamaquoddy bay.

Mr. RHODES: It is true that the Canadian representatives are the Deputy Minister of Fisheries and Doctor Huntsman, and I may say that the Deputy Minister of Fisheries has been appointed chairman of the joint board. There has been no delay so far as their efforts or the efforts of the department

have been concerned. As a matter of fact it has been difficult to get the best class of men to conduct the technical phases of the investigation, but there is on the way now one of the foremost experts of the British isles in matters touching the herring industry who, through the good offices of the British government, has been made available to this commission for a period of two years.

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.

PRIVATE BILLS

SERVICE LOAN AND FINANCE CORPORATION

The house resumed from Tuesday, July 21, the debate on the motion of Mr. Lawson for the consideration of Bill No. 118, to incorporate Service Loan and Finance Corporation.

Mr. J. E. LAWSON (West York): Mr. Speaker, by leave of the house, I ask permission to withdraw my motion?

Mr. SPEAKER: By unanimous consent, Mr. Lawson moves that order No. 45 be discharged and that Bill No. 118 be withdrawn.

Motion agreed to and bill withdrawn.

DAIRY INDUSTRY ACT

AMENDMENT TO PROVIDE INCREASED PENALTIES FOR VIOLATION

Mr. SAMUEL GOBEIL (Compton) moved the third reading of Bill No. 16, to amend the Dairy Industry Act.

Motion agreed to, and bill read the third time and passed.

Mr. SPEAKER: The orders under private and public bills having been exhausted the house will revert to committee of supply.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Fraser (Cariboo) in the chair.

Dairying, including grant of $5,000 to National Dairy Council, $295,000.

Mr. POULIOT: Mr. Chairman, would the minister advise the house why the price of milk for home consumption remains the same when the price of butter has dropped so considerably? The price of butter has dropped from 40 cents per pound last year to 20 cents per pound this year, while the price of milk has remained at the same level for the past five years.

Hon. ROBERT WEIR (Minister of Agriculture): The only reason that can be given is that we are on an export basis with regard to butter and not with regard to whole milk.

Mr. DONNELLY: I understand an amendment was moved to this item when it was before the committee previously.

The CHAIRMAN (Mr. Fraser, Cariboo): Yes. It was moved by Mr. Young, seconded by Mr. Bouchard:

> That the item be reduced by $5,000, being the amount of a grant to the National Dairy council.

Amendment negatived on division.

Mr. DONNELLY: We are by this item giving a grant to the National Dairy Council. I have been looking over the report of the meeting of the National Dairy Council held in Winnipeg last March, and I should like to know how far the program they have suggested is being carried out. They say that they have three objects in view:

> (1) To build a prosperous dairy industry, the foundation of general live stock industry.
> (2) To produce dairy products, both raw and manufactured, sufficient to meet all domestic market requirements.
> (3) To reestablish and maintain a substantial export trade with continuity of supply and superior quality.

Then they make to the government certain recommendations which they ask to be put into effect in order that those three planks in their platform may be carried out.

First they deal with butter and they say that at present large numbers of small and unsanitary butter factories are responsible for less effective and economic butter manufacturing. They ask that larger butter factories be built in certain centres; that there be fewer butter factories but larger ones. They say that uniformity demands this, and if larger factories are built the butter produced will be of better quality and produced under more sanitary conditions, so that they will be able to meet the export demand. They say the same thing with regard to cheese. They want fewer and larger cheese factories, so that the production may be concentrated but not to the same degree as with regard to butter.

Then they say that something should be done so that the market price which the farmer receives for his milk may be in some degree commensurate with the price the dairy receives. For instance, if we take the city of Ottawa, the farmers are getting from 17 to 19 cents a gallon for their milk, while the Ottawa Dairy

or the Borden milk company are getting from 40 to 44 cents a gallon. In other words, the farmer who has to feed the cows, to operate his dairy farm in accordance with sanitary methods laid down by the government and to bring his milk into the large centres, gets the huge sum of 17 cents, while the people who pasteurize the milk and distribute it around the city have a spread in the neighbourhood of 27 cents a gallon. The spread between the producer and the consumer is altogether too great. The National Dairy Council lay down as a plank in their platform that this spread should be narrowed down so that the farmer may get some recompense commensurate with what the dairy people do.

Then they take up the subject of production and they lay down the plank that the tuberculosis areas should be increased. They commend the government for having established these areas. They say that this is resulting in the production of better and healthier cows and a better and more sanitary class of milk. Passing on from that they deal with cheaper feed and they ask for reduced freight rates on feeds and coarse grains coming from the west. The Minister of Agriculture this morning told us in the agriculture committee that feeding with barley, bran and certain other feeds, produced a higher quality of steers that compared with the best they had on the English market. If that be a fact, we should be enabled to ship our barley to the eastern farmers at a reduced and cheap rate. Our barley growers should receive at least the five cents a bushel handed out to the wheat growers in order that the price of barley in eastern Canada may be made low enough for the farmers there to buy it, feed it to their stock and thus produce better stock for both dairy and beef cattle. These are some of the planks laid down by the National Dairy Council to whom we are voting to-night a grant of $5,000. If nothing is being done towards carrying out the recommendations which this organization is making, why give it a grant? We should either accept and endeavour to carry out the recommendations or cut out the grant altogether.

Mr. POULIOT: I entirely agree with what the hon. member for Willow Bunch (Mr. Donnelly) has said. Let me draw the attention of the committee to one recommendation in particular. But first let me take this opportunity of fulfilling a very pleasant duty in congratulating the hon. member who is acting as chairman of the committee (Mr. Fraser, Cariboo) upon attaining such a high position to-night. The recommendation I wish to mention is that which the National Dairy Council makes with regard to a high tariff on butter. Last year the tariff on butter was six cents a pound, and during the September special session the government increased it to eight cents. I asked the question: When was the highest tariff imposed on butter? It was before the new Australian treaty was brought before the house; in other words, in April we had the highest tariff on butter since the discovery of Canada, and yet the price was the lowest since May, 1904. Therefore a high tariff was of no use in protecting the farmers because the tariff was the highest and yet the price was the lowest. Although the Prime Minister made some jokes about the numerous returns for which I asked, thanks to that return the government has changed its policy and is no more acting in accordance with the recommendations of the dairy council, but in the light of that return it has reduced the tariff to five cents a pound. The tariff on butter is now one cent a pound less than it was when the former government was in office. Perhaps this tariff will cure the evil in time, but I do not know how the platform and stump speakers we heard during the last campaign preaching high tariff in my constituency as in others throughout Quebec, will explain the good results of that high tariff policy. I cannot conceive that it was ever good for the farmer, and we have the evidence now. It shows that with time the government can improve a lot.

Miss MACPHAIL: I am opposed to this item of $5,000 for the National Dairy Council on the ground that last year the activity of the National Dairy Council was simply propanganda for higher tariffs. All the creameries in Ontario and the National Dairy Council, of which they may or may not be members—I am not clear on that point—spent all their energies in trying to convince the farmers that protection on butter was going to give them a greater return. If the National Dairy Council would set itself to answering the question asked by the hon. member for Temiscouata (Mr. Pouliot) we might well grant them $5,000. The Minister of Agriculture did not answer that question; at least, he did not answer it wholly. While it is true that milk is sold at home and butter is sold abroad, I think, it is also true that the lack of organization among the producers of milk and the organization of the distributors of milk have very much to do with the great spread between the price the producer receives and the price the consumer pays. I do feel that the consumers to-day are being almost, if not quite, as badly treated as the producers

of milk, because they are paying much more than they should pay under the circumstances, and the producers are getting much less than they should get. I am entirely opposed to this vote. As a matter of fact, I would say that outside of the Conservative party itself there was no more effective body of propagandists for protection in the last election than the National Dairy Council of Canada.

Mr. PERRAS: I see by Le Droit, in an advertisement in its issue of July 24, that five-pound lots of butter are being sold at 15 cents per pound. I am entirely opposed to this grant of $5,000 to the National Dairy Council, and I would ask the minister to explain how it is that butter is being sold in five-pound lots in the city of Hull at 15 cents per pound.

Mr. POULIOT: It must be peanut butter.

Mr. PERRAS: No, it is good butter.

Mr. BERTRAND: The hon. member for Willow Bunch a few moments ago stated that the dairies in Ottawa were paying the farmers 16 and 17 cents per gallon of milk, but the dairies have recently adopted a new rule that milk shipped to Ottawa and testing less than 3.25 would be paid for at the rate of 64 cents per 100 pounds, which is 6.02 cents per gallon. I do not want to refer to the question of paying a bounty to the wheat farmers of the west, but I do say that it is utterly impossible for the farmers to produce a gallon of milk for 6.02 cents. That milk is sold at very much higher prices to the consumer. I noted in the committee of agriculture this morning the very good disposition of the minister to inquire into the spread between the price to the producer and the price to the consumer. I would ask him to make a full inquiry into the milk business; to start by going into the capitalization of these dairy companies, and secondly to ascertain what they do with the milk that they buy from the farmers, and what revenue they derive from it. The middleman is getting far more profit than the farmer. There is ground there, and very serious ground, for a thorough investigation, in order that the producers may be assured that they are going to get some value for the products they deliver to the dairies.

Item agreed to.

Progress reported.

BEAUHARNOIS POWER PROJECT

FOURTH REPORT OF SPECIAL COMMITTEE TABLED

Hon. W. A. GORDON (South Temiskaming): Mr. Speaker, with the consent of the house I desire to revert to motions.

[Miss Macphail.]

Mr. SPEAKER: By consent the house will revert to motions.

The house having reverted to the order for motions:

Mr. GORDON: I desire to table the fourth report of the special committee appointed to investigate the Beauharnois project, and to give notice that on Thursday next I shall move that the report be concurred in. I give notice in order that in the meantime hon. members may acquaint themselves with its contents.

Mr. MACKENZIE KING: May I ask my right hon. friend if the report will appear in the Votes and Proceedings of to-day?

Mr. BENNETT: I assume that the assistant clerk will read the report as soon as it is noted, and it will appear in the Votes and Proceedings.

The Clerk Assistant then read the report, as follows:

Mr. Gordon, from the select committee appointed to investigate the Beauharnois project then presented the following as its fourth report:

1. On the 10th day of June, 1931, the House of Commons adopted the following resolution: that Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (Vancouver Centre), Stewart (Lethbridge), be a committee to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence river so far as the matters referred to are within the jurisdiction of the parliament of Canada, and without restricting the generality of the foregoing words in particular to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 10th day of May last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinion thereon; with power to send for papers, persons and records. Hon. W. A. Gordon was on the 15th of June, 1931, appointed chairman of the special select committee.

2. (1) The committee sat from the 15th day of June, 1931, to the 22nd day of July, 1931, held on most of these days more than one session and examined 35 witnesses.

(2) On the 1st of July, the members of the committee visited and inspected the site of the works.

There were filed with the committee 129 exhibits.

3. Soulanges Section—St. Lawrence River

(1) The Soulanges section of the St. Lawrence river is that portion thereof lying between Lake St. Francis and Lake St. Louis which are some 14½ miles apart, and between which there is a fall of 83 feet. The average normal available flow of the river through this section is in the vicinity of 230,000 cubic feet per second for 50 per cent of the time, making possible a development of 2,000,000 horse power of commercial electric energy at 85 per cent

load factor. The site is in close proximity to the city and port of Montreal, and is conveniently located on what must soon be a waterway capable of accommodating ocean-going vessels. It has therefore great possibility for industrial development if cheap power is available.

(2) It is apparent that the Soulanges section thus presents an opportunity for hydro-electric development almost if not quite unique on the face of the globe. It is one of the greatest national resources in Canada, and in its natural state of great potential value.

4. History

(1) About the year 1800, Edward Ellice, the Seigneur of Beauharnois, erected a small "moulin Banal" at the mouth of the St. Louis river and in order to increase the flow of the river, in 1807 built a small feeder, four miles in length, from Lake St. Francis to the head waters of the river. This constituted the first diversion in the Soulanges section of the St. Lawrence river for power purposes. Whatever water rights were incidental to this feeder later passed into the hands of a family named Robert and apparently formed the basis of the applications for power rights hereinafter mentioned. Details concerning the Robert "rights" may be found in a judgment delivered in the Exchequer Court of Canada in the case of Robert vs. the King (9 Exchequer Court Reports). Reference may be had also to Exhibit No. 29, a memorandum prepared by Mr. R. C. Alexander.

(2) in 1855 the government of the province of Canada built a dyke, known as the Hungry Bay Dyke, as a protection against floods. It rebuilt the control gates of the feeder and in 1883 the government of Canada deepened and widened the feeder and installed new gates in the dyke at the feeder entrance, considerable sums of money having been appropriated for this purpose.

(3) In 1902, J. B. Robert, as the grantee of the representatives of Edward Ellice, brought action against the crown for a declaration of his rights and judgment was pronounced on the 17th October, 1904, deciding that Robert held substantial rights in the feeder. A compromise was arrived at by which the feeder was leased to the heirs of J. B. Robert by the Department of Public Works under date of the 28th December, 1909, for a period of 21 years. This was authorized by order in council, P.C. 2168, of the 9th December, 1909.

(4) In 1902 by Quebec Statute 2 Edward VII, Chapter 72 of the 26th March, 1902, the Beauharnois Light, Heat and Power Company was incorporated with power to enlarge and extend the feeder. As a consequence of the finding of the Exchequer Court that J. B. Robert was not the owner of the feeder, in 1910 another Provincial Act was passed giving the Company the right to build a new canal or feeder from any point on the original feeder to any point on the St. Louis River at or near the town of Beauharnois. This Company thus became possessed of certain rights in respect of the diversion of water for power purposes from lake St. Francis. The shares of the Beauharnois Light, Heat and Power Company were all owned by W. H. Robert and other members of the Robert family. On the 3rd February, 1927, Mr. R. O. Sweezey obtained from the Roberts an option of all the issued capital stock of the Company and the Company's rights.

The Robert interests

(5) W. H. Robert and the other Robert heirs received for the 2,000 shares of the Beauharnois Light, Heat and Power Company and such other rights, if any, as were then outstanding in them

(1) Cash $1,520,000.

(2) 200 fully paid part interests in the Beauharnois Power Syndicate.

(3) 21,000 class A shares of the Beauharnois Power Corporation.

(4) 100 fully paid part interests in the Beauharnois Syndicate transferred from R. O. Sweezey account, which became 200 part interests in the Beauharnois Power Syndicate.

(6) In addition to the above-mentioned 400 part interests in the Power Syndicate owned by the Roberts, W. H. Robert held a further 300 units in his own name on which he owed $10,000 as at December 17th, 1929. For the 700 part interests, referred to above, the Robert heirs received, on the dissolution of the Syndicate, cheques aggregating $95,000, together with 28,000 shares of the class A common stock of the Beauharnois Power Corporation Limited.

(7) In the same year, Mr. Sweezey applied to the Quebec Legislature for an amendment to the Act incorporating the Company permitting the construction of a canal between lake St. Francis and lake St. Louis. This application was refused.

(8) On the 17th March, 1927, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council for approval of a proposal to build a power canal "which can be readily adapted for thirty foot navigation requirements also" from a point on lake St. Francis near the mouth of the St. Louis feeder to lake St. Louis and to use so much of the water of the St. Lawrence river as can be taken through the proposed canal without interfering with navigation and without interfering with existing prior rights in the river St. Lawrence." This application was not pressed.

(9) On the 17th January, 1928, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council "for approval under the Navigable Waters Protection Act of its plans and site of proposed works herein described and for the right to divert forty thousand cubic feet per second (40,000 c.f.s.) from lake St. Francis."

(10) In March, 1928, by Statute of the province of Quebec (18 George V, Chapter 113), a new section, 11A, was added to the original Act of incorporation giving the Company the right to build a new canal from any point within two miles in a southwesterly direction from the mouth of the St. Louis feeder to any point on lake St. Louis within one and a half miles in a westerly direction along the shore of lake St. Louis from the mouth of the St. Louis river and giving the Company the right to expropriate lands not exceeding six arpents in width.

(11) On the 27th April, 1928, Mr. Sweezey and his associates obtained the passing of an order in council by the executive council of Quebec authorizing the granting to the Beauharnois Light, Heat and Power Company of an emphyteutic lease, which lease was subse-

quently executed on the 23rd June, 1928, and which grants to the Beauhornois Light, Heat and Power Company the rights of the province of Quebec to such part of the hydraulic power of the St. Lawrence River as can be developed between Lake St. Francis and Lake St. Louis through a derivation (six diversion) canal on the right (southern) shore of a maximum flowing capacity of forty thousand cubic feet per second (40,000 c.f.s.), (the province reserving the ownership and the free disposition of the surplus) for a period of 75 years from the 23rd June, 1928, at an annual rental of $20,000 for the first five years and $50,000 for each of the subsequent years and an additional payment of $1 for each horse power year revisable after each period of ten years from the date the plant will have been put in operation. The company agrees that at the expiration of the first five years it will have installed 100,000 h.p.; at the expiration of the sixth year, 200,000 h.p.; at the expiration of the seventh year, 300,000 h.p.; and at the expiration of the tenth year, 500,000 h.p. The lease is granted without prejudice to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs and also upon the understanding that the lessee "who is presently negotiating with the Federal government shall obtain from the latter in so far as its rights are concerned, the authorization to divert a flow of forty thousand cubic feet per second (40,000 c.f.s.)" and in the event of the approval of the Federal government not being obtained within twelve months, the lease may be cancelled by the lieutenant governor in council.

(12) Having obtained the amendment to its charter and the lease from the province of Quebec, the company pressed its application to the governor general in council and on the 15th January, 1929, a hearing was held by the then Minister of Public Works and two other members of the Dominion government, at which were considered protests from shipping companies and power interests.

(13) The application originally contemplated the diversion of the whole flow of the St. Lawrence River. To meet the opposition to the application at this hearing, Mr. Aime Geoffrion, K.C., who appeared for the applicant, amended the application to read as follows:

"The application of the Beauharnois Light, Heat and Power Company now pending before the governor in council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from lake St. Francis, to be returned to lake St. Louis, and used for power purposes by the company between these two points; and any condition that the government may exact, in any wording satisfactory to the government involving that limitation, is accepted in advance by the applicant. If the enginers think that the plans should be altered to meet this declaration the company will submit to any such alteration."

(14) It should be noted that notwithstanding the limitation to the 40,000 c.f.s. the plans of the company and the works so far as constructed clearly show and the officers of the company and of the Department of Public Works admit that at all times there has been in contemplation the diversion of the whole flow of the river by this company.

(15) A committee of departmental engineers was constituted, composed of Mr. K. M. Cameron, chief engineer of the Department of Public Works, Mr. D. W. McLachlan, engineer in charge of the St. Lawrence Waterway Project, Mr. J. T. Johnstone, director Dominion Water Power and Reclamation Service and Mr. Louis E. Cote, chief engineer, of the Department of Marine, and on the 30th January, 1929, made a report which is part of Exhibit No. 17, in the file of the Public Works Department 804-1-D.

(16) Certain paragraphs of this report are as follows:

83. The 40,000 c.f.s. diversion project can be authorized without injury to existing navigation, if the plans submitted are subject to modification and to regulations embodying the restrictions referred to in this report.

89. Having regard to the application under the Navigable Waters Protection Act, now under consideration. your committee are of the opinion that the site and works proposed in the plans and application filed by the said company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the company and, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the Government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

14. The works proposed by the Beauharnois Company consist of the following:

1. A canal extending from Hungry bay, at the foot of lake St. Francis to Melocheville, at the head of lake St. Louis, said canal being contained between banks which are 1,100 feet apart where hard materials are encountered, and 4,100 feet apart, where soft materials are encountered.

2. A power house at Melocheville equipped with ten 50,000 h.p. units.

3. Regulating works at Thorn island and at Leonard island. These are designed to hold up the level of lake St. Francis, when a diversion of 40,000 c.f.s. from that lake is made.

4. A series of works in the four rapid stretches of the river between Thorn island and the head of lake St. Louis. These are designed to maintain existing depths in channels, and also to maintain existing levels at the head and foot of the Cedar rapids works.

15. The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

(17) The committee expressed disapproval of the remedial works and channel improvements and in paragraph 28 stated that the committee while offering the suggestions aforementioned can only recommend approval of these works subject to modifications to meet conditions as experience shows them to be necessary. In paragraph 31, the committee says, "the design of remedial works for use in the rapids below Grande island is not yet worked out in a satisfactory manner." It will thus be seen that the approval of this committee was qualified and that certain of the plans were not in their view sufficient.

(18) On the 8th March, 1929, order in council P.C. 422 was approved by His Excellency the

Governor General on the report from the Minister of Public Works. This order in council recites the application of the 17th January, 1928, the deposit of plans, the grant of the emphyteutic lease and the report of the aforementioned engineers.

(19) It sets out twenty-eight conditions, subject to which the recommendation for approval is made.

(20) The committee, on the recommendation of the Minister of Public Works, submitted for His Excellency's approval, under section 7, chapter 140, revised statutes of Canada, 1927 —the Navigable Waters Protection Act—(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder), the annexed plans of works and the site thereof according to the descriptions and plans attached in booklet form, which works were proposed to be constructed by the Beauharnois Light, Heat and Power Company with respect to the diversion of 40,000 c.f.s. from lake St. Francis to lake St. Louis in connection with a power canal to be built by the said company along the St. Lawrence river between the two lakes mentioned.

(21) By reference to the large plan submitted with the application, and referred to in the order in council P.C. 422, and which is Exhibit No. 2A, at will be observed that there are two cross sections shown, one at Mileage 144·3 which shows a width between the embankments of about 1,100 feet, this being typical of the rock section of the work. This cross section also shows a width at the bottom of the deep section of the canal of something over 1,000 feet. In the cross section which is given as typical for each section, at mileage 152.0 the width between the embankments is shown as about 4,100 feet, and the bottom of the deep section, approximately 27 feet, is shown as having a width of about 500 feet.

(22) Subsequently on the 29th July, 1929, modified plans were submitted to the Department of Public Works by the company, and for these there were on the 22nd August, 1930, certain other plans substituted. None of these has as yet received the approval of the Minister of Public Works, although the chief engineer of the department has recommended them for approval. Plans submitted on the 22nd August, 1930, did include plans for the remedial works, but such plans were subsequently withdrawn and as the matter now stands there is now before the department for approval any plan or plans of these remedial works.

(23) On the 10th February, 1931, the Beauharnois Light, Heat and Power Company applied to the Quebec authorities for a lease of a further 30,000 cubic feet per second, and has now obtained this right.

(24) On the 25th June, 1929, an agreement was entered into between the Beauharnois Light, Heat and Power Company and His Majesty represented therein by the Minister of Public Works of Canada, Exhibit No. 43, which agreement incorporates the terms and conditions of P.C. 422.

(25) On the 6th November, 1929, the Governor General in Council passed three orders in council, numbers P.C. 2201, 2202 and 2203, authorizing the transfer of three water power leases from the Montreal Cotton Company to the Beauharnois Light, Heat and Power Company, and on the 3rd December, 1929, three agreements were entered into between the Montreal Cotton Company, the Beauharnois Light, Heat and Power Company, and His Majesty represented therein by the Minister of Railways and Canals of Canada (Exhibits 7A, 8A and 9A) by virtue of which the Beauharnois Light, Heat and Power Company acquired with the consent of His Majesty the right to use and divert into the canal to be built 13,072 cubic second feet presently used by the Cotton Company at or near Valleyfield under an effective head of about 10 feet.

(26) A difficulty may arise in connection with these three leases by reason of the fact that the Department of Public Works takes the position that under the order in council P.C. 422 there is only authority to grant an opening in the Hungry Bay dyke sufficient to take 40,000 cubic feet a second (see evidence, page 363).

(27) On the 5th December, 1929, the Lieutenant Governor in Council of Quebec passed an order in council authorizing the diversion of this 13,072 feet.

(28) On the 20th March, 1930, the charter of the Beauharnois Light, Heat and Power Company was further amended by enactment 20 George V, chapter 136 (Quebec) which extended the expropriation powers of the company so that for the purpose of building its new canal it might "expropriate such lands as may be necessary, not exceeding in all 21 arpents in width."

(29) In the final result, the Beauharnois Light, Heat and Power Company appear to have obtained from the Dominion of Canada orders in council purporting to authorize the diversion of 53,072 cubic second feet, subject to their obtaining permission to breach the Hungry Bay dyke sufficiently for that purpose, and subject also to compliance with the conditions of orders in council and the approvals of plans.

(30) They have also obtained from the province of Quebec a 75 year lease for 40,000 cubic second feet, authority from the lieutenant governor in council of Quebec to acquire the use of 13,072 c.s.f. and in 1931 the right to use an additional 30,000 c.s.f.

5. Corporate Organization

(1) There were two syndicates prior to the incorporation of the Beauharnois Power Company Limited, the present holding company, the first being the Beauharnois Syndicate and the second the Beauharnois Power Syndicate. These will be referred to, sometimes, for convenience as the First Syndicate and the Second Syndicate, respectively.

The First Syndicate

(2) About the 12th May, 1927, Mr. Sweezey organized the syndicate known as the Beauharnois syndicate, having 5,000 units or part interests. This syndicate existed until the 4th April, 1928, at which date the holdings were as follows:

Member	Number of part interests	Issue price	Amount
		$ cts.	$
Blaiklock, S. Turnstall	25	100 00	2,500
Credit Generale du Canada	800	37 50	30,000
Dobell, Wm. M.	50	100 00	5,000
Geoffrion, Aime P.	200	100 00	20,000
Griffith, Hugh B.	150	100 00	15,000
Ibbotson, Ivan L.	25	100 00	2,500
Molson, F. S.	350	45 71	16,000
Moyer, L. Clare	800	37 50	30,000
McGinnis, Thos. A.	100	100 00	10,000
Newman, Henry	50	100 00	5,000
Newman, Sweezey & Co., Ltd., In Trust	1,050	42 86	45,000
Robert, Wm. H.	100	100 00	10,000
Shortt, Dr. Adam	10	100 00	1,000
Stadler, John	100	100 00	10,000
Sutherland, Wm.	25	100 00	2,500
Steele, R. W.	250	100 00	25,000
Sweezey, R. O.	900	.....	30,000
Kenny, T. Fred	15	100 00	1,500
	5,000	.....	261,000

(3) The units subscribed for in the name of the Credit Generale du Canada were subscribed and held for senator Donat Raymond.

(3A) 1,000 of the units in the name of Newman, Sweezey & Company, Limited, were held for Frank P. Jones and 50 for Fred M. Connell. The Honourable Walter G. Mitchell had a half interest in Mr. James' holdings.

(4) The units in the name of L. Clare Moyer are said to have been subscribed on behalf of the late Winfield Sifton. Senator Wilfrid L. McDougald states that on the 18th May, 1928, he agreed to acquire them, the transaction being completed about the end of that month.

(5) The units in the name of R. W. Steele were held for the Dominion Securities Corporation.

(6) The price to subscribers Raymond and Moyer was $37.50 per unit and Frank P. Jones acquired 800 of his and Mr. Mitchell's units from Newman, Sweezey & Company, Limited, at the same price.

(7) Of the 900 units in the name of R. O. Sweezey, 600 were issued pursuant to the syndicate agreement for consideration other than cash and the balance of 300 subscribed for at $100 per unit.

(8) The 350 units subscribed for by F. S. Molson were at an average price of $45.71 per unit.

(9) The Newman, Sweezey & Company Limited, units were at an average price of $42.86 and all other subscribers paid at the rate of $100 per unit.

(10) The average price of the 4,400 units sold for cash was $59.32.

The Second Syndicate

(11) On the 4th April, 1928, the Beauharnois Power Syndicate was organized and acquired the assets of the Beauharnois Syndicate, the consideration being two units of the new syndicate for each one unit of the old syndicate with the right to unit holders to subscribe for as many units in the new syndicate as each already held therein at $100 per unit, being the par value thereof.

(12) The members of the Beauharnois Power Syndicate holding 100 or more units or part interests, as on the 17th December, 1929, were as follows:

Members	Number of Part Interests
Gerald E. F. Aylmer & E. J. Mackell	100
S. Turnstall Blaiklock	100
A. L. Caron	221
Fred M. Connell	200
H. V. Cullinan & D. M. Carmichael	250
William M. Dobell	200
Dominion Securities Corporation Ltd	1,492
John P. Ebbs	5,200
Aimé Geoffrion	800
Hugh B. Griffith	600
Hanson Brothers Inc	110
C. J. Hodgson & Co	175
Angus W. Hodgson	740
J. Charles Hope	130
Jones Heward & Co	210
Thomas A. McGinnis	450
F. Stuart Molson	465
F. W. Molson	100
Montreal Trust Co	8,000

Members	Number of Part Interests
Henry Newman	395
Newman, Sweezey & Co. Ltd	410
O'Brien & Williams	101
Joseph H. Paull	100
W. C. Pitfield & Co. Ltd	152
Hon. Donat Raymond	351
Ritchie (R. L.) and Gilmore (K. F.) in trust	350
Wm. H. Robert, Joseph A. Robert, Miss Sarah M. Robert, personally, and as executors of the late Sarah Robert	200
William H. Robert	366
William Sutherland	100
Robert O. Sweezey	1,000
Part interest holders of less than 100 part interests	1,932
	25,000

All of these with the exception of part interests exchanged for holdings of part interests in the first syndicate, and the 2,000 part interests that were used to purchase the shares of the Sterling Corporation, and also except 200 units issued to the Robert heirs, were paid for at the rate of $100 per part interest. These 2,000 units are included above in the holdings of John P. Ebbs.

The 5,200 units in his name were held for Hon. W. L. McDougald, and will be referred to hereafter.

(12A) The capital of the Beauharnois Syndicate consisted of 30,000 units at the par value of $100 each, of which 25,000 were issued.

(13) The tangible assets of the first or Beauharnois Syndicate totalled not over $261,000 as on the 4th April, 1928.

Beauharnois Light, Heat and Power Company

(14) This company has been in existence since 1902, as previously mentioned. The control passed to Mr. Sweezey and his associates on or about the 3rd February, 1927. Under the agreement of that date (Exhibit No. 60) and according to the minutes of the meeting of the directors held on that day, Mr. H. B. Griffith was elected a director and secretary of the company. It was not, however, until the 13th June, 1927, that a board of directors consisting of Mr. Sweezey and his associates including Mr. R. W. Steele, representing the Dominion Securities Corporation, took charge of the company's affairs.

Beauharnois Power Corporation Limited

(15) This company was incorporated on the 17th September, 1929, by the Ottawa legal firm of McGiverin, Haydon and Ebbs by letters patent under the Dominion Companies Act. It was granted wide powers of acquisition and development of natural resources and in connection with the production, use, distribution or disposal of energy, power, water, light or heat.

(16) The authorized capital stock is five Management Preferred shares without nominal or par value; 1,799,995 Class A common shares without nominal or par value and 3,200,000 Class B non-voting common shares without nominal or par value.

(17) The holders of the five management preferred shares during the ten years next succeeding the date of the letters patent have the exclusive right to vote for the election of directors of the company. At the expiry of this period these automaticaly become Class A common shares.

(18) At a meeting of the company on the 31st October, 1929, held at the office of Messrs. McGiverin, Haydon and Ebbs, in the city of Ottawa, a proposed memorandum of agreement, dated the 31st October, 1929, between the Beauharnois Power Syndicate, the Marquette Investment Corporation and the Beauharnois Power Corporation Limited, was submitted providing for the acquisition by the company or its nominees of all the undertakings and assets of the syndicate except unpaid or uncalled balances in respect of purchases of units or part interests of the syndicate. The consideration was

(a) $4,750,000 cash

(b) the assumption by the company of the liabilities and obligations of the syndicate and

(c) the undertaking by the corporation to defray expenses not exceeding $10,000 of the winding up of the affairs of the syndicate and the distribution of its assets amongst the members.

The syndicate, on the other hand, agreed to subscribe at $1 per share for 1,000,000 class A common shares of the company.

(19) It was resolved that this memorandum of agreement be approved and executed on behalf of the company.

(20) The directors present at this meeting were O. F. Howe, and D. K. McTavish, barristers of Ottawa, and the Misses Belle Fraser, Lila Brennan, Edythe H. O'Malley, Bessie Conniffe, Lillian Dell, Elsie M. Burritt, Gwen Gunderson, Kathleen Havey and Mary H. Kelly, stenographers, all of the city of Ottawa.

(21) At this same meeting, according to the minutes, there was authorized a proposed agreement, dated the 31st October, 1929, between Beauharnois Power Corporation Limited of the first part and Newman, Sweezey & Company, Limited, and the Dominion Securities Corporation of the second part, providing for the creation and issue of thirty year 6 per cent collateral trust sinking fund bonds of the company to the authorized principal amount of $30,000,000 and for the sale to Newman, Sweezey & Company, Limited, and the Dominion Securities Corporation of the said bonds, together with 770,000 class A common shares of the company for the price of $27,000,000 and accrued interest of said bonds. This agreement was subsequently ratified by the shareholders at a meeting held on the same day and at the same place, the above named directors being all of the shareholders and all being present.

(22) The agreements were subsequently executed and carried out. The Beauharnois Power

Syndicate was dissolved as of the 17th December, 1929, its tangible assets at that time consisting of the amount paid in—aggregating for the two syndicates $1,561,000. This includes unpaid balances of subscriptions which on the final settlement were deducted from the amounts payable to the individual members, and $20,000 par of units issued to Robert in part payment for Robert's rights.

(23) The tangible consideration received in respect of the 25,000 part interests issued by the Beauharnois Power Syndicate may be shown thus:

Particulars	Part Interests	Amount
		$
Issued to members of Beauharnois Syndicate for the acquisition of the undertaking of that Syndicate	10,000	261,000
Issued for cash consideration	13,000	1,300,000
Issued for the capital stock of Sterling Industrial Corporation Limited	2,000	.....
	25,000	1,561,000

For purposes of exactness, it should perhaps be noted that the above amount of $1,300,000 includes $20,000 in respect of 200 part interests of Beauharnois Power Syndicate issued as fully paid to the Robert Heirs in part consideration of the purchase of the shares of Beauharnois Light, Heat and Power Company, etc.

(24) As a result of the agreement above mentioned, the syndicate members receive for each part interest $150, and 40 class A shares of the Beauharnois Power Corporation Limited, which class A shares are set up in the books of the company at $1 per share and have had a market value as high as $17 per share, the low price being $4 per share.

(25) On the above basis the cash profit paid to the members of the syndicate would amount to $2,189,000, to which should be added 1,000,000 class A shares, which were purchased by an additional $1,000,000 part of the consideration for the transfer of the syndicate assets. The above mentioned $2,189,000 was paid out of $27,000,000 received from the sale of the bonds and shares under the agreement with Newman, Sweezey and Company, Limited, and the Dominion Securities Corporation.

(26) The Marquette Investment Company is a company controlled by Newman, Sweezey and Company, Limited, and organized for the purpose of acting as trustee and depository and dispersement agent of the Beauharnois syndicate. (Exhibit No. 59).

Subsidiary Companies

(27) There are also the following wholly owned subsidiaries of the Beauharnois Power Corporation Limited, in addition to the Beauharnois Light, Heat and Power Company, namely:—

The Beauharnois Construction Company, having charge of the actual work of construction under contract; and the

Beauharnois Transmission Company, having to do with the actual transmission lines and the transmission of the electric energy to be produced; the

Beauharnois Land Company, in which is vested the lands of the company, including land acquired in addition to all that required for actual canal construction and which it is hoped to dispose of for industrial sites, residence and other purposes in connection therewith, the

Beauharnois Railway Company, organized to build and operate the construction railway; the

Marquette Construction Company, a Delaware corporation, organized to purchase in the United States and lease to the Canadian Construction Company certain machinery which it is hoped to return duty free to the United States after use on the canal, where it is said to be more readily saleable.

6. Authority for Construction Work

(1) According to Mr. Henry, actual construction on the north embankment was commenced on the 7th August, 1929, in the vicinity of lake St. Francis, and on the south embankment on the 23rd April, 1930.

(2) Condition 11 of order in council P.C. 422 provides that the company shall not commence the construction of the works until detailed plans of construction " . . . . have been submitted and approved of by the minister. . . ."

(3) The work as it is being carried out is not in accordance with the plans referred to in this order in council in certain important respects, viz.:

(1) The banks are about 3,300 feet apart, whereas the original plans show a width of about 1,100 feet in the rock section and 4,100 feet in the earth section.

(2) The width at the bottom of the navigation part of the canal is shown in the original plan, Exhibit No. 2a, in one place as considerably less than 600 feet, and in another as considerably more, whereas the actual 27 foot channel is being dug at a bottom width of 600 feet.

(3) The entrance to the canal from lake St. Francis according to the last plan filed on the 22nd August, 1930, and as actually being excavated, is some 3,000 feet northerly and nearer the head of the Cedar rapids than shown on the plan, Exhibit No. 2a.

(4) The remedial works shown on the original plan have not been approved either by order in council or by the minister.

(5) The Hungry bay dyke has been breached and a substitute feeder for the old St. Louis feeder dug on the south side of the proposed canal wholly without governmental authority.

(6) Certain questions have been raised as to the rights to pass order in council P.C. 422:

(1) Does the Navigable Waters Protection Act give the governor general in council the right to authorize the diversion of the water from a navigable river?

(2) Can any of the powers given under that Act to the governor general in council be delegated to a minister, or to anyone?

(3) Is the right of the governor general in council limited to the approval of plans already submitted, i.e., can the governor general in council approve of plans to be submitted in the future.

(4) Can the governor general in council approve of the plans after the work has been done or partly done, or in the alternative is his power limited to approval of work the plans of which have been submitted before the commencement of the work.

(7) Your committee finds as a fact that the work of construction is proceeding according to plans which have not received the approval of the governor in council or of the Minister of Public Works.

7. Hungry Bay Dyke

(1) The province of Canada in 1856 and subsequent year, constructed a dyke along the shore of that part of lake St. Francis known as Hungry bay. This dyke at Confederation passed to the control of the Dominion of Canada, and it has since been maintained through the agency of the Federal Department of Railways and Canals. It will be necessary before water can be diverted to the canal from lake St. Francis that permission be obtained from the crown in the right of the Dominion of Canada to breach this dyke.

(2) An application was made on the 29th day of July, 1929, for a conveyance to the company of that part of the dyke opposite the lands owned by the Beauharnois Company, to the extent of 9,064 feet measured along the dyke. This application is now pending.

8. Ambiguity in Order in Council

(1) Condition number 3 of order in council P.C. 522 provides that "the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second." If this means that at no time can the quantity of water diverted exceed 40,000 cubic feet per second, it is doubtful whether 500,000 h.p. can be developed by the use of that quantity of water, even adding thereto the 13,072 cubic second feet obtained by assignment of the Montreal Cotton Company's lease.

(2) Your committee is of the opinion that any ambiguity in this respect should be removed.

9. Control of Water

(1) The present plans do not provide for the control of the water at the entrance to the proposed canal. It has been stated in evidence that for this purpose and for reasons of safety, some method of control should be adopted, whether by way of a dam and gates, or a control lock at this point.

(2) Considerable time was spent by Mr. Henry in an endeavour to establish that proper control could be maintained by the Dominion authorities at the gates leading to the water wheels.

(3) Your committee was impressed with the idea that there should be some means of control at the entrance to the canal.

10. Site of Works

(1) The topography of the locality and the ground at the site of the works are of such a character as to render possible and of comparatively easy attainment the large power development contemplated at a quite reasonable cost.

(2) Your committee is of the opinion that from the physical standpoint a power development on the south shore of the Soulanges section of the St. Lawrence river is fundamentally sound and that with proper safeguards and regulation a navigable canal can be developed synchronously with the power develop- and utilized as a link in the St. Lawrence great waterway, at a reasonable cost to the Dominion of Canada for locks and bridges.

(3) While the present plans are not in accordance with the proposals of the International Joint Board for this section of the river mentioned in their report of 1926, nevertheless, in view of the amount of money already expended, and of the possibility, as we believe, of the utilization of this canal for navigation purposes, we think that from the navigation standpoint the scheme should not be abandoned.

11. Robert A. C. Henry—Vice-President and General Manager

(1) Mr. Henry is an engineer of considerable imagination. He first became interested in the canalization of the Soulanges section of the St. Lawrence river as early as 1922 or 1923. He then discussed the project with Senator McDougald.

(2) This resulted in an arrangement between them by which Mr. Henry was to make an investigation, Senator McDougald agreeing to finance him up to $10,000. As a result, a company called the Sterling Industrial Corporation, Limited, was formed in the office of Messrs. McGiverin, Haydon and Ebbs (Exhibit No 63). The incorporators were Honourable Andrew Haydon, John Parsons Ebbs, and Mary Hilda Kelly, Belle Fraser and Lila Brennan, stenographers, of the city of Ottawa. By the letters patent dated the 5th July, 1924, the company was impowered to carry on the business of an electric light, heat and power company in all its branches and incidentally thereto has wide powers. The authorized capital consists of 500 shares without nominal or par value and the letters patent provide that the company shall carry on business with a capital of $2,500, of which only five shares have ever been issued.

(3) On the same day—the 5th July, 1924—this company made application to the Department of Railways and Canals for the right to divert from the St. Lawrence River 30,000 c.s.f. at lake St. Francis and to use the same for power purposes. On the 7th July, 1924, a similar application was made to the Department of Public Works. The company never acquired any rights and so far as its minutes show never attempted to do anything other than file these applications. To each was attached a plan, Exhibit No. 62, dated Ottawa, 20th June, 1924, and signed John B. McRae, engineer, and having this note on its face, "This plan has been traced from plans made by the department of Railways and Canals."

(4) Mr. Henry joined the Department of Railways and Canals in 1912 as inspecting engineer of railways and structures. He remained in various capacities with that department until 1923 when he joined the Canadian National Railways on the 1st March of that year as Director of Bureau of Economics. He remained with the railways until the 14th February, 1929, when he was appointed Deputy

Minister of Railways and Canals, on the recommendation of the Prime Minister, by Order in Council, P.C. 192 (Exhibit 76). He held this position until the 10th March, 1930, and was appointed general manager of the Beauharnois Power Comporation, Limited, by agreement, dated the 10th March, 1930. His appointment to the Beauharnois company had evidently been under discussion for some time for Senator McDougald says (Evidence, page 960) that there was an arrangement with him (McDougald) and Mr. Sweezey that Mr. Henry would go in with Beauharnois as soon as he could get away from the Canadian National Railways and that was some time in 1929 and prior to the 13th January of that year, so that Mr. Henry accepted the position of Deputy Minister at a time when he had an arrangement to go in with Beauharnois. Senator McDougald says he was surprised when he saw a report in the newspaper of Mr. Henry's appointment as Deputy Minister—so surprised that he telephoned from London to Canada "because my understanding with Mr. Henry before I left Canada was that he would take up his duties with the Beauharnois company with Mr. Sweezey and myself just as soon as he could make arrangements to get away from the National Railways."

(5) It is worthy of note that the three Orders in Council numbered respectively 2201, 2202 and 2203, approving of the transfer of the leases from the Montreal Cotton Company all dated the 6th November, 1929, each contain the following:—

The minister, on the advice of the chief engineer of the department, concurred in by the Deputy Minister, recommended that authority be given, etc.

(6) Evidence was submitted that Mr. Henry had not been consulted about any matters pertaining to Beauharnois. His position, however, was to say the least, quite anomalous.

(7) The beneficial ownership of the Sterling Industrial Corporation Limited was and always has been in Senator McDougald and Mr. Henry until the transfer thereof to the Beauharnois Power Syndicate pursuant to the agreement dated the 18th December, 1928. By that agreement, Mr. Henry and his partner, Senator McDougald were to receive 2,000 units in the Beauharnois Power Syndicate, conditional on the passing of P.C. 422. It was not until August, 1929, that the actual interests of Senator McDougald and Mr. Henry were agreed upon at 50 per cent each but each affirm that it was always understood that they were partners in the transaction, so that during all of the time Mr. Henry was Deputy Minister of Railways and Canals, he had a very substantial interest in the Beauharnois Power Syndicate or, after the 17th December, 1929, in the Beauharnois Power Corporation Limited, an interest out of which he made quite substantial profits as will hereafter appear. He was Deputy Minister of Railways and Canals at the time of the passing of the order in council P.C. 422, and was deeply interested in securing the approval of the plans of the Beauharnois project and your committee is asked to believe that he took no active interest in securing the approval of the governor in council. One can easily imagine, however, that in his position as deputy minister he threw no obstacle in the way, once the obstacle or nuisance value of the Sterling application had been determined.

(8) Mr. Henry, at his appointment to the managership of the Beauharnois Power Corporation Limited, also obtained 8,995 shares of that company at $1 per share. Your committee is also satisfied that Mr. Henry participated to some extent at least in the withdrawal of company's funds for political purposes.

(9) Mr. Henry's connection with Senator McDougald, and their success in despoiling the company of a large sum of money or money's worth for something that on the evidence was entirely worthless, does not commend him to your committee as a fit and proper person to continue in the management of this great public utility.

12. Mr. R. O. Sweezey

(1) Mr. Sweezey seems to have been the principal promoter of the Beauharnois project. He is now president of the Beauharnois Power Corporation Limited, and is a civil engineer by profession.

(2) In 1912 he was engaged by the Royal Securities Corporation to investigate certain water powers, and in 1913 was instructed by the present Lord Beaverbrook, the then president of the Royal Securities, to investigate the water-power now known as Beauharnois. A copy of his report is filed as Exhibit No. 123.

(3) Mr. Sweezey states that in 1925 or 1926, Mr. Narcisse M. Cantin brought the matter again to his attention and it is stated by Mr. Cantin in his evidence, and not denied by Mr. Sweezey, that from the 4th April, 1925, to December of 1926, Mr. Sweezey was chief engineer of the Transportation and Power Corporation Limited, the Cantin company.

(4) As early as the 14th October, 1926, Mr. Sweezey had conceived the idea of forming a syndicate to take up the Beauharnois project, and his ideas of how to go about it are outlined in a letter written by him to Mr. Alderic Raymond, brother of Senator Raymond, on that date. In this letter he states: "To place ourselves in possession of all the rights essential to this undertaking we should pursue the following course:

"1. Acquire the Robert rights which are fundamental in regard to an initial grant which he holds to divert 40,000 c.f.s. He also holds rights granted by charter to expropriate for the proposed canal route. Numerous other incidental rights are included in his holdings which he is anxious to sell, though he wishes to participate partially in the organization syndicate.

2. Acquire the control of the St. Lawrence Waterways and Power Company stock, which is available to us, and upon which we have already a substantial hold.

3. Enlist with our syndicate two or three individuals, who in addition to providing some cash as their fair share, can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point. As the whole situation is entirely within the province of Quebec, our influence has to be exerted only in Canadian political circles—that is, at Ottawa and at Quebec. He further says: "In connection with personnel of syndicate, I have in mind the individuals we should enlist with us. . . . I have hesitated to accept anyone definitely until certain that each and every one is persona grata to all others."

(5) Asked as to who the persons he had in mind were, he at first could not remember. When later recalled and confronted with his answers on a former occasion under oath, he

admitted that they were Senator Raymond, Hon. W. G. Mitchell, and Frank J. Jones, the latter of whom was desirable only for his ability to help with the finances.

(6) It is obvious, therefore, that from the very threshold of this undertaking he had in mind that he had to associate with him men who could exert influence in political circles at Ottawa and at Quebec. How well he succeeded remains to be seen.

(7) He states that he had talks with Senator McDougald, "and I was trying to get from Senator McDougald his view as to what the difficulties would be in overcoming the political work to be done." This was probably in 1925 or 1926.

(8) Mr. Sweezey succeeded in enlisting the help of all these gentlemen, first Senator Raymond, who was a subscriber for 800 part interests or units in the first syndicate through the Credit Generale du Canada; Hon. Walter Mitchell, who was an equal partner with Mr. Jones in the units purchased by Mr. Jones from Newman, Sweezey & Company; and Mr. Jones himself; and ultimately Senator McDougald, who agreed to join the ranks on the 18th May, 1928.

(9) On the formation of the first syndicate Mr. Sweezey obtained 600 part interests for his activities up to that time, and he subscribed and paid for 300 units at $100 per unit. On the transfer of the assets to the second syndicate, his holdings doubled in number, and at the period of distribution, as of the 17th December, 1929, he appears by the books to have been the holder of 1,000 part interests.

(10) Mr. Sweezey's idea from first to last seems to have been that in order to secure the approval of the authorities at Quebec and Ottawa, it was necessary to deal with a lavish hand with his own moneys and those of the companies concerned. In pursuance of this idea he proceeded to employ a formidable array of legal talent, resulting ultimately in the payment up to the 31st December, 1930, of so called legal fees amounting to $436,000.

(11) The bills of some of these legal gentlemen show that the work was not of a strictly legal nature, and consisted to a certain extent of lobbying, and in fact one fee of $50,000 to Senator Haydon's firm was made contingent upon the Beauharnois Light, Heat and Power Company obtaining approval of its plans.

(12) Mr. Sweezey was also, in association with Mr. H. B. Griffith and at least two other unnamed directors, the instrument by which approximately $300,000 of company funds were misused, as he alleges for campaign purpose. This is surely contrary to the purposes for which these moneys were borrowed from the public through the issue and sale of the company's bonds.

(13) Your committee considers that Mr. Henry as general manager and Mr. H. B. Griffith, as secretary-treasurer, and director of the Beauharnois Light, Heat and Power Company, and other subsidiaries, are involved in this misuse of company funds. Mr. Sweezey's further activities in respect to campaign funds will be dealt with in a separate paragraph.

(14) According to the evidence of Senator McDougald, Mr. Sweezey and he had arranged that Mr. Henry should join the Beauharnois Company and the matter had been discussed prior to the death of the then Deputy Minister Grahame Bell, which occurred on the 13th January, 1929. It is, therefore, obvious that Mr. Sweezey must have released him from this arrangement and agreed to Mr. Henry's joining the Department of Railways and Canals at a time when he, Mr. Sweezey, knew that Mr. Henry had arranged to become interested as an employee of Beauharnois and this at a time when Mr. Henry, as the partner of Senator McDougald in the Sterling transaction, had acquired a substantial interest in the Beauharnois power syndicate.

13. Campaign Funds

(1) Mr. R. O. Sweezey has admitted in his evidence that he was responsible for the following contributions:—

(2) For contributions for political purposes aggregating $864,000 and which includes the sum of $125,000 paid to John Aird Jr., of which mention will be made hereafter. Of this total, approximately $300,000 were Company funds and the balance was raised by Mr. Sweezey personally and probably at least in part came out of the large profit made on the sale of the syndicate assets to the Beauharnois Power Corporation and, therefore, indirectly out of the moneys borrowed on the sale of the company's bonds. Mr. Sweezey states (Evidence page 821) that he contributed personally to the Liberal party "somewhere around $600,000 to $700,000." This large sum was paid to Senators Haydon and Raymond. On page 822, Mr. Sweezey says that the total contributions to the Liberal party would run up well over $700,000 and in this there was included a sum stated by Mr Sweezey to be in the neighbourhood of $100,000 and by Mr. Griffith to be about $120,000, which were company funds.

(3) Mr. Sweezey is unable to state how much was paid to them but he and Mr. Griffith agree that out of the sums paid to Senator Raymond, the Liberal party of the province of Quebec was to be taken care of. Mr. Sweezey says that he has no knowledge of how much went to the province of Quebec nor does he tell how much of the total amount was paid each of these two senators. He, however, ventures the statement that the amount received by Senator Raymond might have been in the neighbourhood of $200,000.

(4) On page 822, Mr. Sweezey is asked the question, "Then you spoke of contributions to the Conservative party. What amounts were they and to whom were they paid"? Answer—"They were small amounts. Some of them were to help personal friends whom I had been helping, as a matter of fact, for a number of years in their campaign work." Mr. Sweezey spoke of contributing $6,000 to the campaign of Mr. Leslie Bell and Mr. Bell in his return under the Dominion Elections Act is said to have published this contribution, as required by section 80 of such act. Contributions were also made, according to the testimony of Mr. Sweezey and Mr. Griffith, to General McCuaig, understood to be a collector for the Conservative campaign fund in Montreal, of $10,000. Mr. Sweezey is not clear as to whether there were any further contributions to the campaign fund of this party. Mr. Griffith, however, states that there was a contribution to Mr. Cartier and that the total contributions to Conservative candidates or party organizers were $25,000. Mr. Sweezey, on the other hand, thinks that the amount was $30,000 but refers to Mr. Griffith for the correct amount.

(5) Contributions were also made to Mr. W. R. P. Parker, president of the Ontario Liberal Association amounting to about $3,000. There was also a suggestion with reference to a proposed contribution to the Conservative federal campaign fund through its organizer, General McRae. This, however, was not made. Asked if the reason for its not having been made was that Mr. Bennett would not accept it, Mr. Sweezey in his reply said "I do not know that but I presume that may be so."

(6) There appears to have been a contribution of $20,000 to Mr. Cartier on behalf of the Conservative party of the province of Quebec, but it does not appear clearly whether this was included in the sum of $30,000 above mentioned or in addition thereto. This item of $20.000 appears in a cheque of the Marquette Investment Corporation, dated the 7th March, 1931, payable to cash, endorsed by Mr. Sweezey and charged to accounts receivable, in respect thereto Mr. Sweezey says, "I think probably that must be the item contributed to the Conservative party in Quebec."

(7) Asked by Mr. Jacobs who got that money, the answer was, "That went to the funds of the Conservative party." Asked who received the money Mr. Sweezey states, "Mr. Cartier, I understand it was on behalf of Mr. Houde's party."

The John Aird, Jr. Payment

(8) This leaves but one further item to be discussed—the sum of $125,000 paid by Mr. Griffith at the direction of Mr. Sweezey to Mr. John Aird, Jr., of Toronto. This sum, as to $120,000 thereof, was procured by a rather ingenious device; Mr. Griffith purchased 8,000 shares of the Marquette Construction Company, at $5 a share, for $40,000, and immediately purported to sell them to the Beauharnois Construction Company at $20 a share, for $160,000, and took out the difference, $120,000 in cash, which he used to purchase through Newman, Sweezey & Company, Dominion of Canada bonds at a par value of $120,000.

(9) Mr. Sweezey says (page 823): "I know we made a contribution to someone who represented himself as standing up for an Ontario fund of this kind," and that this representation was made to him by Mr. John Aird, Jr. Asked what Mr. Aird said, Mr. Sweezey's answer is: "That he thought a contribution would be in order to the Ontario Conservative party because we would probably be having a lot more dealings with the Ontario people and that gratefulness was always regarded as an important factor in dealing with democratic governments."

(10) The delivery of the bonds is said to have taken place some substantial time after the last Ontario general election, and the conversation between Mr. Aird and Mr. Sweezey is said to have occurred some months before the delivery of the bonds, which were handed over on the 6th December, 1929.

(11) Mr. Aird says in his evidence that the first interview with Mr. Sweezey took place at the Ritz Carleton Hotel, Montreal, in the early fall of 1929, at a time when the Beauharnois organization was negotiating for a contract for the sale of electric power to the Hydro-Electric Power Commission from whom they obtained a contract for 250,000 h.p. at $15 per h.p., on or about the 21st November, 1929.

(12) Mr. Aird, (evidence page 844) is asked whether the receipt of these bonds was on behalf of any political party, and his answer is "No." Asked on whose behalf it was, his answer is: "On my own." Asked this question: "Was it on behalf of anybody, or was anybody interested but John Aird, junior, personally in these particular bonds to the extent of $120,000?" his answer is: "No, sir, decidedly not."

(13) On page 847 of the Evidence there appears the following:

By Mr. Jacobs:

Q. It was not your intention to turn this over to the organization at all?—A. No, I did not give Mr. Sweezey any communication that I was going to do so.

Q. You swear to that?—A. Yes.

(14) On page 849, by Mr. Jacobs:

Q. You would swear you did not, directly or indirectly, represent to Mr. Sweezey that you were an emissary of the conservative political organization in Toronto?—A. Yes.

Q. You swear to that?—A. Yes, I do.

(15) Mr. Aird states that he belonged to no political organization of any kind and had not taken any interest in party politics, and also that the arrangement between him and Mr. Sweezey was purely a personal one between the two of them.

(16) Whether the truth lies on one side or the other, it is clear there is no evidence before the committee that would indicate that any of these bonds have reached any political organization, or any person authorized to receive campaign funds.

(17) Mr. Aird's statement is supported by the evidence of various bank officials as per details set out hereunder. Mr. Aird further stated that the coupons were personally collected by Mr. Aird. (Evidence page 974).

(18) The evidence establishes that the $120,000 par of bonds handed to Mr. Aird by Mr. Griffith on the 6th December, 1929, have been dealt with as follows:

(A) Held for safekeeping or as collateral by the Royal Bank of Canada, the Canadian Bank of Commerce, and the Bank of Nova Scotia		$ 65,000
(B) Sold		5,000
(C) Exchanged		50,000
		$ 120,000

The detail of the bonds exchanged is:—

(1) $10,000 for £3,100 G.T.P. 1962		£ 3,100
£2,600 held at Canadian Bank of Commerce, account Concrete Masonry	£ 2,600	
Sold	500	
	£ 3,100	

(2) $10,000 for $11,000 Province of British Columbia 1955		$ 11,500
Later exchanged for $11,500 Province of Alberta 1957—of which held at		
Canadian Bank of Commerce for safe keeping	$ 9,500	
Held at Royal Bank, account Champlain Construction Co	2,000	
	$ 11,500	
(3) $10,000 for $11,000 Toronto Harbour Commission 1953		$ 11,000
Held at Canadian Bank of Commerce for safe keeping	$ 5,000	
Exchanged for Eglinton Hunt	1,000	
Sold	5,000	
	$ 11,000	
(4) $10,000 for $12,000 Province of Saskatchewan 1957		$ 12,000
Held at Aird, McLeod & Co. as collateral	$ 4,000	
Held at Royal Bank, account Champlain Construction	8,000	
	$ 12,000	
(5) $10,000 for $12,000 Hydro-Electric Power Commission 1957		$ 12,000
Held at Royal Bank on account Champlain Construction	$ 12,000	
$50,000		

SUMMARY OF SALES

Bonds originally obtained from Griffith	$ 5,000
Grand Trunk Pacific £500 say	2,500
Toronto Harbour Commission	5,000
	$ 12,500

Mr. Aird's evidence is that the proceeds of bonds sold were expended for his personal purposes.

(19) Neither Mr. Sweezey nor Mr. Griffith pretended to speak with exactitude as to the actual amount of moneys contributed for political purposes. In this connection Mr. Sweezey says: "It was a very distasteful thing to me and I personally preferred not to know or remember much about it."

(20) Your committee considers that return should be made immediately of any moneys improperly taken from the companies' funds for political subscriptions by those responsible for their extraction.

(21) It is also to be observed that no pretence is made that the personal subscriptions were because of the adherence of Mr. Sweezey to any particular party and we are of the opinion that they were shamelessly wastefully and needlessly made for the express purpose of obtaining favourable consideration of the company's proposals to the government.

(22) That Mr. Sweezey was solicited for these contributions appears on page 822 of the evidence, where in answer to Mr. Lennox he states: "I could not deliver that amount of money in one fell swoop. I had to scratch it up where I could from time to time." Further on, in speaking of the $10,000 campaign fund to General McCuaig, Mr. Lennox remarked: "You did not treat us very generously." Mr. Jacobs: "The fact that the party is in power is some indication." Witness: "They did not press me so hard, sir."

(23) The evidence on page 826:

By Mr. Lennox:

Q. You said Senators Raymond and Haydon were designated as the proper persons to whom you should pay this fund? Who designated them?" Answer: "Nobody specifically designated them; I just happened to know it; they came and told me they were."

14. Senator Haydon

(1) The first connection of Senator Haydon with the Beauharnois project appears to be in 1924, when his firm incorporated for Senator McDougald and Mr. Henry the Sterling Industrial Corporation on the 5th July of that year and made the application of that company to the two departments of the government for the right to divert 30,000 c.f.s.

(2) His firm was retained by Mr. Sweezey for the Beauharnois power syndicate in the fall of 1928 under somewhat peculiar circumstances.

(3) Senator Haydon has been a member of the Senate since March 11, 1924, and was known to Mr. Sweezey to be a member of the Liberal party who collected campaign funds. The retainer was of an unusual character. The firm demanded in excess of $30,000 per year but Mr. Sweezey demurred and finally arranged that the firm of McGiverin, Haydon and Ebbs would be paid the sum of $50,000, conditionally upon approval of its application by the governor in council. On October 3, 1928, this firm received a cheque from the Marquette Investment Company for $7,500 for legal services. On page 728, Mr. Sweezey says in an interview with Mr. McGiverin, "However, by a compromise I agreed that if the thing got through, I would prefer to pay on that basis; if it went through I would pay him $50,000, and a retainer for three years at $15,000. . . . it is human nature to work harder at a price." Asked, in the event of failure what would happen, Mr. Sweezey's answer was "Well, he would have his expenses. At least I presumed that he would

have to have his expenses. . . . I was sure he would charge me something for it." This arrangement was apparently made, according to Mr. Sweezey, some time prior to the 2nd October, 1928 (Evidence page 729).

(4) On the 2nd October, 1928, a transfer was made to Mr. Ebbs of the Haydon firm, from Mr. Clare Moyer of the interest Mr. Moyer then held in the Beauharnois power syndicate for Senator McDougald.

(5) Mr. Ebbs, Senator Haydon's partner, acted as syndicate manager for some time representing Senator McDougald. The order in council was approved, Senator Haydon's firm was paid $50,000 and thereafter received several cheques in pursuance of the arrangement made with Mr. Sweezey by which that firm was to be paid a retainer of $15,000 per year.

(6) Senator Haydon was a man of note and standing in his party and was recognized as one of the official organizers of the Liberal party in Canada. Senator Haydon became the recipient from Mr. Sweezey and the Beauharnois company of sums of money for campaign purposes, said to be in excess of half a million dollars, and it is also to be noted that throughout this firm did not render any detailed bill for professional services, as shown by the vouchers (Exhibit Nos. 85 to 87 inclusive).

(7) In these circumstances, your committee is of opinion that the acceptance of the abovementioned contingent retainer and of the $50,000 involved, and of the campaign funds by Senator Haydon cannot be defended and is strongly condemned.

15. Senator Raymond

(1) Senator Raymond was appointed to the Senate on the 20th December, 1926. He, voluntarily, after the permission of the Senate had been granted, appeared before the committee on the afternoon of the 16th July, 1931, and stated that he had subscribed on the 1st April, 1927, at the suggestion of Hon. Mr. Mitchell and Mr. Frank P. Jones, for 800 units of the Beauharnois syndicate at a price of $30,000, which he paid. These became 1,600 units in the second syndicate and as was his right, he subscribed for 1,600 further units, in the name of J. R. Lefebvre, and made his holdings 3,200 units. On the whole transaction he realized as of the 17th December, 1929, $529,600 profit and 14,040 shares of class A stock of the Beauharnois Power Corporation, Limited. Senator Raymond sold all his originally acquired units at the same time that Mr. Frank P. Jones sold his at $550 per unit, and later Senator Raymond bought from W. G. Mitchell 350 units and from R. T. Fuller one unit in the Beauharnois Power Syndicate and he held these at the dissolution of the syndicate on the 17th December, 1929. His total profit was as above mentioned. He states that neither at Quebec nor at Ottawa did he exert or attempt any political influence on behalf of the Beauharnois applications. His evidence is that he "did nothing to push the deal." On page 794 of the evidence, Senator Raymond was asked:

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. I may take it then, from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

(2) At the conclusion of his evidence one of the members of the committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion and Prud'homme, counsel for the Beauharnois Syndicate (Exhibit No. 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Hon. Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

(3) On page 391, Mr. Frank P. Jones states "I certainly asked Senator Raymond over and over again if he could not do something to get some action."

(4) It transpired when Mr. Sweezey returned to give further evidence that Senator Raymond had received from Mr. Sweezey some $200,000 of campaign funds for the Liberal party. The commmendable frankness would seem to require that Senator Raymond should have disclosed this to the committee if he wished the committee to understand that he was stating fairly his connection between the government and the Beauharnois promoters.

(5) In view of Mr. Sweezey's attitude throughout and his views as to the necessity for political influence, it is hardly conceivable that Mr. Sweezey would pay this large sum of money over to Senator Raymond unless he at least was satisfied that the Senator's influence had been or would be worth the money and it is remarkable that Sanator Raymond did not insist on making some explanation of his position in this regard, in view of the evidence.

16. Senator Wilfrid Laurier McDougald

(1) Senator McDougald was first summoned to the Senate on the 25th June, 1926, but owing to the dissolution of Parliament was not then sworn in and his appointment lapsed. He was again summonded in October of that same year and was sworn in the following year. Since 1922, except for a short interval in 1926, until 1930, Senator McDougald occupied the position of chairman of the Montreal Harbour Board and, as he stated in evidence, assumed a position of high responsibility in connection with the development of the St. Lawrence Deep Waterway.

(2) In May, 1924, the then Dr. McDougald was appointed a member of the National Advisory Committee, whose membership included the Honourable G. P. Graham, as chairman, and Honourable Clifford Sifton, and several gentlemen interested in existing hydro-electric power developments.

(3) On the 20th April, 1928, Senator McDougald was appointed a member of the Special Committee of the Senate to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation and production of electric current and power and

matters incidental to such a project. That committee held several meetings in the month of May, 1928, and to which reference will be made more specifically hereafter.

(4) In 1923, Mr. McDougald became associated with Mr. R. A. C. Henry, as has been previously pointed out in this report, and as a result the Sterling Industrial Corporation Limited was incorporated and applications made to the Departments of Public Works and Railways and Canals on the 5th and 7th July, 1924, as already indicated.

(5) From this small beginning, the interests of Senator McDougald have expanded until at the time of his giving his evidence he was chairman of the Board of the Beauharnois Power Corporation, Limited, elected on the 20th of December, 1929, the holder of Management Preferred shares; a director of the Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.

(6) This expansion is almost comparable to the present Beauharnois project as compared with the original St. Louis feeder.

(7) The application of the Sterling Industrial Corporation was allowed to lie dormant until some time in 1928. On the 18th of May, 1928, senator McDougald agreed to take over 800 units of the first syndicate which had been subscribed for by Mr. Clare Moyer on the 4th of April, 1928, the day upon which that syndicate was dissolved, and upon which day a payment of $15,000 was made by Mr. Moyer, of moneys which he says he received in cash from Mr. Winfield Sifton. A further payment was made on the 18th of May, in an amount of $15,000 out of moneys which Mr. Moyer says were received by him from Mr. Sifton by way of a bank draft containing no information as to the person who was providing the funds.

(8) The 800 units thus acquired by senator McDougald became 1,600 units on the formation of the second syndicate, and he, in the name of Mr. Moyer, subscribed as he had the right to do for 1,600 more units at a price of $100 per unit, and for which he agreed to pay $160,000 and on which at the dissolution of the syndicate on the 17th December, 1929, he had paid $80,000.

(9) In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.

(10) As previously pointed out, senator McDougald through his representative, Mr. Ebbs, acquired for the five issued shares of the capital stock of the Sterling Industrial Corporation, Limited, 2,000 part interests in the second syndicate. These units were given for a corporation the rights of which, as has been pointed out by Mr. Cameron, chief engineer of the Public Works department, on page 1019 of the evidence, "would be of no value." The agreement was made in the fall of 1928, and the Beauharnois company considered these shares to be of such value that they still remain endorsed in blank, and have never been transferred on the books of the company. It can hardly be pretended that this company had any value, even as suggested, any "nuisance value" or was or could be thought to be any serious obstacle in itself to the application of the Beauharnois Light, Heat and Power Company to the governor general in council then pending. If so, there were two former applications in the department, one of which at least was based on an alleged acquisition of the Robert rights, which rights were the foundation of the Beauharnois application. Still, the carrying out of the agreement was made conditional upon favourable action by the governor general in council, and it is beyond belief that had that company not been owned by Senator McDougald, who represented himself to be a close friend of the administration, and R. A. C. Henry, soon destined to become deputy minister of Railways and Canals, or others equally influential, the Beauharnois Power Syndicate would have hardly considered paying for it even the nominal amount that had been subscribed as its capital stock, much less 2,000 units, which ultimately became $300,000 in money and 80,000 shares of the Beauharnois Power Corporation Limited but would doubtless have received the same consideration as was accorded the other prior applicants—namely, the privilege of being completely ignored.

(11) It is suggested that the handing over of this large number of units was in order to induce Mr. Henry to go over to the Beauharnois Company. Why any inducement, other than a doubling of his salary which actually occurred, should have been necessary in order to induce the man who had for at least six or seven years been most anxious to be connected with a Beauharnois project is difficult to understand, and your committee cannot accept that as the explanation. On the contrary we are convinced that the "nuisance value" consisted in the necessity of a large inducement to Senator McDougald in order that he, a possible obstacle in the attainment of the objects of the syndicate, might become so vitally interested therein that any possible opposition on his part might be obviated.

(12) That Senator McDougald was a factor in the success of this venture is apparent from the proceedings of the special committee of the Senate above referred to, of which he was a member. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry, then his partner in the Sterling company, come before that committee and answer certain questions. These questions had (see page 215 of the proceedings) been prepared beforehand by Senator McDougald and submitted to Mr. Henry.

(13) Mr. Sweezey in his evidence makes it very clear that the reason for his having done some of the extraordinary things which he did do was that time was of great importance from the standpoint of financing the enterprise, owing to the threatened financial crisis.

(14) On the 25th May, 1928, Mr. Aime Geoffrion, chief counsel for the Beauharnois syndicate, and who according to his bill for professional services had a number of interviews, starting on the 17th December, 1927, with Senator McDougald, wrote to Senator McDougald urging that there was "no reason for delaying the application to the Dominion Executive for approval of the Beauharnois plans under the Navigable Waters Act."

(15) The last question which Senator McDougald asked Mr. Henry on this occasion, on the 31st of May, 1928, was as follows:

(Page 232 of the committee's proceedings).

Hon. Mr. McDougald: The last question which I have, Mr. Henry, is, in your opinion should the improvement of the St. Lawrence waterway be gone on with as soon as possible, and if so, why?

It is to be recalled that thirteen days previously, on his own testimony, senator McDougald had agreed to become interested in this enterprise to the extent of 800 part interests in the Beauharnois syndicate.

(16) On the 19th of April, 1928, Senator McDougald in a speech delivered by him from his place in the Senate stated: "I want to say here, and to say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that company in any way, shape or form". . . "So far as I myself I am concerned I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches" (referring to despatches of the Toronto Mail and Empire and the Globe of April 18, 1928) "have cast upon me as a member of the advisory committee, as a member of this honourable body, and as a private citizen."

(17) On the 20th of May, 1931, senator McDougald, in referring to his former statement on this subject, and the date thereof, the 19th of April, 1928, made the following statement from his place in the Senate: "Honourable members of the Senate, before the orders of the day I rise on a question of privilege. According to the newspapers of this morning my honour and integrity as a member of this house have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National advisory committee reporting on the St. Lawrence Waterways. It was insinuated that our decisions and recommendations were influenced by personal interest in power development on the St. Lawrence. In this house I stated at the time that I had no interest in the Beauharnois Power Company or in the syndicate. That was absolutely true and correct. I may say at once that up to that time. . ." (that is April, 1928) "I had been invited on many occasions to become a member of that syndicate but had always declined. After that date I was asked again, and had the whole project investigated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois Syndicate."

(18) On page 930 of the evidence appear these questions and answers:

By the Chairman:

Q. That is not a correct statement, Senator, I suggest to you?—A. I suggest, sir, that is is a correct statement.

Q. Then your evidence yesterday was wrong, because you bought from Sifton in May?—A. I did not appear in it until October, Mr. Ebbs was my representative in October, and I became active in it in October.

Q. Is that your explanation for that statement?—A. That is my explanation for that statement. I was in the syndicate—

Q. Why, of course you were in the syndicate; here is your evidence?—A. The end of May, 1930, and not when I made the speech in the Senate.

Q. You say in your speech, distinctly that in October, 1928, you first took an interest in the Beauharnois Syndicate. Yesterday in your sworn testimony you admitted that you had purchased from Sifton in May, 1928?—A. That is correct.

Q. I suggest to you that your statement in the Senate was entirely wrong?—A. It may have been ambiguous, but it was not wrong. What I meant was I came into it in October through Mr. Ebbs. That is the first time I came into it. . ."

Q. Just before you go on with that, Mr. White, I want to complete the question I was putting to the Senator a moment ago (to the witness). While you were making this ambiguous speech, as you call it now, in the Senate on the 20th May, 1931, of course you were interested with Mr. Henry in the Sterling Industrial Corporation— —A. That is right.

(19) Further in his speech on the 20th May, 1931, Senator McDougald said: "I might add that I paid into the syndicate dollar for dollar with every other member of it."

(20) As previously pointed out in this report, Senator McDougald, Senator Raymond, and Mr. Frank Jones, bought their units in the first syndicate for many fewer dollars per share than any other of the members, except possibly Mr. Sweezey who got some of his for a consideration other than cash.

(21) It is also significant that Senator McDougald received considerable sums of money from the company for travelling expenses.

(22) How one holding the high offices to which he had been called, as chairman of the Montreal Harbour Board, member of the National Advisory Committee on St. Lawrence Waterways, a senator of Canada, and a member of the special committee of the Senate, above referred to, and as he himself has stated, having a high regard for his public duties, should allow his private interest to so interfere with his public duty that he found it necessary, speaking from his place in the Senate to be "ambiguous" and incorrect, it is difficult for your committee to understand.

(23) Senator McDougald's actions in respect to the Beauharnois project cannot be too strongly condemned.

17. Mr. James B. Hunter, deputy minister of Public Works, and Mr. Kenneth McKenzie Cameron, chief engineer of that department were called as witnesses and gave evidence. The committee desires to say that the evidence of neither of these officers appeared to be given in the manner which one might expect from departmental officials.

18. Present Financial Position

(1) The consolidated balance sheet of the Beauharnois Power Corporation Limited and subsidiaries, as of the 31st December, 1930, discloses:

1. Capital Stock—	
5 Management Preferred Shares, no par	$ 5 00
1,799,995 Class A Common Shares, no par	1,799,995 00
	$ 1,800,000 00
2. Funded Debt—	
Collateral trust sinking fund; 6% bonds, due 1st October, 1959	30,000,000 00
	$31,800,000 00
The assets consist of—	
Cost to date of property rights and power development in the course of construction	$28,768,816 53
Securities on deposit with the Quebec Provincial Government and the Hydro-Electric Power Commission of Ontario, etc	1,021,385 00
Investments (Brubacher et al)	200,168 00
Sundry accounts receivable	221,434 67
Cash and marketable securities held by the Royal Trust Company in escrow	2,325,546 67
Cash on hand and in bank	186,130 73
	$32,723,481 60
Less sundry liabilities	923,481 60
	$31,800,000 00
The item of $28,768,816.53 is made up as follows:—	
Real estate	5,189,783 82
Construction accounts	6,193,497 17
Equipment and temporary construction less depreciation	3,012,337 33
Engineering expenses	1,081,431 59
Interest during construction	1,338,795 43
Property rights and interest	11,357,888 87
Miscellaneous	595,082 32
	$28,768,816 53

The item for property rights and interest of $11,357,888.87 is made up of the items set out in Exhibit No. 127, and consists in part as follows:—

Issue of 10,000 part interests at $100 each to members of the Beauharnois Syndicate, as of 4th April, 1928, as part consideration for the taking over of assets and undertaking of Beauharnois Syndicate	$ 1,000,000	
Less net book value of assets acquired	261,000	$ 739,000
Issue to J. P. Ebbs, 2,000 part interests Beauharnois Power Syndicate, consideration for acquisition of capital stock of Sterling Industrial Corporation		200,000
Amount paid to Beauharnois Power Syndicate 17th December, 1929, as part consideration for the taking over of Beauharnois Power Syndicate undertaking	$ 4,750,000	
Less net book value of assets acquired	2,500,000	2,250,000
		$ 3,189,000

NOTE.—This figure represents the profits made by the Syndicates and includes $1,000,000 which was used to purchase 1,000,000 shares Beauharnois Power Corporation at $1 per share—the actual cash profit to the Syndicate members being $2,189,000.

Further items in Exhibit No. 127 are:—

Discount of 10% on issue of $30,000,000 Beauharnois Power Corporation, Limited, 6% collateral trust sinking fund bonds, due October 1, 1959, underwritten at 90		$ 3,000,000
770,000 shares of Beauharnois Power Corporation, Class A Common stock issued to under-writers, on which a book value of $1 per share was placed		770,000
Purchase by Beauharnois Construction Company of 8,000 shares of capital stock of Marquette Construction Corporation at $20 per share	$ 160,000	
Less issued price	40,000	120,000
		$ 7,079,000

An unaudited statement of the 31st of May, 1931, exhibit No. 128, as compared with the Consolidated Balance Sheet as of the 31st December, 1930, disclosed that the property account had increased by $5,781,185.74 to a total of $34,550,002.27, as compared with $28,768,816.53.

The Royal Trust Company escrow fund had been decreased by $1,430,396.67 for payments made to the Company for outgoings. Cash on hand had decreased by $113,857.31.

(2) In the liabilities the most important increase is a bank loan of $3,500,000 secured by the hypothecation of $5,250,000 of bonds of the Beauharnois Light, Heat and Power Company, being part of an issue of $20,000,000 bonds authorized for temporary purposes on the 15th day of January, 1931. At present the bank loans are, according to Mr. Griffith, about $6,000,000 secured by the hypothecation of $9,000,000 of these bonds.

(3) Accrued interest of bonds had been decreased by $150,000 which means that having regard to the monthly accrual of interest amounting to $150,000 in the interval between December 31, 1930, and May 31, 1931, $900,000 of bond interest had been paid. Miscellaneous accounts payable had increased by $881,770.75 to an amount of $1,355,252.35.

(4) As the situation now stands, the promoters of the Beauharnois Project involving the exploitation of a great natural resource have been able to secure to themselves a return of all moneys advanced by them or any of them, a profit of $2,189,000 in cash and 1,000,000 class A common shares, which, if saleable at the market quotation would at one time have been worth $17,000,000 and at to-day's quotation of $4 per share, would be worth $4,000,000. This cash profit was paid out of moneys borrowed by the Beauharnois Power Corporation Limited by the sale of its bonds.

(5) According to Mr. Henry, in order to complete the project up to the point where 500,000 h.p. will be produced, they will require a further sale of bonds in a capital amount of $46,000,000. If this were accomplished the power project would have been constructed completely on borrowed money and the promoters would be in control of this vast enterprise owning 1,620,000 of the class A shares out of a total issue of 1,799,995 and also the 5 Management Preferred shares which for 10 years give to the under-writers practical control of the company's affairs and all of this without the present investment of any money.

Your committee recommends:

1. That the parliament of Canada take such action as may be within its power, and without prejudicing the rights of the province of Quebec, to procure the development of this project in such a manner as will best serve the people of Canada.

2. That should the rights of the Dominion and the province of Quebec come in conflict, every effort be put forth to arrive at a satisfactory agreement, so that the project may not be imperilled by delay.

3. That definite action be taken to preserve the rights of navigation and the complete jurisdiction of parliament in respect thereto.

4. That the order of reference, the reports of the committee, the minutes of proceedings, the minutes of the evidence taken, and the exhibits filed, be printed as an appendix to the Journals of the House.

5. That a copy of this report be remitted to the Speaker of the Senate for the information of that house.

6. That such of the exhibits as have not been read into the record and are not on departmental files and were referred to be copied and the originals thereof be returned to the person producing the same.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Morand in the chair.

Cold storage warehouses, $453,708.08.

Mr. TAYLOR: How much is included in this vote for additional cold storage at Simcoe?

Mr. WEIR (Melfort): The amount is $15,000.

Mr. MOTHERWELL: I presume that a large portion of this amount is to take care of contracts already entered into. Assuming that that is right, I would ask the minister if he had not sufficient applications to obligate his spending the same amount of money as last year. In other words, why is there this reduction of $46,000? Are there not sufficient applications of a bona fide nature to justify the same expenditure as last year?

Mr. WEIR (Melfort): A number of them have notified us that they are not carrying on their contracts, and the payments will not have to be made this year.

Mr. MOTHERWELL: Are there any new contracts this year?

Mr. WEIR (Melfort): Yes.

Mr. MOTHERWELL: What are they?

Mr. WEIR (Melfort): They are as follows:

Federal Warehouse, Windsor, Ont.
Norfolk Fruit Growers Association, Simcoe, Ont.
Prince Edward Fruit Growers Limited, Picton, Ont.
Thedford Cold Storage Company, Thedford, Ont.
La Sarre Creamery, La Sarre, Que.
Georgian Bay Fruit Growers Limited, Thornbury, Ont.
Gagnon and Dufour, St. Felicien, Que.
Le Poisson de Gaspe, Barachois, Que.
Trenton Cold Storage, Trenton, Ont.
Penticton Cooperative Growers, Penticton, B.C.

Mr. VALLANCE: Why is there a reduction of $46,291.92 as compared with last year?

Mr. WEIR (Melfort): I have just explained that some of the contracts that have been entered into and accepted are not being carried out this year.

Mr. ILSLEY: Does the list the minister has just read make up the total amount of the vote?

Mr. WEIR (Melfort): Not entirely. There are some applications pending.

Mr. ILSLEY: Are the payments that are to be made all under the Cold Storage Act? I understand that in the past the government has made payments not under the Cold Storage Act. Is it proposed to continue that practice?

Mr. WEIR (Melfort): This year we are just making commitments under the Cold Storage Act.

Mr. ILSLEY: That is for the present fiscal year?

Mr. WEIR (Melfort): Yes.

Item agreed to.

Fruit, including grant of $8,000 to Canadian Horticultural Council, $502,200.

Mr. YOUNG: In this item is included a grant of $8,000 to the Canadian Horticultural Council. I have here the Dominion government telephone directory, and I notice in it this name: L. F. Burrows, 114 Vittoria street, centre block 772. This man Burrows is secretary of the Canadian Horticultural Council. I would ask the minister how his telephone comes to be connected with the exchange of this building, and what he pays for it?

Mr. WEIR (Melfort): In previous years when this association was formed and the grant was made, it was agreed that we would supply the council with an office and telephone service.

Mr. YOUNG: They are to have a free office in this government building at 114 Vittoria street?

Mr. WEIR (Melfort): That has been the practice in the past.

Mr. YOUNG: I know it, and they also get free telephone service, connected with the government exchange. As I understand it, this association was organized some years ago to promote the interests of horticulture in this country, but it was not long until they degenerated into a political organization. The secretary of this association carried on within the walls of this very building an active lobby against the late government. I know it, for he admitted it when I accused him of doing it. He and that association are responsible for a large amount of the protectionist propaganda that has been circulated among the farmers during the past few years. This association is not representative of the horticulturists of this country. It includes in its organization those engaged in horticulture and also those engaged in the commercial handling of horticultural products. At the annual meeting of the Canadian Horticultural Council last winter, the Ontario Horticultural Association decided to withdraw from this association entirely because of its political activities. I have before me a copy of the report of the convention. Mr. Carter of Guelph is reported as follows:

As your representative since the time the horticultural council was organized in 1922, and just to make myself right in regard to a statement made by Mr. Saunders, that if your representative had brought forward something there would probably have been something doing, I might state that the council, in my opinion, would be a wonderful organization for this society but not until such time as you people demand something more than what your representative can get for you to-day. The Canadian Horticultural Council was established for the purpose of helping horticulture in all its branches. Its branches extend to the canners, basket makers, etc., commercial bodies. You are the only body represented down there by one member. They send us a letter saying they have 85,000 members. You constitute 80,000 of that membership which they claim. You have one member on their board. If a resolution is proposed by that member, he seldom gets it seconded, because the institution is almost altogether commercial. There was only one circular which was of interest to this organization, and that was the one on shrubs, written by a gentleman in Nova Scotia, not a single item on the program last year that interested you. Now when we went before the minister in 1922 for a grant, the minister made it quite clear that his sympathy was with the amateur horticulturists, that the commercial men could very well look after their own, but he saw fit to make a grant of $8,000. That has been paid up to date, and now amounts to $64,000, and I can safely say that there has not been $3,000 of that money used in your interests. All of the legislation asked for in the last two years was for increased tariff, dumping duty, and all those things which affect only the commercial interests. When they go before the minister, or the government, it is always with that argument of 85,000 backing up their claim. That is not correct. You people constitute almost 80,000 of those, the other 5,000 are commercial but they use you to accomplish their purpose of securing tariffs and other things horticulturally.

I would say that we would not be far astray if we demanded twelve representatives out of the twenty-one and I would say to the members if you want to get what is coming to you and to make this organization of any value, drop your membership this year, tell them what you want, and if they are willing to give it to you. They will, with their commercial men, be a strong deputation on increasing duties, with the new government, and your membership will be the agency in that, to force the government's hand.

As a result of this speech made by Mr. Carter and a motion introduced by Mr. Klosterman, eighty thousand horticulturists of the province of Ontario decided to withdraw from membership in the Canadian Horticultural Council. To-day that council does not rep-

resent the horticulturists of Canada but represents only the commercial men who come to Ottawa and conduct government lobbying for increased tariffs. I said before that the secretary of this organization has personally conducted active political lobbying within the very walls of this building, and I object to paying money for political purposes to any such organization. I therefore move, Mr. Chairman, the following amendment:

That item 109 in the estimates be reduced by $8,000 being the amount of the grant to the Canadian Horticultural Council.

Mr. WEIR (Melfort): Mr. Chairman, I do not see how the Canadian Horticultural Council can be considered a political organization, on account of the very way in which the members of its executive are chosen. They are the people who year after year have appointed Mr. Burrows as their secretary. It may have been that in some matters they did not see eye to eye with the past government and I can assure the hon. member for Weyburn (Mr. Young) that since I took over the portfolio they have not seen eye to eye with me. If they did not feel that they should stand up for their own opinions, even in contradiction or opposition to any opinions that I might have, I would not think they were worthy of any grants. If they agreed with me in all things they would be unworthy of anything so far as their advice is concerned. Because they happen to disagree with one political party or another is no reason why we should consider them a political organization. From the very nature of their appointment I do not see how they could be political. In reply to the suggestion that the council is not representative of Ontario I would state that some of the most important officials in the Canadian Horticultural Council are residents of that province. As to the dissension in the ranks of the Ontario horticulturists I believe there was a very strong personal element involved.

Mr. MOTHERWELL: Mr. Chairman, during the last three or four years it has been my misfortune to disagree with the hon. member for Weyburn (Mr. Young) not only on this matter but in regard to the National Dairy Council grant. I take much pleasure in supporting the minister in both these expenditures. Because I find myself disagreeing with him upon so many occasions I embrace every opportunity which presents itself to support him. With regard to this particular grant I would say that any government making a grant to such a worthy and important organization would not make it for the purpose of purchasing its silence on matters pertaining to its own interest. Under those conditions they would never accept a grant. Naturally they have views regarding matters in which they are particularly interested, and they have thought for some time that their interest included some measures of tariff increase. They persevered in those views until the Dunning budget gave them some consideration and this government gave them much further consideration. This action would indicate that at least they were working along lines endorsed by public sentiment—that is, assuming that governments represent public sentiment. Surely we cannot assume that this important body representing the horticultural interests of Canada should be prevented from having views on tariffs because we extend to them a grant of $8,000. I think that would be a wrong attitude to take, and I for one would be opposed to it.

Before I sit down I have a question to ask. During the last year practically all the export apples of Canada have come under shipping point inspection. This inspection has been under consideration for many years. Five or six years ago British Columbia began such inspection for export and interprovincial trade and was followed by Ontario and Quebec. Last apple orchard harvest was the first occasion upon which inspection was carried out in the maritimes, and that action followed a commission carried out by the provincial government recommending that shipping point inspection be applied to the maritimes forthwith. I wish to know with what success that practice met, and if there was any evidence of greater acceptability in the British market for maritime apples since shipping point inspection was introduced last fall.

The CHAIRMAN (Mr. Morand): An amendment has been moved by Mr. Young to item No. 109. Shall the amendment carry?

Mr. YOUNG: In reply to the hon. member for Melville I would say that one of the few things I have against him is that while in office as minister he has taken vipers to his bosom in the form of the horticultural and dairy councils. These associations were nourished on public money and have become politically active. If it is justifiable to make a grant to the Canadian Horticultural Council to carry on political propaganda, and to urge their ideas in matters of increased tariffs, it is equally justifiable to give a similar grant to the Canadian Manufacturers' Association. What hon. member in this committee would justify such a grant to the last named association? Yet it is doing identically the same work as are the associations to which grants

are given. If the action in respect to the horticultural and dairy councils can be justified, then similar action in respect to the Canadian Manufacturers' Association could be justified. The minister has said that he gives the Canadian Horticultural Council credit for standing up for their principles. Nobody denies that, but we do take exception to the expenditure of public moneys for the carrying on of political propaganda. Only the other day the members on this side of the house almost with one voice condemned the Minister of Trade and Commerce (Mr. Stevens) —for what? For taking money out of the public treasury to spread protectionist propaganda. Having voted against the minister for doing that, how can they consistently vote for this $8,000 to the Canadian Horticultural Council?

Mr. MANION: Would it have been all right if they had spread free trade propaganda?

Mr. YOUNG: The consumers' league did not get a dollar from the government, and they did not ask for one. We have more right to a grant like this than those people have, because we have no axe to grind, we are working for the general good.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: Hon. members are laughing because they do not understand. They cannot conceive of any organization working for the general good. All they can think of is some specific benefit being secured for some particular party or group. We cannot consistently support this vote since we voted against the Minister of Trade and Commerce for spending public money to spread protectionist propaganda in the newspapers.

Mr. WEIR (Melfort): In reply to the hon. member for Melville (Mr. Motherwell), the shipping point inspection in the maritimes has been very good, and it has very materially raised the price of their apples on the British market.

The CHAIRMAN: (Mr. Morand): Those in favour of the amendment will please say "aye."

Some hon. MEMBERS: Aye.

The CHAIRMAN (Mr. Morand): Those opposed will please say "nay."

Some hon. MEMBERS: Nay.

The CHAIRMAN (Mr. Morand): I declare the amendment lost.

Mr. McMILLAN (Huron): No, sir, it is not lost. I endorse the words of the member for Weyburn (Mr. Young) to the letter, because I know that the secretary of this council travelled all over Canada in the interests of protectionist propaganda. He was right out to the Pacific coast, and when he came back he visited the Niagara district. I discussed the whole thing with him in my office. I also discussed it with the hon. ex-Minister of Agriculture (Mr. Motherwell). Before this government was in power I insisted that the item should be withdrawn, simply because the society was engaging in political propaganda. Those in control of the society have a perfect right, just as has any other organization, to conduct political propaganda at their own expense, but they have no right to conduct it on money voted from the treasury. For that reason I support the amendment which has been moved by my hon. friend from Weyburn.

Mr. GOTT: Just a year ago to-day hon. members opposite heard it.

An hon. MEMBER: Tell us what happened a year ago.

Mr. GOTT: The ex-Minister of Agriculture mentioned the Dunning budget. I am going to give the house a piece of poetry on the Dunning budget. I do not want to hold up the item, but the other night the hon. member for South Huron (Mr. McMillan) gave us a piece of poetry that has been on record at least a dozen times in Hansard, and now I am going to give hon. members a poem that has never been on record before. It is entitled "The Wreck of the Hocus-Pocus." The subtitle is, The King-Dunning Pact.

Since this day last July,
All the Grits wonder why
Premier King and his crew met defeat;
They have blamed the big crash,
On the lack of good hash,
That the unemployed needed to eat.

But these Grits just forget,
That the ocean is wet,
They are blind to the well-known rule;
That though Barnum was right,
It is only at night
All the folks any party can fool.

An hon. MEMBER: Are you talking on the item?

Mr. GOTT: Yes; this is on the Dunning budget.

"We have cheapened your tea,"
Was a great Liberal plea,
"We have cancelled the 'Pullman-berth tax;'
From the isle o'er the sea,
All your hay will come free,"
Was the gem of their infantile "cracks."

"Reduced rates of taxation
We submit with elation,
For we know that you'll hardly surmise
That with all these decreases
How your tax-rate increases,
Just as fast as the dust in your eyes."

"Wheat, oats and 'cut-flowers,'
In your leisurely hours
You can smoke in a 'cast-iron pipe;'
While for industries ailing,
We have nice 'country failing,'
Tariff duties their life-blood to swipe."

Then that empire tirade
With the flag well displayed,
To prevent us from using our reason;
Was considered by King,
As a mighty good thing,
Till our last "dairy-cow" shouted "treason!"

I presume this was the "dairy-cow" whose bellow in Marquette was heard from the Atlantic to the Pacific—the cow that produced the milk from which the cream came that produced the butter that caused the Liberal party to slide into the shades of opposition, where they are going to remain for many years to come. I will continue the poem, Mr. Chairman.

An hon. MEMBER: Onions.

Mr. GOTT: Yes, I can give you a little piece of poetry on onions, too.

And of course with the knowledge
That our chief learned in college,
When he raised up the "sales tax" galore;
He has taught you the system,
That though somehow you've missed them.
With less shekels your wealth is now more.

Then the few unemployed
Were no doubt overjoyed,
When they heard that the big-hearted chief
Had decided, by gorry,
If they lived near a Tory
Not five cents would they get to buy beef.

Then with vivid description,
That old stand-by conscription
He revived on the eve of the fight,
With fantastic pretension,
This King of dissension,
Warned Quebec of a war not in sight.

But these baseless deceptions,
And kindred conceptions
Were doomed to defeat ere their birth;
When the people had voted,
Premier King sadly noted
They had judged him for what he was worth.

From this wave-pounded wreck
Bennett captured Quebec;
Good true union again as of old
Shall guide Bennett's hand,
To reprosper this land
That our forefathers gave us to hold.

May God grant to this man,
Nearing life's given span,
True success in his greatest endeavour;
Through his efforts sincere
Bennett's name shall be dear
To the heart of this nation forever.

[Mr. Gott.]

It is just one year ago to-day, Mr. Chairman, that at this very moment there was considerable anxiety, and the people expressed their desire that the Conservative party should guide the destinies of this country for the next four years.

Mr. VALLANCE: Mr. Chairman, after listening to the oration by the hon. member for South Essex (Mr. Gott)—

An hon. MEMBER: No more poetry.

Mr. VALLANCE: No, I do not intend to quote poetry—may I convey to him the sincere thanks of the opposition for a portion at least of what my hon. friends opposite tendered the Prime Minister at the banquet this evening. We are indebted to him for that portion of the banquet, for his remarks smack of nothing more than the banquet; what he said had nothing whatever to do with the item under discussion. I find myself, Mr. Chairman, in absolute agreement with the hon. member for Weyburn. I am opposed to this vote for the reasons he gave. I do not think it is in the public interest that any organization, I do not care under what name it travels, should expend public moneys to propagate and spread over the country whatever theories it may have regarding public policy.

The CHAIRMAN (Mr. Morand): Shall the item carry?

Mr. MOTHERWELL: No, Mr. Chairman. I feel strongly on this question. Naturally I would because I think it was under our administration that this grant to the horticultural council was first introduced. Reference has been made to lobbying around the buildings. My recollection is that the horticultural council's system of lobbying consisted of this: By appointment they met members of the government in the railway committee room on a certain day; they met the former Prime Minister (Mr. Mackenzie King) the late Mr. Robb, the former Minister of National Revenue (Mr. Euler), your humble servant, and two or three other members of the government. Mr. Burrows, the secretary of the council, was there leading the horticultural interests with a large body of representative men from all over Canada. They must have been there at least an hour and a quarter making out their case before the government. Was there anything wrong in that? Nothing could have been more upright, nothing more honourable and fair. It is true Mr. Burrows made out as good a case as he could, but is that not what the council employed him for? I do not know that, from his standpoint, he went any further than he should, but I have

no doubt that he touched the low tariff susceptibilities of some of the people who listened to him. The very fact that both governments gave some consideration to those representations is an evidence that they were pedalling along the right lines, as I see it, and consequently they were not doing anything dishonourable or wrong at that time in making the representations they did make in connection with the tariff.

I would much rather be supporting my hon. friends who hold the opposite view than be supporting the ministry, but on the other hand I am not going to refuse to support the ministry when their course is identical with the course I took a year ago.

Mr. YOUNG: The explanation of the system of lobbying carried on by this body, as given by the hon. member for Melville, is not correct. It is true that this man Burrows, the secretary of that council, organized a deputation from all over Canada, which came to the government and presented its views in the railway committee room of this house, but what the hon. member for Melville does not know is that an active lobby was conducted in the corridors of this building in connection with individual members. Of course the ex-minister was not lobbied; they knew where he stood. It was those who took the other view who were lobbied. I know that to be so, and this man Burrows admitted it when I accused him. More than that, he openly boasted in this city that he hoped the United States would raise their tariff against us, because he said that was the only thing that would force the Liberal government to raise the tariff against the United States.

Mr. ILSLEY: I should like to come back to the question with which I was dealing a few moments ago; I refer to the questions of cold storage and pre-cooling. In the part of Canada which I have the honour to represent the pre-cooling of fruit before it is sent to the market is receiving a great deal of attention, and I should like the minister to say in a few words what the policy of his department is to be on the question of pre-cooling and cold storage grants. I understood, from his answers a few moments ago, that during the present fiscal year the government does not propose to make any advances except under the Cold Storage Act, and that all the advances in the list given were under that act. I should like to be quite sure of that, because I understood that certain advances of government money were made, not under the act but by the department under some policy of its own, to certain applicants in certain parts of Canada. I know the matter has been before the minister and that he has given it a great deal of attention, and I should like him to say a few words to the committee—for the benefit of my constituents, I will admit, because I want them to know the policy of the government—as to what he intends to do in this matter of grants for pre-cooling and cold storage equipment for fruit particularly.

Mr. WEIR (Melfort): The policy of the government is to give assistance, under the Cold Storage Act, to cold storage plants fruit and otherwise, which are open to receive public storage or which are operated by cooperative associations. All the grants we are making this year are under the Cold Storage Act, and as yet we have not received sufficient applications to take up the whole amount.

Mr. McMILLAN (Huron): Might I ask the percentage of the grant?

Mr. WEIR (Melfort): It is 15 per cent the first year, 7 per cent the second year, 4 per cent the third year and 2 per cent the fourth year.

Mr. McMILLAN (Huron): Which amounts to about 30 per cent in all?

Mr. WEIR (Melfort): Yes, roughly.

Mr. MOTHERWELL: I think that brings out the information desired by my hon. friend from Hants-Kings. Under the Cold Storage Act the grants are governed by statute, and the money must be paid out as my hon. friend has indicated. In addition to that, however, under the old government we had a distinct policy which came under what we called the pre-cooling vote. Under that vote a grant was given amounting to practically the same percentage as the cold storage grant, but it was all paid at once. It makes a great deal of difference to the fruit men whether they get the money all at once or whether it is spread over three or four years. I know the vote was not large but it met a very urgent necessity, especially in those districts which were heavily in debt in connection with the construction of large packing plants. That was particularly so in the Okanagan valley some ten or twelve years ago. They got their money grant under this pre-cooling vote all at once and equipped their packing plants with modern pre-cooling equipment beginning about the year 1923—the first of their kind in Canada.

I think my hon. friend the minister is making a mistake in departing from that policy. We usually had that vote included in the supplementary estimates, amounting to from $20,000 to $40,000. I see a long and very formidable looking list of individual payments in the supplementary estimates in connection with animals slaughtered outside the provisions of the Health of Animals Act, but they do not total very much. A vote of $40,000 or $50,000 would have meant a great deal in the establishment of pre-cooling plants in the various fruit districts of Canada. The supplementary estimates have been brought down, but we have heard of further supplementary estimates, and if the minister can get in his digs I would suggest that he include an item of about $30,000 for pre-cooling plants such as were suggested by the hon. member for Hants-Kings.

Item agreed to.

For experiments in dehydration of fruits and vegetables, $20,000.

Mr. DONNELLY: I should like to know what progress they are making with these experiments in the dehydration of fruits and vegetables.

Mr. WEIR (Melfort): Experiments are being carried on in Nova Scotia with the view of developing an apple cider free from the objections raised to apple cider in the past. It is hoped in that way to develop a market for the apples of Nova Scotia and to help the people learn the best apple for this particular use. We have there an arrangement with one of the cider pressing plants under which we carry on the experiments and provide the chemicals and some of the apparatus. The company does the bottling, buys the apples and puts the goods on the market. In Ontario we are carrying on somewhat similar work at Oakville and other places. In British Columbia also work is being done in connection with apricots, prunes and so on, because we feel that while we have a market now for practically all those fruits produced in British Columbia, since large numbers of young orchards have been planted which will be bearing fruit in the near future, we must do all we can to put these people in a position to market their products through another channel and thus compete with outside interests.

Item agreed to.

Progress reported.

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

[Mr. Motherwell.]

Wednesday, July 29, 1931.

The house met at three o'clock.

AGRICULTURE COMMITTEE

Mr. MARK C. SENN (Haldimand) presented the fourth report of the select standing committee on agriculture and colonization as follows:

At the first meeting of the committee held for this purpose, the Hon. Mr. Weir, Minister of Agriculture, made a brief statement outlining his reasons for making the reference, and the course which he thought the committee should follow:

Your committee has called and examined the following named witnesses:—

W. A. Brown, chief of poultry division, Department of Agriculture.

A. W. Ault, egg and poultry division, Department of Agriculture.

W. L. Brown, member of the firm of William Brown Company, cattle importers, Manchester, England.

A. A. MacMillan, chief of sheep and swine division, Department of Agriculture.

S. E. Todd, Secretary of the Industrial and Development Council of Canada Meat Packers.

W. A. Amos, President, United Farmers' Co-operative Ltd.

W. West, egg dealer, Almonte, Ontario.

Jas. C. Richardson, grain merchant, member of the Winnipeg Grain Exchange.

Sydney T. Smith, representative of the Winnipeg Grain Exchange.

Andrew Cairns, representative of Canadian Wheat Pool.

The agricultural products more particularly studied included eggs, pork and pork products, beef and beef cattle, and exportable wheat.

With respect to the production, grading and marketing of eggs, your committee was fully informed by witnesses, W. A. Brown, chief of the poultry division and A. W. Ault, both of the Department of Agriculture, and also heard representations by witness W. West, an egg dealer of Almonte, Ontario.

Departmental regulations governing the grading and marketing of eggs were carefully and fully examined and explained and the activities of the department officials charged with the enforcement thereof, fully gone into. The committee was informed that the federal government jurisdiction in this respect extended only to interprovincial and import and export trade, and that enabling legislation by the several provinces was necessary to the enforcement of such regulations. The position in this respect is that all of the provinces with the exception of Ontario and Quebec, have passed the necessary legislation to make enforceable the regulations promulgated in 1929. The regulations of 1924 are enforceable in the province of Ontario.

Notwithstanding the absence of authority to enforce the regulations of 1929 in Ontario and Quebec, the department officials find that voluntary cooperation by the trade is increasing from year to year.

Your committee is of the opinion that the principle of marketing poultry and eggs on a graded standard is in the interest of the producer, dealer and consumer, and recommends that every effort be made to insure the least possible difficulty in the handling, grading and

marketing of poultry products, and to guarantee the greatest possible return to the producer.

The committee was fortunate in having appear before it, Mr. W. L. Brown, a member of the firm of William Brown & Company, Manchester, England, buyers and importers of beef cattle. Mr. Brown gave a comprehensive statement of the conditions obtaining in the British market, the competition met and to be met by Canadian cattle, and the desirable class of beef cattle required by the British market. Mr. W. A. Amos, President of the United Farmers' Co-operative, Limited, also gave the committee valuable evidence.

The committee is of opinion that an export trade of increasing volume and value in beef cattle is open to this country dependent on the following conditions:—

(a) Careful breeding, feeding, selection and conditioning of Canadian cattle.

(b) Adequate shipping space.

(c) Reasonable transportation rates, both rail and ocean.

(d) A continuous and sufficient volume of available shipments the year round irrespective of the fluctuations in the market prices.

The committee therefore recommends that the foregoing conditions should be carefully and fully studied by the government with a view to bringing the same into effect.

Your committee went very thoroughly into the subject of hog production, breeding and marketing in relation to the requirements of the domestic market and the export trade.

Mr. A. A. MacMillan, chief of the swine division of the Department of Agriculture, Mr. Todd of the Canadian Packers and Mr. W. A. Amos, President of the United Farmers' Co-operative, Limited, gave valuable evidence in this respect. The committee held an informal meeting at the plant of Canada Packers, Limited, where, under the direction of Mr. Todd, a demonstration of the grading of live hogs was given, and an exhibit of dressed hogs of the several government grades was shown. Also cuts were made showing Wiltshire sides and the domestic cuts. This demonstration was exceedingly instructive.

The government hog regulations, their intent, effect, and application were fully considered and your committee is of the opinion that:

Every effort should be made to improve the present system of grading so as to secure the least possible difficulty in the handling and marketing of same, and to insure the greatest possible return to the producer. In this regard we commend the Department of Agriculture in the experiments which are being conducted by way of comparison of grading on the hoof and grading on the rail.

Your committee has also given consideration to the wheat situation.

Representatives of the Winnipeg Grain Exchange and of the Canadian wheat pools, upon invitation, appeared before the committee and expressed their views of the situation. Suggestions for the marketing of the carry-over wheat and of the export crop of 1931 were advanced. Reference was made to the negotiations now proceeding between the pools, the banks, the western provinces and the federal government.

In view of the evidence given before the committee, it is recommended that the government take whatever steps it may deem necessary to prevent a drastic decline in the price paid to producers of wheat, especially during the fall months when the bulk of the crop is being marketed.

Your committee commends the experimental work carried on by the Department of Agriculture and particularly urges the continuance of efforts to inquire into and to disseminate information to the farmers in respect to:

(a) The causes of and remedy for soil drifting, especially on the open prairies;

(b) Precautions to take in seeding down to grass or clover, or the planting of trees and hedges or other means;

(c) Any other matter pertaining to or allied with the live stock and live stock products industry in any part of Canada.

The important question of how to get the producer the maximum returns for his produce and the relation of the spread between producer and consumer was given careful study by your committee.

It is recommended that the Department of Agriculture should take whatever steps be deemed most efficient to obtain all available information on factors determining the spread between what the producer receives and what the consumer pays.

Your committee submits herewith its minutes of proceedings and evidence as an appendix to this report, and recommends that the said minutes and report be printed as an appendix to the Journals of the House.

BUSINESS OF THE HOUSE

SATURDAY SITTING

Right Hon. R. B. BENNETT (Prime Minister): I cannot say what progress will be made with the business of the house, but I thought it desirable that we should provide for a sitting on Saturday morning next at eleven o'clock, as we may likely conclude business that day. With the consent of the house I shall move the motion, or I shall put it on the order for consideration to-morrow as the house may think desirable.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: I beg to move:

That on Saturday first August next, the house shall meet at eleven oclock in the morning. That in addition to the usual intermission at six o'clock, p.m., there shall also be an intermission from one to three o'clock, p.m., and that the order of business and procedure shall be the same as on Friday.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*TRADE TREATY WITH CUBA

Mr. MacLEAN:

1. Have any steps been taken by the government to negotiate a trade treaty with Cuba to insure the continuation of our market there for Canadian potatoes?

2. If so, what progress has been made and what are the prospects for a reciprocal arrangement for the exchange of products?

Mr. STEVENS: I thought I had the answer to this question under my hand, but I find I have not. I can, however, answer it in a sentence. The subject matter of questions one and two are under study by officers of the department, and the whole matter is under consideration by the government.

MR. JEAN BOUDREAU

Mr. CASGRAIN:

1. Is the Minister of Marine aware that complaints were made against Mr. Jean Boudreau, lightkeeper at Havre St. Pierre, on the north shore of the St. Lawrence river?
2. If so, what was the nature of these complaints?
3. By whom were they made?
4. Did the Department of Marine, through one of its officers, write to Mr. Boudreau asking him to admit his culpability following the complaints that had been made against him?

Mr. DURANLEAU:

1 and 2. The Minister of Marine is aware that charges of political partisanship have been made.

3. Azade Boudreau.

4. No, he was asked if the charges were well founded.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF—MATANE COUNTY

Mr. LARUE:

1. How much money was spent for the relief of unemployment in the county of Matane?
2. How much for direct relief?
3. How many man's days' work were provided?
4. How many families were granted relief thereby?
5. What is the actual cost of public works and undertakings which have been carried out in the above county?

CANADA POWER AND PAPER COMPANY

Mr. COOTE:

What amount of debentures, subsidiary first mortgage bonds, preferred shares and common stock, or other securities of the Canada Power and Paper Company and associated companies which are affected by the reorganization plan of the security holders' protective committee of the Canada Power and Paper Company were held as at December, 1929, by each of the following companies:—

Sun Life Assurance Company,
Great West Life Assurance Company,
Canada Life Assurance Company,
Mutual Life Assurance Company of Canada,
Dominion Life Assurance Company,
Manufacturers Life Assurance Company?

[Mr. MacLean.]

Mr. BENNETT: As this question is a little long, it may stand as an order for return, and the information is tabled herewith.

UNOPPOSED MOTIONS FOR PAPERS

MR. J. A. BELANGER

Mr. MARCIL:

For a copy of evidence and report in the case of J. A. Belanger, postmaster of St. Jean l'Evangeliste, in the investigation made by Mr. Gerard Simard on charges of political partisanship.

MAJOR M. P. NEILLY

Mr. HEENAN (for Mr. Ralston):

For a copy of all memoranda, telegrams, recommendations, representations, petitions, communications, and other correspondence to or from the Minister of Immigration, or any other minister or ministers of the government and to or from any official of the government or of the Civil Service Commission, or any other person or persons, having reference to the dismissal of Major M. P. Neilly from the staff of the Soldiers' Settlement Board on June 30, 1931.

MOTION FOR PAPERS

WESTERN CLOCK COMPANY LIMITED

Mr. MARCIL (for Mr. Bouchard):

For a copy of all correspondence, letters and telegrams passing between the Western Clock Company Limited of Peterborough, or any official of the company, and the Minister of Finance, and to any other member of the Dominion government, during the year 1931.

Mr. BENNETT: On Monday I mentioned that this notice comes within the provisions of the exception that we have taken steadily this session, that matters of this kind containing information with respect to costs and business of competitors should not be tabled. There are some telegrams asking what action has been taken. They can be tabled, but nothing beyond that.

Mr. SPEAKER: Perhaps in the absence of the hon. member in whose name the motion is presented, it had better stand.

Motion stands.

UNEMPLOYMENT RELIEF

On the orders of the day:

Hon. W. D. EULER (North Waterloo): I should like to address an inquiry to the Prime Minister based upon a communication which I have received from the mayor of the city of Kitchener. He refers to the plan apparently made by the Ontario government for sending single men to construction work in northern Ontario as a method of dealing

with unemployment relief and also to the relief work which must be given to married men in towns and cities. In addition, he refers to the urgency of some decision; he states that a decision in connection with these matters must be made by the federal government and he urges that it be made as soon as possible so that the municipalities may make their preparations. I should like to ask the Prime Minister whether he could make a statement in regard to the matter in order that the municipalities may make preparations in due course.

Right Hon. R. B. BENNETT (Prime Minister): I take it this is a matter in regard to which the municipalities are in communication with the provincial government. There are no communications between the municipalities and ourselves; they are dealing with their governments. It is a matter between the municipalities and the provincial governments.

Mr. EULER: But surely it is dependent on what this government will do.

Mr. BENNETT: That is a matter between the province and us, not between us and the municipalities.

JAPANESE IMMIGRATION

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Minister of Immigration and Colonization regarding the exposure of an extensive province-wide conspiracy to evade immigration laws in connection with Japanese entering Canada. Fred Yoshi, former interpreter in the Department of Immigration and a few others are accused of a conspiracy in regard to forging papers enabling Japanese to enter this country illegally. In view of such allegations and the serious state of affairs, is it the minister's intention to pursue this matter with a view to checking up all Japanese legally or otherwise in British Columbia?

Hon. W. A. GORDON (Minister of Immigration): In reply to the hon. member, the checking up of Japanese illegally in Canada goes on constantly. That is true not only with respect to Japanese but any other people who are illegally in Canada. Regarding the particular matter to which reference has been made, an investigation was commenced by the officers of my department, with the assistance of the Royal Canadian Mounted Police. The interpreter was, of course, discharged from his position. That investigation is proceeding, and in due course I shall receive a report of what disclosures, if any, there may be.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURAL DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to unemployment and farm relief; and for the maintenance of peace, order and good government in all parts of Canada; and to authorize the governor in council to expend for the said purposes out of the consolidated revenue fund such sums as may from time to time be necessary.

He said: Perhaps it would be advisable for me to make a statement now, or if the house prefers, I will do it after the Speaker leaves the chair and the house resolves itself into committee.

Mr. MACKENZIE KING: Do it now.

Mr. BENNETT: The adoption of this resolution lays the foundation for the introduction of a bill for the purpose of vesting in the governor general in council during the recess of parliament and until the end of the fiscal year full power to redress so far as it is possible the conditions of unemployment and distress now prevalent in certain sections of the Dominion. Comprehensive measures of relief cannot under the circumstances be undertaken without the expenditure of large sums of money. The expenditure of moneys not directly derived from current revenues should not be made without the clearest justification, and the justification which we plead, and which we claim is sufficient, in the interest of Canada as a whole.

The economic situation is apparent to parliament and to the public. It is not the intention of the government to minimize the gravity of it, nor is it its desire politically to profit by it. After the most searching inquiry the full facts of the situation are before us. The causes underlying the present state of affairs may be analyzed at another time when the electors are again asked to determine the form of economic structure most likely to sustain this country in hard times and to prosper it in better times. During the campaign which ended a year ago yesterday I repeatedly said that many of the causes contributing to the disruption of business in other lands had no place in Canada. I said so then; I say so now, and I maintain that this country has a right to expect that however good conditions may be elsewhere, they should be better here. This government

is not content with the knowledge that others are suffering more than we. What alone concerns us is that many of our people are now in want, and unless extraordinary measures are taken many more will know hardship and privation in the coming months of winter. Knowing this it becomes our solemn duty to aid them. In the short session of parliament last September and in the one now drawing to a close this government did all within its power to strengthen our economic structure and to repulse the wave of world-wide economic depression which was then upon us. I believe that we may fairly claim to have done much. The facts support this belief, but the maximum benefits of any measure of reform cannot be realized in a day or in a year. But, indeed, a short time more I think will prove conclusively that we were right. Of that I am convinced, and of this as well, that the policy of this government will put Canada in the van of the world's recovery.

I have said that I do not wish to make political capital of the present situation. I do not claim that even had this country for many years known the ideal in economic policies we would have been unaffected by the present world conditions, immeasurably aggravated as they have been recently by the partial failure of the wheat crop in the west. In that regard if hon. members of this house will study the immigration returns for the fifteen months prior to the 7th day of August, 1930, they will find some reasons why the economic conditions in this country were as we found them on that day. Further, if they will study the exports of this country and observe that during the fifteen months before the 7th day of August, 1930, they began to dwindle, and if they will study the relation of imports to exports, they will realize the reasons that compelled this government to take the action it has done to repair the injuries to our economic structure which have resulted in the conditions to which I refer. To say, however, that these were wholly responsible for the conditions prevailing in this country would be unjust and unsound. In the past twelve months economic conditions throughout the world have grown gradually more acute. No normal legislation could have immediately and entirely offset them. It therefore becomes necessary for parliament to meet the situation, in so far as it lies within its power so to do, by legislation specially designed for this abnormal situation. This government has had under the most careful consideration the means most likely to achieve that purpose, and has come to the conclusion that the best way to strike at the root of the present trouble is to accelerate the natural progress of development by immediately commencing upon the construction of some such public works as will inure to the benefit of Canada. This program of national upbuilding is known to parliament and the country. The Conservative party was pledged to it in the campaign of last year, and after I was called upon to form a government I reaffirmed that pledge. When parliament met in the month of March last it was hoped that the amelioration of world conditions and a bountiful harvest in this country would, before the winter, result in a situation readily improveable by the measures of economic reform which have been passed. While that hope was possible of fulfilment, wisdom counselled the strictest conservation of our national revenues.

I need hardly point out that the $20,000,000 that we voted in September last has given employment up to the end of July to upwards of 310,000 people, and it has resulted in contracts outstanding and work being done to the extent of some $70,000,000, scattered over every part of Canada, and every one of the undertakings assisted by that grant may be considered a work for the advantage of Canada as a whole, commencing with half a million for subways and going all down the line of public works, including road building. The amount expended for direct relief—I say direct relief—has not exceeded $2,000,000. It has not reached that sum. Under the circumstances I think it will be realized that the national character of the relief afforded, which would be the only justification of our participating in relief operations at all, has been abundantly shown by the results which have been attained. But, as I have said, when we found this year that there was hope of an abundant harvest we realized that the conservation of our revenues was a duty of the first magnitude so far as this parliament was concerned, and we acted accordingly and awaited the harvest. But alas! for the second and even the third season the crops of the west have in large part been ruined by lack of moisture. During the last three weeks there was such an improvement as warranted the belief that there might be substantial quantities of green feed, for instance, available to take care of the stock and herds of those who live upon the prairies. But even that hope is now apparently destroyed, for the very scorching suns of the last few days have entirely changed that picture.

World conditions too, have since grown worse. The harvest as I have said, is in part a failure. In the opinion of the government therefore the circumstances justify an early

expenditure of a sum of money which normally would have been spread over a period of years. Such moneys do not come from current revenues, and I believe a judicious outlay now will not be reflected adversely in the revenues of the country in the next few years. This, as I say, is a departure from settled procedure and practice based on our program, as we prepared it, from anticipated revenues. Normally it would not be justified, but under present conditions no true Canadian can cavil at it because it means increased employment, comforts and happiness to thousands of our citizens in the coming winter who would have had to go without the necessities of life. Nor need prudent citizens be unduly concerned over proposed expenditure; this country is solvent. If our people are assured of health, happiness and the means of livelihood, no capital disbursements, unless wantonly made, can impede our national fortunes built up by hard and intelligent working out of the vast riches which are our heritage.

I think everyone within sound of my voice to-day will agree with those propositions. Anyone, however, can be optimistic in good times. Optimism in bad times is bred of courage, faith and the capacity to endure. These are the dominant characteristics of Canadians. Not that I would urge the people of this country to nurture unfounded hopes; anxious times are yet ahead, and hard work and patience and self denial are needed to bring good times out of them. But I hold that if we steadfastly maintain our belief in our destiny, which we do, and are prepared to meet the future with courage, which we are, then in this testing time we may fortify ourselves with the knowledge that following close upon the condition of to-day will come an era of true prosperity, fore-ordained, to those who have not swerved in their faith to themselves and to their country.

The pioneers of this country had to make for themselves their homes, and they had practically to provide from the soil, the sea, the rivers and the forests the wherewithal to enable them to live. We have lived in easier times. But we must fortify ourselves with the thought that the courage of the pioneers was never more required than now, and there never has been a time when faith in the ultimate destiny of our country was more required than it is to-day among the Canadian people.

The government realizes however that no matter how comprehensive this constructive program may be there will remain those who cannot directly benefit from it. That is, there are those who may not benefit from constructive works carried on by the federal authorities with the provinces, and through the provinces with the corporations, towns and cities of the country. There are classes within the community who cannot work or for whom suitable work cannot be provided. These classes the government will assist either through the instrumentality of the provinces, and either public or private institutions, as may seem best, and in such ways as may seem most likely to assure the greatest measure of relief. No one will be asked to accept direct relief for whom suitable work can be procured.

During the last few days I have received telegrams from the province of Saskatchewan suggesting that it was not desirable that direct relief which might be regarded as charity should be accorded to those hardy settlers who have lost their all for the third, and in some instances the fourth succeeding year, but rather that they would like to execute some document which would indicate that they regarded the help given as an obligation which they might some time be able to pay. I would say to my good friend from South Huron (Mr. McMillan) that that indicates at least the attitude of most of those who at the present time are without crops and who have had the third succeeding crop failure.

Mr. McMILLAN: (Huron): Why does the Prime Minister address that expression to the hon. member for South Huron?

Mr. BENNETT: Because of his observation the other day regarding the five cent bonus on wheat.

Mr. McMILLAN (Huron): And the observation was entirely justifiable.

Mr. BENNETT: Quite so. Nobody will be permitted to accept direct relief who is able to undertake work which is offered to him. I need hardly say that even at this early date in the history of this country there are not lacking evidences of an unwillingness to work on the part of those who believe that this country should give them money for nothing. The other day a parade came up this hill, and I had taken the trouble to make some investigation with regard to it. One at least of the participators in the parade the day before had been driving a Ford car, soliciting charity from various homes in other parts of this city. His conversations on those occasions are a matter of record. In every part of this country there are some evidences of that, already,—that is, evidences

of a willingness to accept from the state charity, and charity from private sources as well, rather than to work. So the principle upon which we endeavour to proceed and will proceed is that where there is work there will be pay, and that if an individual is capable of work and will not work there will be no benefits. If there be those who think to increase the public burdens by unfairly casting themselves upon the state it will be our duty to make them as self sustaining as circumstances will permit. The people's money is not for those who are able but unwilling to care for themselves. I warn them of that now. The measures we shall take will be denied their fullest benefit without the generous cooperation of all classes in the land. Upon that cooperation we confidently rely. If any deny that cooperation, then they cannot properly look to us for support.

In that regard the measure provides for the maintenance of peace, order and good government in Canada. It is not for a moment to be thought that an insignificant number of strongly vocal persons shall be able so to affect the populace of this country as to make it impossible for us, in cooperation together as Canadians, to work out our destiny. I say that class, happily, is few in number. But in this present situation they now see an opportunity propitious to the prosecution of their pernicious political doctrines. This is a land of freedom where men may think what they will and say what they will, so long as they do not attack the foundations upon which our civilization has been built. But as we have freedom, so have we justice, and it is not just nor right that now or at any other time we should permit such action by words or deeds as may tend to unsettle confidence in the institutions and customs under which we live. Most of our legislation is framed upon that assumption. For instance, the Naturalization Act provides for the cancellation of naturalization certificates where by act or speech the individual has indicated that his purpose is to create disaffection in the minds of those to whom his speech may be directed. If in times past we have had recourse to the provisions of that act, and will have in the future, it is because we realize that although they are few in number who thus attack our institutions and who in the name of free speech imperil the very existence of those institutions, it is not proposed that in a time of crisis and peril such as the present they should be permitted to make it more difficult for those who would cooperate to work for the common good. If the government is given reason to believe, as there may be some cause for its so believing, that there is a settled purpose in the minds of a considerable number of people—not large, numerically, but scattered over the various parts of Canada—to take action against the maintenance of law and order, or make attempts to impede the difficult task with which we are charged, then we will take such action as in the judgment of the executive of this country, the cabinet who are the board of directors for the time being administering the affairs of this country, as will free this country from those who have proved themselves unworthy of our Canadian citizenship.

I have said, sir, that the resolution does not contemplate the fixing of an amount that should be expended. It would be difficult indeed at this time to indicate with any degree of precision the exact sums that may be required to be expended for the public good. For that reason someone has said that the government asks for a blank cheque. It is not that. We ask between now and the expiration of the next fiscal year that the board of directors of this country, charged as it is with responsibility, and with a deep sense of its responsibility, shall discharge its duties from a financial standpoint as it best can and take the chances that are incident to so doing by submitting an account of its stewardship to this parliament before the 31st day of March next. That is the position we take with respect to the matter. It is nothing new. I was thinking yesterday, when someone was making an observation akin to criticism of the governor in council being permitted to have a large discretion as to the amount that may be expended for the purposes in question, that only a few short years ago my friends who now sit opposite, and who then constituted the government of this country, passed a statute, chapter 58 of the statutes of 1924, in which they gave to the governor in council the power to guarantee the bridge bonds of the Montreal harbour commissioners. In the parliament of that day it was said that the cost would be $6,000,000. Did they put any limitation on the bill that gave that power to guarantee? They did not. In the province of Quebec it was said that the cost would be $10,000,000. Yet there are now outstanding on that bridge bonds for $19,000,000.

Mr. WOODSWORTH: Would not a limitation have been desirable?

Mr. BENNETT: I am only pointing out that no such limitation was imposed, and that those who criticize with respect to a matter which affects the welfare of the public cannot

very well do so on any ground of consistency in view of the position that we know now follows with respect to that undertaking, where $19,000,000 of bonds are outstanding, issued without limitation, pursuant to the provisions of chaper 58 of the statutes of that year.

Would a limitation now be desirable? I have a telegram from one of the western premiers, who, having seen the resolution in the papers, congratulates the government on imposing no limitation, for the simple and obvious reason that otherwise there would be a contest between the provinces to get their "share" as they call it, of what may be appropriated, and he regarded anything of that character as being inimical to the best interests of the administration of the money. I can only repeat that that view, so far as we have been able to ascertain, is the view held by the major number of those charged with responsibility in the provinces. I can say with great frankness to this house that I have no desire, and no other member of the government has any desire, to incur expenses or create obligations of the country out of keeping with the position which we occupy. But we believe that it is in the interests of Canada—of the Canadian taxpayer, of the provinces, of the people concerned, that we should not place a limitation upon the amount that may be expended, either with respect to direct relief or otherwise, because in the one instance you create the idea "Here is a fund upon which anyone may draw without work, and we have a right to live upon this fund that the taxpayers have so provided." And on the other hand you would have a contest among the provinces to get all that they believed to be their "share." We desire to administer the affairs of this country at this critical time having regard to the necessities existing in each part of this Dominion. There is one province, we will say, in which you could not if you chose expend more than $15,000 or $20,000 for any purpose that should come within the purview of this proposed statute. Then there is another province in which, as I have pointed out to this house, it is not improbable that there may be as many as 25,000 families that will have to be provided for.

Nor do we in undertaking our obligations desire to supplant the constitutional responsibility of the provinces. That constitutional responsibility must still be discharged. All we are endeavouring to do is to assist those charged with that responsibility to a due and adequate discharge of it. We are not substituting this Dominion for the provinces under the constitution; we are not substituting this Dominion for the municipalities or towns under the constitution; but we are endeavouring, and we will continue to endeavour, to give such assistance to the constituted authorities in the several provinces as will enable them with such supervision as we think necessary in the public interest, to safeguard the public exchequer and ensure the three purposes that I have indicated, namely; work for those who are willing to work—and pay there will be for none unless they who can work do work; and secondly, as I said a moment ago, relief for that class to whom work in the ordinary acceptance of the term may not be easily provided—that is, people of the type who by reason of invalidity or other causes are not able to work; and there is that other class to which I referred, namely, those who have no opportunity at all in the circumstances under which they live to find employment of any kind.

I will say frankly to the house that in asking what euphemistically is spoken of as a "blank cheque" we are not unmindful that we are asking very considerable from this House of Commons. But how otherwise could we discharge the functions and responsibilities that devolve upon us? That is the question. If you fix it at any sum you may suggest, I repeat, you but invite the very thing that we desire to prevent, and by so doing instead of serving the public interest we are preventing the greatest service being rendered that the means available are intended to render.

In that regard I think it but fair to say to the house that we have already taken active steps in all the provinces. Commencing at the western coast, the provincial government of British Columbia has prepared a very full and definite program as to what it believes can be done with the assistance of the federal authorities to meet the unemployment situation during the winter. A large number of unattached single men have gone into the great city of Vancouver. That imposes upon the local authorities a burden of great magnitude. Almost every train has taken men into that city. If the provincial government in working out its plans with our financial cooperation and assistance, with such supervision as may be necessary to ensure that the money is not wasted, will make it possible for a large number of these unattached men who have collected in Vancouver to go out of that city and find employment elsewhere, we propose to enable them to do so. With respect to other cities in the central provinces, the same situation prevails and will be met in the same way.

The province of Alberta has prepared a comprehensive program of public under-

takings. The province of Saskatchewan stands in a class by itself, for the reasons I have already indicated. The province of Manitoba has completed provision for a winter program which it believes will meet the situation. In the province of Ontario there are some signs already of what the hon. member for North Waterloo (Mr. Euler) indicated in the telegram he received from Kitchener, which showed a state of mind reflected in similar telegrams I have received from other Ontario cities, looking to this government to deal directly with them with respect to the problem of direct relief in those municipalities, towns and cities. We have endeavoured to make it clear that if we were to do so in the sense they have suggested we would be indeed breaking down their constitutional privileges and rights and substituting this Dominion for the constitutional authority provided for the very purpose they mention. We do not propose to do that.

In the province of Quebec the letter which was published the other day from the premier of that province made clear his position. In the maritime provinces they have prepared what they believe is an adequate program to meet the situation with which they must deal during the winter. In the province of Prince Edward Island, which has a population of less than 90,000, which is peculiarly an agricultural population, the difficulties are very few because they are not in want, as other parts of the country are, for reasons which are apparent to all.

Mr. EULER: May I ask a question? The Prime Minister stated a moment ago, I think in reply to something I said this afternoon, that direct relief to municipalities would not be given by this government. I presume the right hon. gentleman means that they must proceed through the provincial governments. I understand in the province of Ontario such direct relief has been refused by the provincial government. I say that subject to correction, but if that be so what would be the attitude of the government?

Mr. BENNETT: I hardly think that would be correct, because they have not so informed us. We have made contributions to assist them in carrying out their constitutional obligations. I say to this house quite frankly that if we voted a very large sum of money there would be a great tendency on the part of some communities to do just as my hon. friend has suggested. An emergency does not necessarily change the constitution, and despite the fact that from the federal treasury we must meet a very difficult situation it does not mean that the whole constitution of the provinces shall be suspended and that they shall be relieved of their obligations and responsibilities. On the other hand it does mean that we as a national body are endeavouring to assist the provinces who are charged with provincial responsibility adequately to deal with the situation confronting them, but we ourselves, if I might summarize, will undertake as comprehensive a scheme of public undertakings as it is possible to undertake.

Hon. gentlemen may ask why we have not done so previously. The reason is clear and obvious: We have no right to anticipate these matters and make vast expenditures now which would be made in our stride during the years that are to come, when they impose upon the country an additional obligation or debt.

Mr. MARCIL: Would the hon. gentleman allow me a question? He has referred to a letter from the premier of Quebec. Is he able to state whether or not he is in agreement with the suggestion contained in that letter as to the means that will be taken to relieve unemployment in Quebec?

Mr. BENNETT: The premier of Quebec said he would take care of his obligation and that we would doubtless take such steps federally as we thought best and as we could take, and he said he was willing to cooperate in no spirit of political partisanship. With respect to that $20,000,000 we have endeavoured—I think no government ever did more—to make that the foundation of every effort we have made, and I have yet to hear any person charge political partisanship in respect to the administration of that amount. The only complaints I ever did hear were to the effect that in some instances some of the municipalities had administered their portion of the fund having too strict a regard to dollars and cents. That criticism was made on more than one occasion.

I will summarize, and in doing so I point out that the right hon. leader of the opposition (Mr. Mackenzie King) suggested some time ago, in dealing with the question of the provinces and the Dominion, that great voluntary bodies of reputable, leading citizens might be set up to give effect to any relief measures that might be proposed. As he very properly indicated, such a suggestion had been made previously and was in the minds of the government. I have endeavoured to make clear to the provinces that if we are to maintain any semblance of constitutional right they must be responsible for the creation, within the area of the provinces, of those committees of administration, of control and

of supervision which will ensure that during the coming winter, there will be no hardship, hunger or suffering. But in my judgment it would be an anomaly, and would result in a very difficult situation indeed, if we were to say that the Dominion government should assume responsibility for setting up organizations to deal with local communities. I think that would be the negation of every theory we have of constitutional government, because it would involve an assumption that we had such a condition in this country that the provinces, the municipalities, the towns and the cities could not function. It is possible that they may not all be able to function because of financial difficulties, but with respect to the calling of meetings, the appointing of committees and dealing with matters of that kind I have asked all the premiers of the provinces except the premier of Quebec, who said they had the matter well in hand, to consider the matter from that angle, that the provinces, within their several areas, should organize voluntary associations or committees which would undertake to see that the difficulties which must be met during the winter will be successfully overcome.

There is one exception to that. At the end of the war, when the treaty of peace was concluded after the long conference which took place in the south of France between the representatives of all the nations, you will observe that a provision was made that the Red Cross organization was to carry forward certain international work. It was not to be limited by the boundaries of nations but was to be international in its character, and the peace time activities of that organization have resulted in changes being made in the act of incorporation. As hon. members will remember, the powers of the organization were extended the other day to meet changed conditions and to provide for expansion to take care of the situation confronting us. That body, controlled by a central authority, has autonomous branches in each of the provinces. Those branches will be asked—and they are ready and willing to do so, since it is part of their charter obligations and responsibilities—to care for what you might call the clothing necessities of women and children primarily. With respect to food they, by reason of the position which they occupy in the provinces and the branches they have in almost every settled part of each province of the confederation, will be able to supply such data as in my judgment will ensure the smooth and harmonious operation of every effort that may be made to meet the situation as far as food and clothing are concerned.

Apart from that the autonomous position of the provinces must be recognized. Their position as units of this confederation must not be departed from in any sense with the exception of the extent to which their necessities demand that, in addition to the work we undertake ourselves and for which we are primarily responsible, we must supplement their efforts financially or otherwise. In every instance where our money is being expended we will claim—and our claim is gladly acceded to—the right to see that no part of that money is wasted and that it meets the purposes and ends for which it may be appropriated.

I do not think that in moving this resolution I can usefully do more than say this in conclusion. I have summarized the position at, I trust, not undue length. We are asking for large powers, because to limit the amount would result in less good than benefit; of that I feel quite certain. For I do not want it to be said that the money has to be administered according to population: that because there are so many thousands of people in one province therefore they must secure a definite proportion of the money based upon the relation of their population to the whole. Rather, the necessities of the several communities shall be the determining factor in the administration of whatever assistance may be extended for the purpose in view. That will be the governing factor in determining what action may be taken.

Mr. GARLAND (Bow River): The Prime Minister stated a little earlier in his address that he would undertake a comprehensive program of public works. May I ask him to be more specific as to what they are.

Mr. BENNETT: The program will embrace every kind of undertaking for which the federal administration is responsible. To that end we have asked the provinces, rather than deal through political channels, to suggest to us just what they believe are the most urgent public works, and the works which will provide the greatest amount of employment. When I say that we will undertake public works, I mean undertakings such as heretofore, under our constitutional practice, have fallen within the jurisdiction of the federal parliament. Does that answer the hon. member's question?

Mr. NEILL: What proportion?

Mr. BENNETT: The whole of the federal undertaking. I am afraid I must have spoken too rapidly. What I was endeavouring to say at the very inception of my remarks was that ordinarily all relief measures should be

chargeable against revenue; but that because of the extraordinary circumstances we would anticipate such public undertakings as we should not take in our stride normally, carrying them out during the next few months in order to provide employment for those who might need it at the present time.

Mr. NEILL: I meant, what proportion in regard to the provinces—what share?

Mr. BENNETT: No rule or share will govern with respect to the application of federal moneys, because it will depend upon the number of unemployed. The one word necessity will be the governing rule.

Mr. GARLAND (Bow River): Would the Peace River outlet, for example, come within this category?

Mr. BOULANGER: Or Rivière du Loup station?

Mr. BENNETT: I did not expect that question to originate with the hon. member; I thought it would come from the hon. member for Témiscouata (Mr. Pouliot). With regard to the Peace River outlet, I do not know that it will properly come under this designation, because at present there is no such thing as a Peace River outlet. Where the Peace River outlet is to be is a matter for engineers to determine, and that has not yet been settled, so far as I know; the engineers themselves have not agreed upon it. If there were any work that had been agreed upon in connection with the Peace River outlet, as a result of surveys, then it might properly come within the category of federal undertakings. Whatever matters may properly be chargeable against the federal authority will be considered and dealt with as part of the program to which I have referred.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Hon. members have before them a copy of the orders of the day on which appears the resolution which you, Mr. Speaker, have just read to the house. They will observe that if no reference is made to either the committee of supply or the committee of ways and means, this resolution constitutes the only order upon the order paper. It is not only the last government order to appear, but it is the only order which remains to be disposed of on the order paper to-day.

Perhaps I cannot better express in a word what I have first to say in the way of criticism than to observe that, instead of being the last order in the last week of the session, this resolution should have been the first order to appear after parliament assembled. When we have regard to the circumstances of the past year, to the fact that a special session of parliament was thought necessary last September to deal with the question of unemployment, and that when parliament met in the month of March this year the unemployment situation was infinitely worse than it was when that special session was called, I do think it was the duty of the ministry to have made the question of unemployment relief the first, as indeed it is the most important question before this house and the country to-day. But far from bringing the matter forward at the beginning of the session, my right hon. friend the Prime Minister (Mr. Bennett) has so managed affairs in the house as to have made impossible any discussion of the subject until now.

My right hon. friend has spoken of the cabinet as a board of directors, and he says that in this resolution he is asking the house to give to that board of directors absolute powers in dealing with the problem of unemployment relief. May I say to him that it is not the cabinet, of which he is Prime Minister, that is the board of directors of the nation; it is this House of Commons. Hon. members sitting on both sides of the house are the board of directors who have been sent from the different constituencies in Canada to represent the people of the country, to discuss questions of importance with respect to the economic and other affairs of Canada, and to make laws to aid in the solution of those problems. The cabinet is a committee of the House of Commons; any power it has is derived from the members who sit in this house. It is an executive committee. But the committee of the nation constituting the board of directors is, I submit, this House of Commons. That leads me to direct again a very strong criticism against my right hon. friend. The criticism is this: that with regard to this all-important question he has ignored altogether the board of directors of the nation and has taken it into the hands of a small committee, which derives its authority from this board of directors, to deal with the question in an absolute way.

May I, to confirm what I have said regarding the extent to which my right hon. friend has prevented parliament from considering this question, mention a few records which appear in Hansard, of demands that have been made from time to time to deal with the question. I will not refer either to the debate on the address or to the budget debate. In each of these debates, which were of considerable length, hon. members on this side spoke very freely with reference to this all-important question of the need for the

relief of unemployment. But my right hon. friend and hon. members opposite were more or less silent; they made no contribution whatever to those debates. Indeed, during the greater part of the debate on the address my right hon. friend was not even present to hear what was being discussed. Here may I say that I think my right hon. friend has taken an entirely wrong course. Is it to be imagined that in regard to great problems such as unemployment relief, out of the number of members assembled here coming from all parts of this country—and I am speaking now with reference to those on the government side as well as on this—there would not be, in the course of a discussion on this question, some contribution which would be helpful to the ministry of the day? The purpose of parliament is to enable hon. members who live in different parts of the country to assemble in one place and there speak freely with respect to conditions in their particular constituencies, in that way to inform and enlighten the ministry with respect to existing needs and possible methods of dealing with them. But in respect to the greatest question of the day all that has been entirely set at naught, and now in the last days of the session, when, as all hon. members know, the proceedings are likely to be concluded within a day or two, we are for the first time afforded an opportunity to discuss this question.

On March 20 the hon. member for North Winnipeg (Mr. Heaps) asked the ministry if any special measures were contemplated to cope with the unemployment situation. The Prime Minister declined to answer. I am making reference now to matters of which full particulars will be found in Hansard.

On March 23 the hon. member for Kenora-Rainy River (Mr. Heenan) asked what the government intended to do with regard to relieving the unemployed in his constituency. The Prime Minister said:

The question can stand.

On March 31 the hon. member for North Winnipeg moved the adjournment of the house to discuss a matter of urgent public importance, namely, the acute distress arising from unemployment. After a lengthy discussion Your Honour ruled the motion out of order.

On April 17 the hon. member for Kenora-Rainy River brought up the question again, and failing to get a satisfactory answer from the government, he moved the adjournment of the house. This motion was defeated on division by eighty-two to fifty-six.

On April 24 the hon. member for Bow River (Mr. Garland) asked whether the government intended to call a Dominion unemployment conference. The Prime Minister said:

The hon. member will be advised when the event happens, if it does happen.

On May 25 the hon. member for Comox-Alberni (Mr. Neill) directed the attention of the acting Minister of Labour (Mr. Gordon) to the desperate condition existing in the city of Nanaimo, due to unemployment, and urged the government to deal with the situation immediately. The acting Minister of Labour said that the matter was purely a provincial one.

On May 26, on the motion to go into committee of supply, the hon. member for Comox-Alberni discussed the urgent necessity of holding a conference with the provinces to deal with unemployment. A lengthy debate followed during which the various speakers called upon the government to state its attitude towards the question. No member of the government took part in the debate.

On June 8 the hon. member for Comox-Alberni brought the question to the attention of the government once more, and called upon the ministry to declare its intention not only for the immediate future but also for the coming fall. The deputy speaker ruled him out of order, and on division the chair was sustained by sixty-four to forty-five.

On June 16, speaking on the budget, I urged the government to call a conference of all parties in interest to deal with the question of unemployment, but neither in the course of that debate nor since was any reference made by any member of the ministry to the suggestion.

On June 29 the hon. member for Kenora-Rainy River asked for a statement of government policy on unemployment. The Prime Minister replied:

At an appropriate time a statement will be made. The primary duty with respect to unemployment does not rest with the federal government.

Mr. Speaker ruled against the hon. member for Kenora-Rainy River in his attempt to continue the debate.

On June 30 the hon. member for Willow Bunch (Mr. Donnelly) directed attention to the appalling conditions in Saskatchewan, and called upon the government to do something at once. The Prime Minister said:

The primary responsibility rests with the municipal authorities and the province.

On July 9, the hon. member for Winnipeg North Centre (Mr. Woodsworth) asked when

the government would introduce legislation on unemployment. The Prime Minister said that legislation would be introduced when the business of the house had been practically disposed of. Immediately following his reply I said:

I assume my right hon. friend will be introducing some legislation in this connection, and I hope he will not wait until the last day or two of the session to place upon the order paper the resolution which would necessarily precede a bill to relieve unemployment. Hon. members ought to have a little time to consider any provisions before they are called upon to pronounce their views.

The Prime Minister said that every opportunity would be afforded to discuss such a measure.

Those are only a few of the references that might be made. Hon. members will see that this resolution is introduced in the last days of the last week of the session, when there is no opportunity adequately to consider a measure so all-important.

May I say a word with respect to the resolution itself? In order to make clear the points that I wish to direct to the attention of the ministry, let me read the resolution:

That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to unemployment and farm relief; and for the maintenance of peace, order and good government in all parts of Canada; and to authorize the governor in council to expend for the said purposes out of the consolidated revenue fund such sums as may from time to time be necessary.

I shall be pleased if my right hon. friend will allow me to speak to him more particularly at this time.

Mr. BENNETT: I assure the right hon. gentleman I am listening to every word he utters.

Mr. MACKENZIE KING: I should appreciate that very much, because in what I am saying I wish to be of as much help and to offer as little criticism as I can.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: My words will speak for themselves. If hon. members wish to laugh, that is their privilege, but the public will judge from what I am saying whether the proposals are in the interest of the government as well as of the country.

My first point is this: The resolution is really three resolutions embodied in one. I believe my right hon. friend would help materially in bringing about unanimity so far as the house is concerned—and that is what I think we all desire in a matter of this kind—if he would divide his resolution into three parts and deal as separate and independent measures with the three subjects to which it refers. The first resolution is with respect to the relief of unemployment:

Resolved, That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to unemployment relief.

Unemployment relief is a subject by itself. It is the subject with respect to which a special session of parliament was called last September. I do not think we should confuse what relates to the relief of unemployment arising out of economic conditions with any other particular subject with which the government wishes to deal.

The next subject in the resolution is farm relief. To make my point clear, may I say that until the crop failure in Saskatchewan and the distressing conditions existing in that province had become apparent, there was no thought in the mind of anyone that relief in the rural districts of the prairie provinces would be necessary. The situation in Saskatchewan has grown out of what I suppose would be described as an act of God. It is in no sense due to any world condition or to any national policy, fiscal or otherwise. It is due simply to the happenings of nature as they have this year evidenced themselves. I submit that a measure to deal with Saskatchewan and the prairie situation generally to relieve a condition arising from crop failure should be a separate measure. After all, when we are dealing with these great economic questions it is important that the nation should know with respect to the different matters on which it spends its public moneys, precisely what its outlay is. The moneys that are spent for relief in connection with Saskatchewan should be separately dealt with and separately administered, and similarly the moneys spent with respect to unemployment generally ought to be separately dealt with.

But the third is a still more important matter. The resolution reads:

That it is expedient to bring in a measure to confer certain powers upon the governor in council for the maintenance of peace, order and good government in all parts of Canada.

There is a third subject which is entirely separate and distinct from relief, either farm relief or unemployment relief generally. May I say to my right hon. friend that it is a great mistake to confuse these two matters. It is in every way most unfortunate that they should be confused in any particular. We have laws on the statute books at the present time for the maintenance of law, order and good government throughout the country. If those laws are not adequate and my right hon. friend

wishes to have additional powers to maintain law and order in Canada, let him ask for them in a separate measure. He is responsible for the administration, and if he says to this house that he has reason to believe that the powers that exist at the present time are not adequate to cope with any possible situation with respect to the maintenance of law and order in Canada, I will accept his word and support him in any reasonable measure he may bring down for that purpose. But I do say that he should not confuse any question of the maintenance of law and order with the question of unemployment relief or farm relief. Unemployment is an inevitable risk of industry. It is one of the unfortunate incidents of industry. It is bad enough for those who are unemployed to have to endure something for which they themselves are not at all responsible, but I do submit that it adds, if I may use an old-time expression, insult to injury to associate with the question of unemployment and relief for the unemployed any measures for the maintenance of law, order and good government in this country. Surely it is not fair to the thousands of men and women who find themselves without work through no fault of their own, but owing to conditions that are unavoidable so far as they are concerned, some of them owing to world conditions, some of them owing to fiscal policies, some of them owing to the distressed conditions of the prairies, to say that a measure submitted to parliament for their relief, should confer upon the governor in council additional power to deal with peace, order and good government in Canada. I am going to ask my right hon. friend to eliminate that particular clause from his resolution. I would ask him to do it in the interest of the very subject that he mentions, namely, peace, order and good government in all parts of Canada. I do not think it will make for peace, order and good government to include that particular clause in a resolution dealing with unemployment relief. Let that particular clause be eliminated, and then if for reasons that he may have in his own mind, my right hon. friend says, as I believe he sincerely thinks is the case, that there is need to give the governor in council additional power to deal with this question, let him bring in a measure for that purpose, and I think I can promise him the support of hon. members on this side. But I do submit to him very earnestly that he remove that clause altogether from his resolution and from the bill that may be based upon it. That is the criticism I have to make of the resolution in that regard.

May I next point out the difference between this resolution and the resolution upon which the bill was based that was introduced during the special session of parliament in September last? At that time many of us thought that resolution went pretty far, that it gave the government considerable powers, gave them, not a blank cheque, but a very large cheque. We were inclined to be critical of the resolution on that ground, though we took no exception to the amount which my right hon. friend needed, and we allowed the resolution to pass. The resolution with regard to unemployment relief at the special session of parliament was as follows:

> That it is expedient to provide that a sum not exceeding twenty million dollars be appropriated and paid out of the consolidated revenue fund for the relief of unemployment in constructing, extending or improving public works and undertakings, railways, highways, etc., that will assist in providing useful and suitable work for the unemployed, all as set forth in a bill founded on this resolution.

That resolution is direct to the purpose for which it was intended: That it is expedient to provide the sum of $20,000,000 to be paid out of the consolidated revenue fund for the relief of unemployment. But this resolution is not specific in the same way with respect to the causes for which it is intended. This resolution is to give the governor in council increased powers, or as I say, absolute powers, to withdraw from this parliament altogether its control over the moneys to be expended and other matters, and to give that power to the governor in council. Here is the wording of the present resolution:

> That it is expedient to bring in a measure to confer certain powers upon the governor in council.

Then it goes on to enumerate the powers. That is a very different resolution, as I have said, from the one of a year ago. My right hon. friend and his colleagues would have been much better advised had they followed the resolution of a year ago—though it went very far—and adopted it as a precedent instead of going from bad to worse by now seeking to get absolute powers to themselves for these purposes. That would have removed our greatest objection to this measure. We are not going to object to the moneys that may be needed for unemployment and farm relief so long as parliament, the board of directors representing the people of this country, has its control and its say with respect to the expenditure. But we will object as strongly as we possibly can to increasing the powers of the governor in council in the matter of giving them unlimited authority with respect to public funds.

When I read the present resolution I thought to myself: "This has a familiar sound to it,

but not one that relates itself to times of peace. It reads to me like a war measures act." I went to the library of parliament to secure a copy of the war enactments, to see what legislation was passed, what authority was given to the government, and what action was taken by the government under that authority. I have before me an act to confer certain powers upon the governor in council and to amend the Immigration Act, assented to on the 22nd of August, 1914. This act may be cited as the War Measures Act, 1914. Section 3 of that act reads as follows:

> The provisions of sections six, ten, eleven and thirteen of this act shall only be in force during war, invasion, or insurrection, real or apprehended.

Clearly indicating that the parliament of that day felt that the powers under the sections I have just mentioned would not be appropriate powers to ask from parliament in times of peace, that they should be in force only during war, invasion, insurrection, real or apprehended. Section 6 is one of the sections so mentioned. It reads as follows:

> The governor in council shall have power to do and authorize such acts and things, and to make from time to time such orders and regulations, as he may by reason of the existence of real or apprehended war, invasion, or insurrection deem necessary or advisable for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:—

The governor in council would have power to deal with all the following matters if again empowered with the same powers given under the War Measures Act:

> (a) Censorship, and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;
> (b) Arrest, detention, exclusion and deportation;
> (c) Control of the harbours, ports and territorial waters of Canada and the movement of vessels;
> (d) Transportation by land, air or water, and the control of the transport of persons and things;
> (e) Trading, exportation, importation, production and manufacture;
> (f) Appropriation, control, forfeiture and disposition of property and of the use thereof.

I need not read the other powers given, but I wish to direct the attention of the house to the fact that in this resolution my right hon. friend is asking for precisely the same powers by way of additional authority to the governor in council as those asked of this parliament in the War Measures Act.

[Mr. Mackenzie King.]

Let me read part of the resolution as it stands with respect to the maintenance of peace, order and good government, and then read again the section from the War Measures Act, omitting the words, "by reason of the existence of real or apprehended war, invasion or insurrection." The resolution is:

> That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to unemployment and farm relief; and for the maintenance of peace, order and good government in all parts of Canada;

That is the resolution before us. Section 6 of the War Measures Act is as follows:

> The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may . . . . deem necessary or advisable for the security, defence, peace, order and welfare of Canada.

Mr. BENNETT: There is nothing in the present resolution about "defence".

Mr. MACKENZIE KING: No. My right hon. friend has said that he has left out the word "defence"; that there is nothing concerning security and defence. I shall confine myself to the words which in intent are identical in the resolution and the act. In the act I find the words:

> The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations as he may . . . . deem necessary or advisable for . . . . peace, order and welfare of Canada.

That is practically the identical wording in both instances. On the one hand we have a War Measures Act, and on the other a peace time measure relating to the relief of unemployment and distress. In the War Measures Act it is expressly stated that the provisions of the section I have just read shall be enforced only during war, invasion or insurrection, real or apprehended. So I repeat to my right hon. friend that I do think he would be well advised to eliminate altogether that clause from the resolution dealing with unemployment relief. It would be most unfortunate—indeed one can scarcely say what might result from the inclusion of words through which the unemployed of the country may have reason to feel, for any cause whatever, that those particular words had been put in concerning their condition.

My right hon. friend has made clear in his speech that it is not with respect to the unemployed that he wants this particular power. He has said there is a noisy minority that may stir up a great deal of trouble in Canada and take advantage of the distressed conditions to make additional trouble. He has said that he wants power to deal with

them. Again let me say to him that if he wants to deal with a noisy minority difficult to control and if he wants special legislation for that purpose, let him ask this parliament for it and it will be given to him. He should not confuse the two issues however, for the sake of the feelings of those who will be forced or obliged through necessity, as well as for other reasons, to avail themselves of help offered. I would implore that these two different purposes should not be confused in the one measure.

My right hon. friend has predicted a criticism, which he must know is inevitable, when he asks for powers such as those sought in this resolution. He himself has said that they may be described, euphoniously, I think, as giving a blank cheque to the administration.

Mr. BENNETT: I said that they "had been" described.

Mr. MACKENZIE KING: Yes, that they had been described. Let us drop the word "euphoniously" altogether and view in a clear and direct manner the simple fact that the government is asking this parliament to give it a blank cheque to deal with unemployment relief in such a manner as it may think wise. My right hon. friend has gone on to indicate to the house that he intends to spend money on all kinds of public works, and in that connection he has named different matters. One may see in a moment that such works may include anything, anywhere, in the nature of work or construction.

A day or two ago my right hon. friend laid on the table of the house the supplementary estimates containing works for which he asks appropriations. In them we see appropriations for wharves, public buildings and the like. There was no necessity for those supplementary estimates however, if this measure goes through. Under the measure now before us he would have authority to carry out the works mentioned in the estimates. There is no need for estimates at all, with respect to a great part of the construction work in Canada, if in this particular measure the government is to be given a blank cheque with authority to proceed. Again I say it is an injustice to the people of Canada who need relief through unemployment to be placed in the position whereby what they may receive comes only as a result of a blank cheque given to the administration to spend as it thinks best on public works.

I do say that I think my right hon. friend should amend his resolution by fixing a definite amount. I realize there are difficulties in that connection.

Mr. BENNETT: I do not wish to disturb or interrupt my right hon. friend but I should like to say that the distinction I endeavoured to draw was that in one instance the supplementary estimates for public works were chargeable against revenues for the year, and that the charges involved by the proposed resolution were not properly chargeable against revenue.

Mr. MACKENZIE KING: These will be charged against borrowings.

Mr. BENNETT: Yes, they must be.

Mr. MACKENZIE KING: That makes the situation even worse. So long as there is a certain control with respect to taxation, which it is the obligation of this house above all others to guard, there will be, I believe, an attitude of generosity on the part of hon. members in the house to go a very great length in allowing the ministry wide latitude in such matters. However when the ministry goes a step farther and asks not only that they shall be free to spend moneys which are to be voted by parliament and are to come out of the taxes of the people, but that they are to be free to borrow to any extent to do whatever they like, all of which means more in the way of taxation, I think they are going a very great length and are creating a situation which it is impossible for the House of Commons to countenance, if it is at all to maintain its position as representing the people of Canada and controlling the expenditures of the nation.

I can see where my right hon. friend may have difficulty in fixing an amount. He has given as his reason for wanting a blank cheque and not fixing a definite amount that a stipulated amount might lead to something in the way of competition or dole. May I say to him that if that is a true argument with respect to a limited amount, the force of the argument is vastly increased if the government is to be given a blank cheque. What is there to prevent the dole system becoming inevitable if the government has power to borrow and to spend as much as it pleases to relieve unemployment. By such a measure my right hon. friend is simply inviting the dole. There is no control of any kind the ministry can assert. The ministry can no longer assert, which is the strongest of all positions it can take, that parliament itself has not given it authority to go that far. It is relieving itself entirely of that restraint and saying to the country at large, "We have power to borrow all that we wish; we have unlimited power to use those borrowings for purposes of unemployment relief

in any way that we like." Nothing of that kind has ever existed in this country before. I am not at all sure that even during the war for war purposes parliament gave the ministry any such unlimited powers. I do not believe parliament did. Certainly in time of peace this parliament cannot afford to go farther in matters of extending powers to the governor in council than parliament would have been prepared to go in time of war. I say I can realize where my hon. friend has difficulty in limiting his amount. That difficulty comes I think among other things from the large sum he fixed last year as that which he believed to be necessary to deal with the unemployment situation as it was then existing. We on this side did our best to have him realize that it was advisable to fix an amount that would serve up to the time that parliament reassembled, that the public would not distinguish between a sum of money which was put in the estimates last September and which could be spent over a prolonged period from a sum which would be just sufficient for the fiscal year and until parliament reassembled. But my right hon. friend wished to have large figures and he asked for $20,000,000.

To give the house a realization of what that sum of money meant in relation to relieving unemployment, may I recall the circumstances after the great war when the soldiers were returning and were being re-established in civil life. At that time there were large numbers of unemployed, and that was the beginning of such relief. It was not under the Liberal administration, it was under the administration of the Right Hon. Arthur Meighen, when the present Minister of Labour (Senator Robertson) held the same portfolio. At that time there was a great deal of unemployment and the minister laid down the policy that unemployment relief was a matter, first, for the municipalities, then for the provinces, and finally it became a dominion responsibility where the emergency was large enough to be a national one. That is the ground on which unemployment relief has been given ever since. We took the same position when we were in office with respect to unemployment relief. I made it quite clear that when these conditions existed we were prepared to deal with them as the former administration had dealt with them. But how much money was found necessary to meet the unemployment situation, grave as it was at that time, and grave as it was for some years after? I have here figures of the amounts that have been spent on unemployment relief through grants to the provinces since the war; they are as follows:

[Mr. Mackenzie King.]

Fiscal Year	Amount
1920-21	$341,831 68
1921-22	498,321 18

Those two years belong to the period of the preceding Conservative administration. Then during the Liberal administration the figures were:

Fiscal Year	Amount
1922-23	$923,272 16
1923-24	4,127 68
1926-27	77,474 56

Or a total of $1,845,027.26 over a period of ten years. That was the total amount found to be necessary for this federal parliament to vote to the provinces and the municipalities in aid of unemployment relief during those years, some of which were almost as serious from the point of view of the need for unemployment relief as certainly the last fiscal year has been. Yet my right hon. friend with these figures before him asked parliament at the last special session to vote $20,000,000 for unemployment relief. Not all of that $20,000,000 has been spent, but the public have that figure in mind. Now my right hon. friend is in this position, that having at a special session started with an outlay of $20,000,000 for a certain period, he finds it difficult at the present time to know what particular amount to fix.

Now, may I say this to him? So far as the opposition is concerned, we will be prepared to allow him to make any estimate he likes, so long as it is an estimate based on good judgment, and we will not question that estimate, we will allow him to have the amount he asks for. But we do assert, if it is only for the sake of maintaining what is the most fundamental of all obligations of the Commons, namely, its control over expenditure, that he should not ask us to give him a blank cheque to borrow as much as he pleases to deal with this particular matter. That is our position in a word, and I would again very strongly urge my right hon. friend to modify the bill that he may introduce by fixing a definite amount.

Here may I say it is always possible to call parliament together. It was deemed all-important last September to have a special session when unemployment conditions were far from being as serious as they are at the present time. If a special session was necessary last September, and my right hon. friend cannot make an estimate as to what he is going to require to meet the situation ahead, if the situation is going to be so serious that larger amounts than the sum he may ask this parliament to vote will be necessary, then it seems to me it is not only his right, it is his duty to bring parliament in session and allow

parliament to deal with the greatest question that is before the country at the time. That is what parliament is for—to deal with questions that are all-important to the nation. My right hon. friend has now a breathing space, he has a clear road ahead of him, and if he asks for a sum of money, which doubtless will be sufficient to meet his purposes up to the end of the year, he can call a regular session of parliament early in January. And I think every hon. member on both sides of the house will thank him if he brings parliament into session in January rather than in March, or even in February. My right hon. friend has said he will convene parliament in the middle of February. May I say to him that it would better suit the convenience of everybody if he would bring parliament into session early in January. Let him name the sum that he thinks necessary to meet the situation up to January, and we will give him what he asks. Then early in January if he needs further money let him ask for it, and I do not think he will encounter much in the way of opposition to what he considers is necessary to enable him to finish out his fiscal year. But I do say he is going altogether too far when he asks that he shall be free even of the sittings of parliament to deal with what is now, and, what he told us in his speech to-day, will be the most serious situation that Canada has been confronted with perhaps at any time in her history.

One other objection I have to this resolution. It offers no advance over the step which was taken at the special session of parliament. At the time of the special session we very strongly advocated that the whole question of unemployment relief should be put into the hands of an unemployment relief commission, which would have power to study carefully the whole situation, which would be in touch with the provinces and the municipalities and which would be a body gathering information and knowledge as well as dealing with the situation which was before it. Had such a commission been appointed last September, and had it been given administration of the $20,000,000 which was placed at my right hon. friend's disposal, that commission would be in existence to-day and would know more or less exactly the position with respect to every province and every municipality and would be able to advise the ministry and parliament what was necessary to meet the continuing situation. But all the good that might have been obtained from a permanent body created for that special purpose has been lost; although the money has been spent, there is nothing in the way of further information upon which parliament can act. Speaking on the budget, I suggested that it was advisable immediately to call a conference of those parties that are likely to be best informed on the whole question of employment and unemployment, to bring together representatives of the provinces and of the leading municipalities, representatives of employers and of trade unions, representatives of agricultural associations and of boards of trade, representatives of women's organizations and of any other bodies that have to do with the forming of public opinion. I suggested that when that conference met they should choose a body that would be non-political in its character, and would constitute a commission for the purpose of dealing with unemployment relief. I suggested that the government might well place in the hands of a body of that kind the disposition of such funds as parliament might vote. On that body could be placed the expert men and women of this country, regardless of their politics, who understand social, industrial and economic conditions. They would be a body infinitely better qualified to deal with this question than the cabinet possibly could be, with its many other obligations and its particular duties what they are.

I still suggest that something of that kind should be done. I am not suggesting that any organization should be formed that would invade the jurisdiction of the provinces and the municipalities. What I would suggest is that a body of that kind should see to it that every province has its own organization along lines laid down by the federal commission as being the most advisable and desirable, and that each province should see that each municipality had its particular organization also to deal with the situation as it might affect that locality. In this way there would be something in the nature of uniformity and equal treatment throughout all parts of the Dominion. It is useless to say that a body of that kind could not be readily created. I remember very well when we were celebrating the diamond jubilee of confederation; there was a national committee which had to do with the arranging of the celebration throughout Canada. That committee arranged for each province to have its provincial committee, and each province arranged that each municipality should have its committee, and the result was that with respect to that particular celebration there was not one part of the Dominion which was not linked up with the great parent organization, and with respect to which the national organization had not full particulars.

A body of that kind dealing with unemployment relief would be of great national service. May I point out this further feature: We have been discussing at this session the question of unemployment insurance. I cannot conceive of a more useful fund of information to enable this parliament to deal with that question at a future session than that which could be gathered by a body of the kind. What are we to get in the way of information from all the millions that will be spent on unemployment relief under the method suggested by the Prime Minister? We will have nothing to show for it; the money will have been spent; certain employment will have been given, but the wide knowledge which might be obtained as to the causes of unemployment, the circumstances surrounding it and the like will have been lost entirely.

I do not wish to go again into the many points I raised at the special session with regard to these grants to the provinces from the federal treasury without adequate control over expenditure on the part of the federal parliament. In a word I will just say that what was said at the special session in that particular stands also by way of criticism of the resolution now before us in the form in which it has been brought down.

In conclusion may I say to my right hon. friend that in speaking on the budget I expressed, speaking not only on behalf of myself but as well for the entire opposition, a sincere desire to cooperate with the Prime Minister to the best of our ability in working out any plans which would help meet this serious situation in Canada as it exists at the present time. But my hon. friend is taking away from us any opportunity of cooperating with him at all when he asks us on almost the last day of the session, without any possibility of discussing plans at all, to give him a blank cheque to borrow what he wishes and then dismisses parliament for an indefinite period Our powers of cooperation as members of this house are definitely gone. By his resolution he virtually tells us that he does not thank us for our offer of cooperation and does not expect to receive anything in the way of helpful suggestion not only from the opposition but from members on his own side of the house. I think that is most unfortunate with respect to a situation as grave as the present one, and I can only regret that my right hon. friend makes it necessary for me to make that observation with regard to his method of dealing with the matter.

If, as my right hon. friend did, I might summarize in a word what I regard as the important points with respect to this resolution, I would say first of all that he should not seek to obtain all the powers he desires under this one resolution but should divide the resolution into three parts. I would suggest that he ask this house to vote a sum of money for unemployment relief; that he ask the house to vote a sum for farm relief and that he ask us to enact whatever he may think necessary to give him additional powers for the maintenance of peace, law and order. That is the first point. Then having divided his resolution into three separate measures let him fix the amount with respect to each measure which he deems necessary to meet the situation from now until he may call parliament again. If he does this, speaking for the opposition I may say that we will let him take the responsibility in full for what he may feel to be necessary in regard to the amount for which he asks, and we will give him that full amount. But we cannot completely surrender the rights of this House of Commons and of parliament with respect to its control over expenditures for any purpose that may be named, and we cannot accord him our approval of the resolution in the form in which it has been brought down.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, from the standpoint of labour this is the most important measure of the session, and I am sure a large number of working people across the country will welcome the news that some definite provision is to be made for unemployment I quite agree with the Prime Minister that the object ought to be to provide work rather than merely to give charity. Further than that, it seems to me an advance has been made over previous arrangements in the enunciation by the Prime Minister of the principle that the necessities of the several communities should be the governing factor in the administration of relief measures.

I think the Prime Minister made a mistake, however, when in his exhortation that we should have courage he went back to the pioneer days. It seems to me the comparison is very slight between the conditions in which men find themselves to-day and the conditions in which our grandfathers or great-grandfathers found themselves. The Prime Minister suggests that we live in easier times than they did. I am not at all sure that this is so. I have heard stories of pioneers, that they had to dig up the potatoes which they had planted and so on; I know they had to make for themselves shelters in the woods, but I point out to the Prime Minister that in the old days men had opportunities of go-

ing into the newer parts of the country. They had an opportunity of taking up land for themselves; they had an opportunity of going from one place in which there was no work to another place where they might obtain work. They had an opportunity of going into the woods for certain seasons of the year. I would say that the conditions of the thousands of our people who are now riding the freight cars from industrial town to industrial town, finding no more work in the place to which they come than in the place which they left, are a great deal harder than the conditions any of our people had to meet in the pioneer days.

The Prime Minister suggested that certain men seemed to be willing to accept charity rather than work, and he instanced the fact that one among those who came here in the unemployed parade had been seen begging, and had been driving around in a Ford car. I am quite well aware that there are men who take advantage of conditions in almost every walk of life. But speaking by and large, the vast majority of the unemployed to-day are men who are willing to work, who have worked in the past, and who would be working now if anything like suitable employment were provided. We must recognize clearly, along with this, that if men are allowed to drift about from month to month for any long period they readily become unemployable and before long they will settle down into an undesirable class. But it is altogether unfortunate that the Prime Minister should suggest that any large number of these people are out of work because they are lazy or shiftless.

Mr. BENNETT: I said the number was small but vocal.

Mr. WOODSWORTH: I quite admit that. But I want to make it clear that the vast majority are neither lazy nor shiftless. I think that ought to be very definitely understood.

With regard to the proposal before us, it seems to me that the statement which the Prime Minister has made is much of a piece with the resolution itself; the arrangements are very indefinite indeed. The Prime Minister has said that relief shall be given through the provinces or direct in such ways as may seem desirable. That is to say, he takes, or his government takes, full authority to act in whatever way they may please. I find myself in this regard in considerable sympathy with the leader of the opposition (Mr. Mackenzie King). We have been sitting now for nearly five months and no plans have been brought down showing how this relief work is to be carried on. The Prime Minister says that we should not anticipate difficulties. It seems to me that this is what a government is for. It was very clear to anyone who considered the general situation that there was going to be a continuance of unemployment, and it was the business of the government, as we have tried to point out from time to time since the beginning of the session, to make provision ahead of time so that no one would suffer.

The Prime Minister has all along taken the ground that we ought to beware of the dole. But I would point out that this haphazard way of giving relief, of providing relief or jobs here, there and yonder just as necessity may arise, constitutes the very worst and most demoralizing form of the dole that could be invented. I am inclined to think that the leader of the opposition is correct, that this resolution essentially involves the abrogation of parliamentary authority. I can understand that in a matter of this kind very large discretionary powers have to be given the government. But at the same time, I think that some amount should be named, a generous sum if you like, but one beyond which the government could not go. Further than that, some definite idea should be given of the general principles which will underlie the administration of this fund.

I believe the leader of the opposition has distinguished three measures that are herein included. In my study of the motion I discovered five distinct measures. First of all there is emergency relief for farmers in the drought-stricken area. That, I think, should come in a class by itself. The leader of the opposition suggested that the crop failure was ordinarily referred to as an act of God. May I remind the house that Sir Josiah Stamp referred to it as a godsend. Possibly that means the same thing, though I am a bit doubtful. It may be a godsend to the world at large, but decidedly it is anything but a godsend to the poor people of Saskatchewan. It seems easy for us to blame divine providence for conditions over which, after all, we have considerable control. Although some one part of the west may be in a very serious condition, on the whole a sufficient amount of wheat is produced to meet the needs of all the people, and a proper system of distribution could easily be arranged so that no one would suffer.

Second, there is relief for the farmers suffering because of general economic conditions —lack of markets, and other difficulties, which some of us are inclined to think are accentuated by the government's policy. I admit

that the government has already brought down certain measures called compensating adjustments which may provide some help for many of these farmers. But there are others who have very little grain and who will be but slightly helped by the five cent bonus.

Mr. BENNETT: Does the hon. member suggest that the government is to blame for the drought?

Mr. WOODSWORTH: No.

Mr. BENNETT: He said that just now

Mr. WOODSWORTH: No.

Mr. BENNETT: That is what you said.

Mr. WOODSWORTH: No.

Mr. BENNETT: That was the suggestion

Mr. WOODSWORTH: Oh, no.

Mr. BENNETT: Clearly.

Mr. WOODSWORTH: Not only would I not suggest that the government was to blame for the drought, but I suggest further that the government, together with nearly all politicians, are assuming that they have a great deal more authority or influence than they really possess. I suggest that not only so-called acts of God but the great economic laws are very largely independent of the particular government that happens to be in power at the time. I would urge upon the Prime Minister that if we had a proper system of general crop insurance and a proper distribution of wealth we could largely take care of any particular distress that might result from drought in some areas.

Third, there is involved in this resolution the establishment of certain unemployment relief schemes. And fourth, there will have to be direct relief for large groups of unemployed, which again is a distinct thing from an unemployment work scheme.

And, lastly, there is provision for the maintenance of law and order. May I suggest that the very fact that the government are asking for some special provision along this line indicates that they are somewhat doubtful of the adequacy of the measures they are proposing. When men are well cared for and work under proper conditions there is not very much danger of a departure from law and order.

With regard to unemployment schemes, the house should be definitely informed as to the general character of the schemes proposed. We should have some fairly definite regulations laid before us in addition to the general principles underlying administration. We have that in connection with the administration of almost any law on the statute books. In this matter I do not see why the house should not be given an opportunity to pass upon the general underlying principles as well as to criticize the regulations under which these principles will be carried out. We are told by the newspapers that one of the schemes may be camps in the north country. The Minister of Mines and Forests of Ontario, the Hon. William Finlayson, has suggested that labour camps will be established in northern Ontario. I have not the slightest objection to labour camps in the north country for the construction of roads, reforestation and so on. It may prove an excellent idea. But I should like to know what conditions will prevail in these labour camps. Mr. Finlayson has said there may be only a nominal wage paid. If that be the case, on behalf of labour across the country I would raise a vigorous protest against any such arrangement.

Mr. HEENAN: He said fifty cents a day.

Mr. WOODSWORTH: Fifty cents a day would be merely spending money. There is plenty of productive work to be done in this country and these men who find themselves out of work to-day have a right to be found work at a remunerative rate. The Prime Minister (Mr. Bennett) said that he was in favour of giving pay only to those who would work. I suppose, in a general way, we are all agreed as to that. But I should like to ask the Prime Minister whether he is willing to give decent wages to those who are willing to give good work? That is a matter—and an important one—upon which he made no pronouncement. It is one in which the labour people across this country are very much interested. In passing may I say that it is rather curious that we have to go to the minister of a province to find out what the federal government intends to do, but that is the only place at the present time to which we can go for information. The federal government has not announced its policy, so I presume some arrangements have been made with at least some of the provincial governments. Mr. Finlayson suggests there will be no relief given if the men refuse to stay in camp. That seems to be rather a serious situation; at least it might work out in a disastrous way. A little earlier in the session we heard a great deal about forced labour in Russia. I was rather interested in noting, according to a despatch in the Montreal Gazette of July 21, 1931, that a British group had investigated the charges made against the Russian lumber trade. The despatch reads:

Members of the British trade delegation which spent three weeks inspecting the lumber centres of northern Russia returned to Moscow to-day with the statement that they had found no evidence to support charges that forced labour is used in the Russian lumber industries.

The despatch goes on to elaborate this statement. While we have been criticizing forced labour in Russia, which appears from investigation not to exist, we are in very great danger of establishing something like forced labour in northern Ontario and other parts of Canada. In other words, we will say to these unemployed men: You go into camp and do your work under whatever conditions we prescribe for practically no wages, and if you do not do that, you starve. That is a serious situation and those are serious conditions to impose upon any free people. In fact such a situation would differ very little from slavery.

Moreover it is actually being suggested in the newspapers that these camps should be placed under military control. I hope the government has nothing of that kind in contemplation, because I feel sure it would raise a storm of protest, not merely from all sections of labour but also from all thoughtful citizens. We ought not to set up detention camps in Canada in times of peace. It is a dangerous proceeding and it is not fair to those men who are unfortunate enough to be out of work.

I should like to say a word with regard to the transients. No one has these days very much good to say of them. They have been forced to adopt more or less the life of hoboes, but in past years they have done much of the hard work of building up this country, in the lumber camps, the construction camps, the harvest fields, the mining camps and so on. Everywhere in the early stages of the development of this country we have depended upon the now despised transient workers, and they ought, I think, to receive at least a decent living. I should like to emphasize the point of view that I have been trying to bring before the house, that a decent living to this class of men has a prior claim to the interest charges of the banks, or to the dividends of the bondholders in any of our corporations or even to the interest on government bonds. I do not think this can be too strongly impressed upon the house.

Especially ought this to be emphasized with regard to foreign labour. Undoubtedly we have admitted altogether too many aliens into this country, and I think we in our corner of the house have done our best during the past ten years to protest against the immigration policy of the late government, a policy that I may say was endorsed pretty generally in the house and in the country at large. But now that we have these people here, we should treat them decently. We have spent millions of dollars in trying to induce them to leave their homes in mid-Europe or Norway or Sweden and to come to Canada to throw in their lot with us. Some of them unfortunately have not been able yet to become naturalized, and when a time of crisis comes, because of their lack of knowledge of the English language and because of their lack of connections here, they are the first to be laid off and to suffer the most heavily. Nevertheless, they have taken their full share in doing the heavy work of this country, and I would urge that nothing be done at this time of crisis that would lead to injustice in our attitude towards those whom we have asked to join with us in building up a new country.

Think of the conditions under which many of these transients are forced to live. Some weeks ago I called attention to the bad conditions that existed in the east end of this city. I find that similar conditions exist in almost every large centre from coast to coast. In the Toronto Star of June 28, I find an article on the "Jungles of Toronto." I will read a paragraph or so:

Some five hundred residents of the Don valley, Toronto's unique residential quarter, were just getting up when the Star arrived to-day. Crawling out from huts and shacks which look for all the world like beaver colonies, men of every nationality, nearly all of them unemployed, started lighting breakfast fires, washing at the stream, or cleaning their teeth.

Homeless, these men have built for themselves "homes" from the flotsam and jetsam which clutters the valley in the vicinity of the Don valley brickyards. Dried burdock plants, sticks of wood, heavy wrapping paper, and branches of trees have been interwoven and thatched to make several colonies of the little shacks. Some of the men, who were termed "transients" by a well-spoken shack owner, were sleeping in the open, on sheets of rusty tin to prevent ground moisture from seeping through.

Sleeping in the brick kiln where the officials of the works have strung up electric lights for the use of the sojourners, are the men about twenty of them who have been in the valley all winter. They are very jealous of their prerogative of sleeping in the comparatively swanky and dry kilns. Further to the east, and strung out along the railroad tracks have grown up within quarter of a mile of Rosedale, the miniature village, a unique product of the current depression.

Except for the more or less permanent residents in the brick kiln, everything in the village is in a continual state of flux. "Gangs of fifty or sixty leave here every night on the freight trains, and about the same number drift in by the same means," one of them told the Star.

Conditions of that kind, which I say are typical of those in nearly all our cities today, are a disgrace to any civilization. Those old lines of Lowell's have frequently been running through my mind lately.

Think ye that building shall endure
Which shelters the rich and crushes the poor!

It seems to me that a time of depression of this kind brings upon us the absolute necessity of giving fair play to those who are perhaps the least influential members of our community.

Let me give a warning to the government. I believe if camps are established under anything like military control, they may become schools of bolshevism. It may be that the government may be able to increase its mounted police force and keep individual camps in order. It may be that they will call in the military, but again let me warn that the army may easily become a Haman's gallows, the means by which capitalism itself will be done to death. The authorities of the present order are undoubtedly in a dilemma. They may be damned if they don't, but certainly they will be damned if they do, and I hate to think of the suffering that may be involved.

Mr. NICHOLSON: Is my hon. friend not aware that both the Hon. Mr. Finlayson and the premier of Ontario have categorically denied any thought of establishing camps such as he has been describing?

Mr. WOODSWORTH: I have seen denials in the papers, and I have also seen statements that such camps were to be established.

Mr. NICHOLSON: Who made the statements?

Mr. WOODSWORTH: They have been common in all our papers. This is almost our last opportunity for protest. Within a few days parliament will prorogue, and then the members of this house will have no opportunity of making their protests in the house, and I do want to urge upon the government that they will not permit anyone to influence them to establish camps of that character.

There is a very great deal of constructive work that might be undertaken in this country, I think, of our highways, of reforestation, of tree planting on the prairies, which in part would help prevent the drifting of our soil, of clearing the land in many scrubby districts, of drainage, of preparing semi-ready farms and better homes for the settlers on the prairie, of level crossings, of improving our parks and clearing out our slums, and particularly I would say the slums in the great city of Montreal, and of providing decent homes and healthful surroundings for the people. Only the other day a gentleman who had just returned from Vienna was telling me of the wonderful housing schemes being carried on in that fine old city. It seems to me that our government might undertake something of this character.

Of course, the old question comes up, and I think the Prime Minister will be the first to raise it: how are you to finance such schemes? I would say that if the country is as strong as he would have us believe, we have the whole credit of the country upon which to draw. The Prime Minister would finance the schemes by drawing on the consolidated revenue fund, that is, by borrowing. I would point out to him that a few years ago there was a precedent set for another type of financing. In 1914 and 1915 the government issued currency to the amount of $26,000,000, $10,000,000, if I recall aright, for the Canadian National railway, $6,000,000 for the Grand Trunk, and $10,000,000 for the treasury. I would suggest that a policy of that kind would mean that we would have the money without interest, and further than that, as my hon. friend from Macleod (Mr. Coote) has pointed out, such a procedure would at the same time lessen our load of debt. That is no cheap money scheme, but at this time when we have some of the leaders in finance pointing out the necessity of policies of this character I think it would be wise that the government should carefully consider action along this line rather than continuing to borrow and thus burdening the country in the years to come with a load of debt.

The Prime Minister in this motion and also in his speech indicated that he desired greater power than is now possessed by the government to deal with those who would in any way imperil law and order. The Prime Minister said that he wanted such powers with a view to such action "as in our judgment" —I presume he meant in the judgment of the government—"will free this country of those who have not proved themselves worthy of Canadian citizenship." Again let me say that this seems rather in harmony with some of the statements that we have had recently in our newspapers. I noticed just recently an Ottawa despatch that appeared in the western newspapers, as follows:

Ottawa, July 7.—The federal government is planning a round-up of communists and revolutionists in all sections of Canada, but more particularly in the west. It is definitely established here to-day that there are a number of "Reds" in the Winnipeg district who have been

marked down for arrest and deportation, and action certainly will be taken before the summer is over.

As I have tried to say in this house before, I wish that I were not placed in the position where it would always seem as if I were defending all the actions of our local communists. I am not doing that. I think, however, there is a bigger question here, and that is the question of freedom. We are in danger of becoming hysterical. For example, in the Montreal Gazette of July 23, 1931, I find an interview given by Lieutenant-Colonel R. H. Webb, the mayor of my own city, from which I quote a few paragraphs:

Bolshevism's insidious "Group G" is getting a grip on Canada's recent immigrants, especially around Winnipeg, and the Dominion, hampered with a legal system that is not made to cope with such a situation ought to enforce a national emergency measure, something like Great Britain's "Dora," or Defence of the Realm Act of war-time fame, Lieutenant-Colonel Webb said in response to a query on that subject.

Ordinary forensic methods were out of the question in dealing with bolshevik agents, he said. The Dominion ought to maintain a secret service expressly for combating the bolshevik menace, and ringleaders, instead of being hauled up in the ordinary law courts and allowed to hire high-priced counsel, ought to be just spirited out of the country and back to where they came from.

Canada ought to take a leaf out of the American book of sedition, and place the matter in the hands of the Immigration department, which is responsible for bringing foreigners into the country and making them into citizens, and of the federal police, who are here the Royal Canadian Mounted Police.

It does seem to me an extraordinary thing, Mr. Speaker, that in times of peace we should have any citizen, to say nothing of the mayor of one of our large cities, telling us that ordinary forensic methods are out of the question in dealing with a certain section of our community and that we should adopt secret police methods and spirit these people out of the country without trial. I would say that anybody who makes such a statement is not only doing his best to foster bolshevism, but I think is copying directly what we denounce as bolshevist methods. If there is to be any deportation I would say that the mayor of Winnipeg might be the first to be deported for trying to introduce bolshevist methods into Canada. But I am glad to say that the position of our "travelling mayor" is not the attitude of a good many people in Winnipeg. For example, I had a letter the other day from the city clerk, enclosing a copy of a resolution passed in connection with the Alien Identification Card Bill, which I believe has been before the Senate. The resolution reads:

We, the members of the municipal council of the city of Winnipeg, are of the opinion that the "Alien Identification Card" bill now before the Senate of Canada will not accomplish the object sought by its sponsors, and tends to stigmatize newcomers to Canada. It is considered an undeserved insult by immigrants who came to this country with the best intentions of becoming, and are honestly trying to be, worthy Canadian citizens. We therefore urge the hon. members of the Senate and House of Commons not to press such legislation, but to maintain unsullied our Canadian ideals of civil equality and social justice.

May I repeat that last phrase, and I would urge upon the Prime Minister, that we should maintain unsullied our Canadian ideals of civil equality and social justice.

While I have had hundreds of communications from labour organizations across the country protesting against some of these proposed methods, I should like to read a paragraph from an editorial in the Manitoba Free Press of July 24, which I think represents fairly well the judgment of a large number of the citizens of my own community:

The communists may be imposing on the good nature of the community, and taking advantage of rights which their own creed, in its own country, would refuse to tolerate for a moment, but such action as the council takes with the communists must leave uninfringed the right of free speech exercised in Winnipeg.

Free speech cannot be allowed to come under police supervision or discretion, which is what would happen were police permits required before meetings could legally be held.

I feel proud to be a citizen of Winnipeg when one of our leading papers takes that attitude. Sometimes it seems to me that in adopting these rather haphazard measures the Prime Minister is facing a great conflagration with a little squirt gun. He is trying to put out the conflagration, and when anyone expostulates that he definitely promised to put out the fire he exclaims, in great indignation, "No, I promised to meet it. Time will tell how successful I will be," whereupon he works harder than ever with his squirt gun and the fire rages more furiously than ever.

Almost in despair he at this time seeks autocratic powers. Sometimes I have wondered how to characterize the position and methods of the Prime Minister. On occasions he seems to be the conductor of a great orchestra composed of the members of his own party. As conductor, however, he does not permit each member of the orchestra to play very long or very loud on his own instrument but he conducts as would the leader of a jazz orchestra showing his versatility by playing in turn on each instrument as it is passed up to him.

Mr. POULIOT: Sousa's band.

Mr. WOODSWORTH: It seems to me that in this resolution not only have we auto-

cratic action, so far as the party is concerned, but the Prime Minister is taking the powers entirely out of the hands of parliament and placing them in his own and in those of his immediate colleagues. I think the situation is too dangerous for that. Further, may I venture to suggest that the world wide depression demands a great deal more in the way of constructive, far reaching planning.

I feel sure that the Prime Minister is sincere in the belief that his policies will solve our problems. I will say that he is almost fanatically sincere in that regard. Those of us however who have not his particular brand of fanaticism may be pardoned if we question his methods, when he asks us to hand all power over to him.

In closing may I say that while we have been talking to-day about unskilled workers, nothing whatever has been said about the skilled workers of whom there are very large numbers out of work, and for whom provision would not be made by the measures which have been indicated. Further, there are a very considerable number of women workers about whom very little has been said. The same is true of clerical workers who are perhaps in a more serious plight than manual workers. Last, I would point out the thousands of young people in this great land of opportunity who have not been given a chance as they left school to procure work. I cannot see that haphazard emergency methods, such as that now before us, are going to solve the problems of the classes which I have merely enumerated. Even now, before this house prorogues, might it not be possible for the government to reconsider the situation, take the house into its confidence and work out some sort of general plan, appoint a central committee which would not merely supervise the giving of relief—which in fact might not supervise the giving of relief at all—but which might study the underlying causes of unemployment and have the general direction and planning of what might be done to meet the situation.

Mr. E. J. GARLAND (Bow River): I do not purpose to delay the house at any great length, but I feel I should say a few words. With much that the speaker who has just taken his seat has said, I agree. With some of the criticisms by the leader of the opposition (Mr. Mackenzie King), I agree. The unfortunate fact is that it does not matter very much what the leader of the opposition, the leader of the Labour group or myself may say in the present instance. I am convinced that for the purpose of meeting a crisis the government is determined to carry through its dictatorial and autocratic policy of usurping the powers of the state. That the need for drastic action is there, I do not deny. There is no doubt under heaven that one of the most serious situations has arisen in Canada, and it is now proposed to meet it planlessly. The proposal before us is of a broad and general character. The amount of money involved we know nothing about; we do not know what will be spent, and I doubt very much if the Prime Minister (Mr. Bennett) himself has any comprehensive idea or estimate of the amount actually required. I doubt if he knows what works he will undertake. I suggested to him to-day one public work which might be proceeded with, but he replied that the engineers were not yet in agreement concerning that particular work. I do not think it would be a difficult matter, now that the surveys have been completed concerning the Peace River outlet, to have an agreement. I think action by the Prime Minister and the Minister of Railways and Canals would result in that very useful piece of work being proceeded with.

Because of the refusal of the leader of the opposition himself, as well as the present Prime Minister, to accept recommendations made a year ago and on previous occasions by hon. members in this corner of the house, we find ourselves in the present unfortunate position. A year ago last May I closed my remarks on the unemployment debate by saying to the then Prime Minister that he would not have taken the first step towards the solution of this problem until he authorized a comprehensive survey of economic and social conditions in Canada, with a view to planning for the solution of those problems. Nothing was done; no such body was appointed nor has it been appointed by the present administration. There has been no survey. In a previous debate this session one of the ministers opposite suggested that such a survey could be undertaken by the census takers—an absurd proposition.

As a matter of fact, Mr. Speaker, if this government or the preceding one had been gifted with that vision, which ought to be a prerogative of statesmen—and Prime Ministers in particular—they would have seen this situation. All they had to do was to listen to and carry into effect the suggestions of hon. members in this corner of the house, or to listen to the suggestions of such outstanding men with wisdom and brains as Sir George Paish, Lord d'Abernon and others who forecast the present situation in regard to unemployment. The situation in Europe alone would have justified anybody assuming that such a condition would come about.

What do we find? At the very outset of this session hon. members opposite, including the Prime Minister, attempted to minimize the seriousness of the situation, attempted to gloss over it. Then, on July 1, the Prime Minister made a pronouncement to the country more devastating in its gloomy forecast than anything that the people of Canada or hon. members in this house had heard of. He comes into the house to-day and by implication at least, if not by actual words, states that the situation has now become so desperate that nothing short of war measures could be calculated properly to deal with it. I doubt if there is any country in the world—there is not one that I know of—which so far has found it necessary to undertake such drastic and far-reaching measures to meet the economic situation. In other words it would appear that the Prime Minister is now so exercised—and I congratulate him upon being troubled, even though he be late—that he is prepared even to usurp the powers of parliament itself and resort to what might virtually be termed a dictatorship for the purpose of meeting the situation. Frankly, Mr. Speaker, I think he would be wise to meet the suggestion of the leader of the opposition to state a definite amount sufficiently large to cover every need anticipated, and then proceed with a general plan of constructive public works to give employment to those requiring it. To-day the situation is quite a bit worse than it was a year ago or even two years ago. In those days the contention that the constitutional position in dealing with unemployment was that the municipalities came first, the provinces second, and then the federal government; that contention was perhaps unassailable at that time. But now, as the Prime Minister himself would describe it, and in fact does describe it, we have a national calamity, a national crisis, so great in its magnitude that he is now prepared to ask parliament for these sweeping powers. The fact of the matter is the whole situation is now reversed, and instead of the municipalities bearing the first responsibility the federal government must do so. The Prime Minister himself accepted that position when, speaking on behalf of his party during the last election campaign, he said:

> I will end unemployment, I will take such measures as will provide for the giving of work to every man and woman in this country prepared to work.

Now we find a measure introduced which, in part, is a proposal to provide public work—at what wages we do not know yet—and, in part, makes provision for the dole. That is what it amounts to. I wish I could have some comprehensive idea of just exactly what is in the Prime Minister's mind. I do wish hon. gentlemen opposite had not made those statements they did make early in the session, when even the Minister of Labour himself, speaking in Hamilton on April 28 last, expressed these views:

> In Canada the unemployment problem is diminishing. We have experienced the most distressing winter in many years, but we emerge into the sunlight of hope at the beginning of another season, and it is within the realm of reason to say that before the snow falls again our wories will have largely disappeared.

The situation now is so bad that we need a war measures act to cope with. I congratulate the government, however, on proposing to meet the problem by providing work. I am afraid difficulties face the administration in this regard. If the government does succeed in meeting this problem with useful and remunerative work it will be the first government that I know of that has ever been able to do so. All governments are agreed that the policy of providing work is the best, and so are all individuals who have studied the question. And after all, all the men ask is work or maintenance. But all governments on coming into power have one eye on the treasury and the other on the unemployment problem, and the result is that one is controlled by the exigencies of the other. In Great Britain the grave situation has not been met by comprehensive public works, but a great deal of direct relief has been provided; much the same situation prevails in Germany; much the same situation exists in the United States, where charitable organizations are the present resource of the unemployed, the starving, and the miserable.

I think the time has come, Mr. Speaker, when governments should reconsider their whole method of borrowing for purposes such as these, and I support most strongly the latter suggestion of the hon. member for Winnipeg North Centre (Mr. Woodsworth), when he submitted to the Prime Minister a plan for providing the necessary moneys for all public work that might be required to take up the slack of unemployment by simply issuing dominion notes on the basis—if he wants to go through that formality—of dominion bonds deposited with the treasury board. We do it for our chartered banks now; why not do it for the state? It is a sound, a reasonable proposal. We could do that without charging the state a single dollar of interest. The additional currency thus created could be repaid subsequently out

of taxation. It appeals to me as a far superior method to borrowing money on long-term bonds and paying high rates of interest.

Before I sit down I want to call the attention of the Prime Minister to the demoralization due to the semi-starvation pay that is being given at the present time and during the last winter has been given to those who secure either direct relief or the inadequate work offered. In the city of Calgary, for example, until quite recently unemployed single men were receiving meal tickets for one meal a day and a bed in return for one day's work. I do not need to invite hon. members opposite who will spend a dollar and a half on a single meal in the Chateau Laurier to imagine just what the life of these people must be. One meal is all they get a day, in return for which they have worked eight hours. Recently the regulations were altered, and now the men are asked to give two day's work each week for the same return—two day's work for one meal a day and a bed. And even at that, Mr. Speaker, the single unemployed men in the city of Calgary are in a superior position to the single unemployed men in most of the cities of this country, for with few exceptions there is no provision for unemployment relief for single men.

The next thing to which I want to draw the attention of the Prime Minister is the situation in Drumheller, in my own constituency. There the married people, unemployed since last spring, very slightly employed in the winter of 1929-30, and with practically no employment, or very little, in the winter of 1930-31, have been receiving $1.25 a week per adult, and 25 cents per week for each child, irrespective of age or size. Can you maintain the moral fibre of the citizens of the country on the basis of pay of that kind? I ask the Prime Minister, can he expect that optimism and faith and pioneering courage which he seeks in our people on pay of $1.25 a week for each adult and 25 cents a week for each child? It is nothing but slow starvation. That is the situation that has existed in connection with hundreds of people in my own constituency in the mining valley of the Red Deer. Recently as the result of constant agitation, as the result of parades and demonstrations, the single unemployed men in that vicinity secured a measure of relief—one dollar and a half a week for a full-grown man. All they ask, Mr. Speaker, is work. Here is a message sent to the premier of my province, by these very men who held a mass meeting of some thousand odd, over four hundred of whom paraded to the police station at Drumheller seeking relief:

[Mr. E. J. Garland.]

Unless relief is immediately granted, workers must help themselves. They will not die at the time when warehouses are full of all kinds of food and other necessities of the workers. We have produced the wealth and we have the right to live.

Dangerous words, Mr. Speaker, for men in dangerous circumstances. We have the mayor of Edmonton emphasizing this in an emphatic prediction that we shall see, "Worse times than we yet have seen." His statement that the situation was getting beyond the power of the civic authorities to deal with deserves consideration at the hands of this house. According to the newspapers, after meeting Premier Brownlee and discussing the situation in Lethbridge, he said:

The situation in Lethbridge was acute and the costs to the city so high that it was the intention to cut off the relief April 26. At least 700 families in the city were in a state of destitution.

The miners in the Drumheller valley—the Prime Minister is not particularly interested, but I do not suppose it makes any difference—wired the premier of Alberta as follows:

We want work or full maintenance—

In order to make absolutely clear what they meant by "full maintenance" they added:

—the latter meaning three meals a day and a place to sleep.

Surely every Canadian man and woman and child is entitled to three meals a day and a place to sleep.

We want no discrimination between single and married men and no eviction for non-payment of rent while unemployed.

They complained that their light and water had been cut off and that they needed clothing. They preferred work to relief. It is the cry of every man who has anything real in him,—work, not relief.

There is just one other matter to which I should like to direct the attention of the Prime Minister. I have here the report of a meeting of the town council of Smiths Falls. Earlier in the session we heard that the district about that town was comparatively well off. Here is the quotation:

. . . . town council at its regular meeting last night . . . .

This is dated July 7, 1931.

. . . . heard the startling statement that families in this town were starving and that in some cases were absolutely without provisions. . . . In speaking on unemployment conditions, Councillor P. A. McKeown declared that some families in Smiths Falls were "starving" and thought a committee should be appointed to work in connection with church and welfare societies in order to raise a fund to provide relief for the families of unemployed during the coming winter.

"There have been cases," he said "where families were absolutely without provisions for the week end. They have come to me on Saturday nights and I have had to go out and dig up enough food to carry them over the week end."

Returning to the situation in my own constituency for a moment, I crave the attention of the Prime Minister to the last report of the welfare board which was appointed there. Let me briefly state that the situation became so desperate towards last spring that a meeting was called of the church authorities, the civic authorities and other influential persons in Drumheller, and at that meeting it was decided to set up a local relief board. This was done. That relief board functioned as long as all the funds the town council thought they could possibly vote lasted. Recently the resources being exhausted, even the official relief officer has gone, and the only body dealing with the situation there is a voluntary body created by some warm hearted Canadians who are doing their best to carry on the work formerly done by the relief board. This is the quotation I wish to read:

"We only have a small supply of tea and some dry bread," said a lady asking Mrs. L. Mackay, local relief officer, for relief early this week. "My husband is laid off from the mine permanently (at least until next fall) and we have no hopes for the future." This is only one of the many pitiful tales heard daily at the relief office.

Another case is that of a destitute family who could not send their children to school because of lack of footwear. There are four children in the family, the youngest four years old. Since the welfare board has stepped in to help, the three children going to school have been provided with shoes and the younger one, who can only stand at the door and watch the other children play, will be provided with shoes as soon as further donations are made to the welfare board.

In some cases there are six children in the family and the board is supplying these with milk in an endeavour to restore health and strength to the little bodies.

Donations of money and clothing are needed by the board to continue the work. Mrs. Mackay is always busy investigating cases, and so far as can be learned very few undeserving cases are slipping by. If any of our readers can spare a used suit, shoes, or any kind of wearing apparel the same would be gratefully received at the local relief office, upstairs in the city hall.

These, Mr. Speaker, will give this house some conception of conditions with which we are not all closely familiar. The situation is more terrible than anything that has already been said. Now I give to the house an editorial written by a man of whom the Prime Minister knows well, a man held in high esteem in the city of Edmonton. I refer to Mr. Elmer Roper, editor of the Labour News, who says:

I have something to get off my chest this week. Sunday I had a talk with Mr. Edwardson, the director of Hope Mission in Edmonton, and Monday morning I spent some time with him again, during which I saw the unemployed single men getting their porridge. About a thousand men are being fed in that way, and twenty-five hundred to three thousand bowls of porridge are being ladled out each day. The place opens up at seven-thirty and stays open until eleven in the morning, then opens again at three, and mush is dispensed until seven. The most striking thing about the whole business, to me, is the ages of the men. They range, I should say, from twenty to thirty. There is only a sprinkling of older men. Another noticeable feature is the cleanliness of most of them, and the fact that the majority whom I saw seem to be English-speaking fellows. I came away with a deep sense of the tragedy of the whole affair. With a few noticeable exceptions, they were a fine looking group of young men. (They'd have made wonderful recruits in the war). They possess the potentialities of good service to society. But because of society's lack of intelligence they are being demoralized and their energies are being wasted.

That is the situation, Mr. Speaker. Due to the delay all summer long countless thousands, nay, tens of thousands of single unemployed men have drifted across this country from city to city in misery; almost hopeless; begging; living at missions; sleeping where they can; riding on freight trains; learning how to steal; learning how to beg; learning how to starve. What an indictment of a country rich beyond the dreams of nations; what an indictment of a government that pledged itself to solve the problem; what an indictment of a nation that prides itself on its vast wealth as well as its potentialities.

If you want the final word, Mr. Speaker, it is to be found in the letters I have received from those who beg to be deported. We have heard much in this house from the hon. member for Winnipeg North Centre and others against the policy of deportation for certain reasons. I have no particular complaint; so far nothing has come to my attention in that regard. But I have this complaint: We have a situation here under which, having invited Britishers to Canada, and having promised them steady work at good wages, we now find the same Britishers failing to get the promised work begging to be deported. Not only that, but they thank you when you secure deportation for them. I have a letter here from a man named Joe Lewis, a Welshman, who says:

I came out here two years ago from Aberavon, South Wales. My wife has been sick ever since, and last February applied for deportation. I have been interviewed by the officer, and this I know is hard to ask you but could

you ginger them up that end so as to get the family back home out of this misery? With all fraternal greetings,

I hope to remain,

Fraternally yours,

Joe Lewis.

I think that man now is on his way home. I have another letter here from Wayne, Alberta, written by another Britisher, George Ritchie. I helped secure deportation for him and his family, and he writes as follows:

Well, Mr. Garland, I humbly beg to thank you on behalf of myself and family for the way you handled my case and the trouble and pains you used to help me in my great difficulty of getting away. Needless to say my wife has improved in health already, and looking forward to getting back home.

This country must learn to offer more to its people than the hopelessness depicted in letters of that kind, which have been received not only by myself, but I presume by other members as well. The situation is now in the hands of the Prime Minister; whether we will or not he is going to take to himself power to deal with unemployment in the widest and most drastic fashion. The responsibility for failure will be upon him, but in conclusion I say to him that he will have been derelict in his duty and will have betrayed the best interests of Canada if he permits, so long as he is Prime Minister with the power to vote money, any man or woman to exist on $1.50 per week, or 25 cents per child. If he is not able to provide useful and remunerative work I say at least he should provide these people with enough to supply them with three meals a day, a bed and necessary clothing.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. WILLIAM IRVINE (Wetaskiwin): I wish to make a few remarks on this very important resolution. I have always regarded the unemployment question as being the very centre of the great problem of our modern world, the problem that has yet to be solved. We may regard the problem of civilization as being focussed in this unemployment question with which Canada, like all other countries in the world, is confronted to-day.

The resolution before the house recognizes the necessity of giving some relief to the unemployed of our country and it makes a definite proposal as to how this is to be done, seeking from this house the necessary authority to enable the government to carry into effect the policy indicated in the motion. I look upon that, in itself, as a real step forward. I am quite sure that the people of Canada will feel relieved when they read the resolution; and they will be more satisfied when they read the statement of the Prime Minister (Mr. Bennett) to-day, when he said most definitely that no one was to be hungry or cold or in dire distress in Canada in the coming year, who was willing to work if work could be found. And the right hon. gentleman intimated that where people could not work, or where it was impossible to get work for them, they would be similarly taken care of.

That, to my mind, is the announcement of a policy from which no government in the future will ever be able to depart until the problem of unemployment has been solved. I do not think it has ever been so clearly stated by any government before, that the people of the country should be protected from hunger and cold. And when we realize that the country itself is well able to meet the situation; when we realize that there is no richer country in the world, certainly not in proportion to population; when we realize that there is an abundance of all kinds of goods which the people require, then we can see that it is only a matter of ordinary common sense and wisdom for a government to declare that it will see to it that the people shall not suffer from any lack of food and clothing.

In this resolution the government undertakes to do what the capitalistic system has failed to do. Whether capitalism will undergo some modification in the future and continue, I do not know. But I do know, as everyone else knows, that it has fallen down; it is not able to distribute to the people who require them the goods which it has produced. Here the government of Canada has definitely undertaken that in the coming year goods will be distributed to the people, at least to such an extent as will prevent hunger and cold.

Now, the question is whether or not the policy of the government in this regard is the best one to follow. The Prime Minister has challenged the commoners, if the proposed method is not satisfactory, to suggest a better way of going about it. The criticism so far has been against a request from the

government for a blank cheque from parliament as it has been described. The government is criticized for asking authority to spend as much money as it may see fit, and the Prime Minister has declared that a limitation is undesirable. He asks us—How can it otherwise be done—I do not think it can be done otherwise with efficiency, nor do I think that if another way could be found it would be wise to take it. I think the proposed method is the wisest under the circumstances. And I have not been converted to that view by the resolution itself nor by the arguments in its defence; for I said the same thing when addressing myself to the unemployment question in the budget debate. At that time the government was criticized for failure to state in the budget a specific amount to be expended in unemployment relief. During that debate I said as clearly as I could that in my opinion the budget was not the place in which to make that provision. I did not think that the government was in a position to say definitely how much was required, and therefore, in taking the same view now, I am not admitting that I have changed my mind in consequence of the resolution. I recognize, in view of all the circumstances, the wisdom of the policy now proposed.

If the government did fix a figure it would be immediately open to criticism that that figure was either too small or too large; some would take one view and some the other. And if a specific sum were indicated, it could be at best only a guess. Moreover, all the municipalities and the provinces would be immediately trying to get their share of what there was, and to get it as quickly as they could. If the appropriation were a large one, they would be competing with one another to see who could get the most. They would argue, as I have often heard them argue, "We have to pay for it anyway out of our taxes and we may as well get as much as we possibly can." Another consideration is this. If a specific sum were mentioned the tendency of the manufacturers and large employers of labour would be to rest on their oars more or less. They would feel that they had less responsibility than before in our present industrial situation, because the government had decided to spend so much to relieve unemployment.

Taking all phases of the question into consideration, I am quite satisfied that the government could not declare what specific amount would be required. They could only guess at it, and even if they were approximately right it would not be good policy. It is far better for us to give the government what it now asks, namely, the right to expend whatever sum is necessary and where it is necessary. I submit, Mr. Speaker, that we must entrust any government, under circumstances such as we are faced with now, with that much authority. The government in accepting responsibility in this regard, cannot, if it fails, escape its responsibility to the people; if it misspends the money or if its policy proves to be a fiasco, parliament and the people will have to deal with the subject again. The government cannot escape its responsibility in this regard even if it were desirous of so doing. We are now taking the logical and wisest step in order to deal with a specific situation.

It has been contended, especially by the leader of the opposition (Mr. Mackenzie King), that the government by this measure is being granted too much power. I am not sure that I can quite follow the logic of that argument. According to our system the government, for all practical purposes, is parliament, and parliament is the government. I would say that the objection that the government is getting too much power under this bill has not even a technical basis upon which to rest for the government makes its appeal to parliament and parliament is the majority of this house. The majority of the house belongs to the government side, and the government controls the party in power. Therefore, in reality, in respect to not only this government but all governments under the party system, the government is parliament and parliament is the government. Theoretically we can argue otherwise if we choose to do so; theoretically we can say that parliament has this, that and the other thing, but the only thing that parliament has is the decision of the majority. The decision of the majority is that of the government party in every case, and the government party is controlled very largely by the cabinet. Perhaps this is a good thing in most instances. There you have the situation, so what is the use of saying that parliament is now being ravished and the government is obtaining powers greater than it has any right to receive? Under our system the government cannot do that if it brings the measure to the house, for it is parliament that is now acting. In that regard I could not follow the reasoning of my good friend and colleague, the hon. member for Bow River (Mr. Garland), when he stated that the government under this bill was usurping the power of parliament. I am at a loss to see how parliament can usurp the power of parliament; for, I repeat, this bill will have to be passed by the majority of this house which

is the voice of parliament, and parliament cannot usurp its own powers. As a matter of fact, this bill does not seek power; it expresses power, and anyone who wishes to challenge that statement must challenge our entire system of government. I have done that many a time, and I still do it. I do not think this is the best system of government, but it is the system that exists and in this bill the government is carrying out the constitutional method. There is nothing wrong with that. Anyone who criticizes it ought to challenge the system itself, because that is the only ground he would have in this connection.

To pass on to the other phase of the question which has been touched upon by the Prime Minister and those who replied to him, in regard to the powers whereby the government seeks to enforce law and order, any government must be clothed with powers to act in an emergency in order to protect the system for which it stands. That is a principle which cannot be put aside even though we may not be supporters of the government or of the order of society which it represents. The power to meet any emergency is inseparable from the idea of government; it is inherent in government. A government without power to protect itself is not a government at all. I do not know that Canada is in any great danger of revolutionary uprising at present; I would say that probably it is in less danger in that respect than any other country in the world, but I know as well as any other hon. member that there are those who seek to upset by force this system, not only in this country but in all others, and they do not hesitate to say so. They declare that all governments exist by force, which is true, and they say that we can upset that government or system only by force. They openly say: We are out by force to upset that system. They know quite well that power of this kind is inherent in government and they do not hesitate so to declare. I do not know to what extent the danger may be from that quarter; I think it is very small; but if there were a danger I would not want to accept the responsibility of not having provision made to take care of it. When there are numbers of people in the country who openly declare they are out to upset the whole system by force, I do not consider that method intelligent, and I am still trying to hold on to my faith in the possibility of modifying our present system through intelligence. While I do not agree with the system as it exists to-day; while I have every hope that a new system will be established, nevertheless I can see that if the system as it is were swept away by those who would seek to detroy it, I would be defeated in trying to modify the system through intelligence just as those who believe in the system would be defeated. To that exent there is no middle course: we must either openly and avowedly take our side with those who stand for the overthrow of the system by force, or else give our support both moral and direct to the protection of the system at it exists. Therefore, I see no objection to giving the government the authority which it asks. Even if there is no danger of their having to use it, the government must be clothed with that authority. I hope the clothes will fit well; if they do not, the government will have to pay for the misfit.

I would deplore nothing more than civil disruption to any degree in Canada next year or any other year; I would deplore that there should be any act which would warrant the government in exercising that power, but it would be equally deplorable if conditions arose which demand its exercise and the government did not have the right to use it. So from that point of view I see no reason why this measure should not be passed.

Let me turn next to the main proposal, and the one in which we are all more interested than even in these points of academic discussion. I refer to the question of how to meet the unemployment situation that at present exists in Canada. Of course I know the government, in taking this course, does not consider it is solving the problem of unemployment for all time. It will give employment to the people only while they are doing the work which is provided for them, and not any longer. There is nothing in the proposal that would indicate a fundamental alteration in the system itself that would do away with unemployment. But the action that is being taken is very necessary at the present time, and the question is: what suggestions can we make to the government in this regard?

I was glad indeed to hear the declaration that the government intended to enter upon extensive public works, to provide constructive, real work, not work that is manufactured by groups and municipalities as is sometimes done, merely to keep idle hands busy, like carrying a heavy stone from one end of the garden to the other for eight hours a day in order that a man may feel morally justified that he had done sufficient work to entitle him to eat three meals. That kind of work we do not want, but real constructive work which is required, work which will be an asset

to the nation, work which will assist Canada to produce greater wealth in the future than it has in the past. That is the kind of work we desire to have done, and I am delighted that the government has seen fit to announce that policy now because I believe that that in itself is a mark of progress.

As I have perhaps too often said to this house in criticism of government policies generally in respect to unemployment, most governments during times of depression spend less money than at any other time, and most governments during times of great prosperity have a tendency to spend more money than at any other time. That is the natural reaction, I say, to the general public feeling, but I argue that it is bad policy. The governments of the country, municipal, provincial and dominion, taken together represent a greater control of the capital expenditure of this country than any other force, and if all these governments would undertake to plan carefully even their own expenditure, they could to a very great extent regulate the periods of depression and unemployment. They have control. They may spend this year or next year. I think that the adoption of such a policy by the government would be a step in advance; not that it would cure anything, but it might prevent a good deal of unnecessary suffering if all the governments of Canada, municipal, provincial and dominion, would undertake to think ahead and to engage in capital expenditure to the greatest extent in times of depression and to husband its resources in times of prosperity. That would have a regulating effect upon the boom and slump cycles which unfortunately come because we have not intelligent control of finance in relation to production and distribution.

There are many kinds of work which the government could undertake, and may I suggest that the government ought to do this thing in a big way if it is going to do it at all. I hope the government will do it in such a way that it will not be necessary for working people to lower their standard of living next winter. I hope that they will engage in it in such a way that it will not be necessary to reduce wages below the ordinary standards, and that they will engage in it in a big enough way to give a stimulus to the whole business life of Canada. It may not take so much to do that as we might at first think. Unquestionably the depression in this and all other countries is due to the fact that there is not sufficient purchasing power amongst the people to distribute the goods the production of which the modern machine has made possible. You may explain that any way you like. But put the money into the pockets of the people of Canada to-day and you will not require any money for unemployment relief. There would be plenty to do. You would then have the purchasing power necessary to move the goods now lying on the dust-laden shelves of the warehouses, and as soon as those goods are moved the wheels of industry will start replenishing the shelves, and then you are off. The great question is to distribute purchasing power, and I hope the government will enter into this building of public service in such a way as to make a real impression on the economic life of the country. There are so many things that might be done. I shall enumerate a few of the smaller ones first, and then finish up with a few of the larger ones.

There could be built schools and colleges. We need more of both. Roads and bridges could be built. Electric and steam railways, footpaths, parks, the making of improvements, such as pavements and so forth, the building of hospitals, sanatoria and laboratories, public buildings, the improvement of harbours, the development of canals and generally the means of inland navigation, the reclamation of waste lands, reforestation, the making of supplies for public institutions, such as clothing, uniforms and furniture.

May I add to that list, the building of houses for the people of Canada to live in? There is not one of our large cities in Canada, so far as I am aware, which has escaped the slum condition characteristic of older cities. Go to Montreal or Toronto, or even to Winnipeg, and you will find street after street of houses that ought to be burned down. You will find people struggling to pay high rents for houses because houses are scarce. At the same time you will find hundreds of idle carpenters, hundreds of idle plumbers, hundreds of men idle who would like to dig cellars and make concrete basements. You will find lumber burning up in the sun in the lumber yards of Canada, and tall timber in the forests waiting to be cut down with the axe. We have all these things in abundance, and yet we have people without houses to live in. Go on the prairies among the farmers and you will find dozens of farmers living in hovels, shacks, with the rain pouring in on them when it rains, and the occupants freezing almost to death in the winter time. These people require better houses, and it would be in the interest of Canada to build them. It is far better for us to build houses, to remove the slums from our cities, to raise the standard of living for our agriculturists,

than merely to give hand-outs in relief in order to keep people from starving. Such is the kind of constructive work that I hope the government will undertake.

Let me now indicate a few things that might be done in a bigger way. We hope that some day in the near future the deep waterway on the St. Lawrence will be developed. We hope that in the near future it will be possible to travel by motor from the eastern coast to the western coast. We want that highway built, whether it is built as a national highway all the way through or the stretches of provincial highways are merely linked up. That work should be done. It would be of great service to the people of Canada. To give another example, take the Peace River outlet, which has already been mentioned by the hon. member for Bow River (Mr. Garland). There is a necessary railway to be built; the people are needing it, and there cannot be a more advantageous time to build it than now when money can be borrowed perhaps more cheaply than in the midst of a period of prosperity. There are three great undertakings. Let them be undertaken as speedily as possible, as well as similar undertakings. Suppose it puts Canada $500,000,000 more in debt. Suppose it even went so far as to put Canada $1,000,000,000 more in debt, for construction, for peace, for the development of national life, a billion dollars in the interests of constructive human statesmanship. Suppose it did. Could not that well be defended? We cannot defend the expenditure of two billion dollars for war. I do not know of anybody who either then or now would say that we could have got rid of that expenditure, but after all, what have we to show for it but thousands of graves of our best in Flanders, hundreds and thousands of our citizens crippled, and all the ill-feeling which develops as the result of a world war of that magnitude, with all the problems which have been created thereby? And still we have to meet all the little wars and all the big wars which the peace following the last war made possible. That is all we got out of it. All the goods were produced and destroyed, but for a peace program of this kind the goods we produce will remain to reproduce themselves in the greater wealth of the nation. I do not think any government has to fear criticism from intelligent people when they undertake the expenditures necessary to meet the country's needs in the midst of an economic breakdown of society such as is common to all nations of the world to-day. The government has committed itself to a policy of protecting Canadian citizens from hunger and starvation,

and it proposes to do so, not merely by doling out a few dollars now and again, but by constructive work. I have tried to indicate some of the things I believe should be done under that program by the municipal and provincial governments in joint operation with the federal government.

The question now arises: Where is the money to come from to carry out these works? That is the greatest problem which any government of to-day has to face. I do not know whether the government has agreed with what I have said so far, but I am sorry to say I am sure it will not agree with my next statements. From now on I go alone, so far as the government is concerned. The government does not believe it is possible to finance our national undertakings in any way other than the method which in the past has been adopted. I am quite convinced that the day is not far distant when this or some other government wlil change its mind on that point. Throughout the entire world the question of credit is to-day the chief matter of discussion. We know that at the moment Europe is almost at the point of breakdown, through lack of proper credit facilities. We know that condition has been brought about by a debt creating system which, by its very nature, grows from day to day and from generation to generation until the burden of the world's debt becomes so terrific that the financial structure crumbles under the weight. To put it another way, international and national debts have so absorbed the credit of the people that there is nothing left to live on, and nothing left to circulate or to make goods move. There is nothing left with which to enter into new productions, so great has become the debt system. If we proceed with a program such as that indicated in the resolution we shall have to borrow or create money to do it. If we borrow the money, the banks create it; if we create it, we do ourselves what the banks would do for us. That is the only difference.

I am going to suggest, as I have done ad nauseam to this house, that the government consider the possiblity of financing this matter by putting the national credit behind it, and not by issuing debt and interest bearing bonds which will not only add to the debt but in twenty years will be doubled, and will add to the burden of debt from which the nations of the world are at the present time struggling to free themselves. I do not suppose it would be edifying to hon. members if I were to attempt to analyze the credit system of Canada. I do not think I would be justified in letting this opportun-

ity pass, however, without emphasizing that this is a time when an experiment could be made, at least on a small scale. The hon. member for Macleod (Mr. Coote) has been urging that we should alter the gold basis of our currency sufficiently to place us on a par with countries with whom we have to compete in business. Here is a method of achieving that result without doing anything with the gold. Let there be issued in Canada sufficient credit to undertake these public services, and immediately, as the Prime Minister will declare, if asked, currency will be debased to correspond with the currency of other countries, and immediately we shall have done what the hon. member for Macleod has been asking us to do and would place ourselves on a level with Australia, Argentine and the countries with which we must compete when selling our goods in the markets of the world. They would not have an advantage, as they do now, of between 25 and 30 per cent when they sell their goods to countries to which we desire also to sell.

I do not think I could add much more to the discussion. That the government has undertaken to deal with the problem of unemployment is a mark of progress. I believe it should be a part of the government's policy to regulate its public works with a view to doing most of them at a time when we have greatest unemployment, and doing least when we have greater prosperity. Further, I believe that the financing of such an undertaking should be done directly from the treasury of the state without any interest charges beyond those which are necessary to meet the handling charges. In that way we would increase the purchasing power of the community without increasing its debt, and by increasing the purchasing power we would stimulate industry in Canada and go a long way towards relieving the present unemployment situation.

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, the city of Winnipeg is vitally concerned in the measure of relief foreshadowed by this resolution. In point of population Winnipeg is the third city in Canada; in normal times it is the third city in point of the value of its industrial output. To-day Winnipeg stands first among the cities of Canada in the gravity of the unemployment situation; surely that is a matter of real concern. I think I am not overstating the facts when I say that in that city and its immediate environs there are to-day 30,000 workless. Who are those workless people? Many, it is true, are transients; many are unskilled workmen; many, too, are skilled artisans; there are clerks and divers other classes of citizens who in times of normal prosperity administer to the multitudinous needs of a great metropolis.

It is my privilege to represent in this house an important constituency in that city, that of Winnipeg South Centre. That constituency, including that portion of the municipality of St. James immediately adjoining on the west, contains, conservatively speaking, about 125,000 people. Its actual voting strength at the last general election was approximately 47,000. In it there are all classes of people living under normal standards. There are people of moderate wealth, but the vast majority are engaged in business, in retail trades, in various working and building trades; some are clerks—indeed I think I may describe the constituency as one representative of the working people of Canada who depend upon their day's work for their daily bread.

It has been intimated in the press throughout the country that Winnipeg of all the cities of Canada is a city where there congregate in large numbers those who for want of a more accurate description the papers call "reds." I am here to-night, sir, to say that that is untrue. The vast majority of the people of the city of Winnipeg, as I believe of all other cities in this country, call them what you like, are plain, honest citizens, seeking only the right to work and to maintain their families in reasonable comfort. It is true that in Winnipeg, as in other cities, we have certain professional agitators whose dividends depend upon dissension, discord and agitation. But, thank God, they are few. While they are articulate and vociferous, and consequently acquire a notoriety and a publicity far beyond their numerical importance, let me say that at heart the city of Winnipeg is sound. In fifty years it has grown from a hamlet to be the third city of Canada; I am proud to-night to be a representative from that city.

The people of Winnipeg—and may I presume to speak not merely for the people of my constituency, but for the fair-minded people of Winnipeg, generally—are looking with hope to the legislation that is at present before this house. I am happy to say that I think they have reason to look with hope, indeed to look with far greater hope than would be indicated by the criticism offered by the ex-Prime Minister (Mr. Mackenzie King) this afternoon and by those who have followed him in a similar vein. Since I have referred to the ex-Prime Minister, I think I could not better describe the plight

of these people than to use his own language in his book on Industry and Humanity. At page 51 in discussing people in like circumstances he says:

> The sufferings of the victims of economic pressure are not so dramatically displayed as are the sacrifices of men in war. They are none the less real, though being silently, slowly and obscurely borne.

That is true, sir—it is comparatively easy, booted and spurred, with bugles calling to ride into action with death tugging at your stirrup leathers; but to be denied the right to earn your daily bread, to sit without employment, hope or aim by an unlighted hearth, to watch your children, your dependents in hunger and in want—that is something that plumbs the greatest depths of human fortitude. That is the plight to-night of these 30,000 people in the city of Winnipeg. I hope, sir, that this house will not consider I am parochial in referring only to the city of Winnipeg. I refer to Winnipeg because it is my city, and I think it is consistent with the duty of every member on an occasion such as this to concern himself particularly with the needs of his own constituency. I realize that similar conditions exist, not to that extent perhaps, but to whatever extent they do exist in other parts of Canada they are equally critical. For that reason I am glad to know that when parliament prorogues I can go back to the city of Winnipeg, knowing that the Prime Minister and his cabinet have seen fit to place, as they will place, upon the statute books an instrument by which the government during the long winter months that are to come will be in a position to deal effectively and adequately with the crisis that is upon us.

To ameliorate these conditions is, and should be, the first duty of government. Has this government recognized its duty? The matter need not be extended. Let me simply say this: The Conservative party, led by the Right Hon. Richard B. Bennett, in the campaign just closed a year ago yesterday, told the people of Canada that when our citizens could not find work in a land of plenty, when they were denied the right to work, that was a matter of national concern. He told the people of Canada that if the Conservative party were returned to power it would recognize unemployment as a national problem and would so deal with it. A special session was called; that was the first step in fulfilment of the promise. Following that there was initiated in this house—however it may turn out eventually—a policy which in the judgment of the government of the day is predicated upon this principle: That Canadian workmen in Canada shall have the right, as far as is economically possible, to work up into the finished product the goods that will be consumed in this country. That is the principle upon which this government is proceeding with a view to bringing about permanent amelioration of general conditions. But in the meantime, since we have unemployment still with us, there will be introduced now a measure to provide for the immediate circumstances.

It is rather surprising to me as a comparatively new member in this house to find that members opposite seek always apparently only something to condemn, nothing to commend. It has come as a surprise to me that those who claim to represent labour in a special sense could find so little to commend in the legislation now before the house. I am glad the hon. member for Winnipeg North Centre (Mr. Woodsworth) is in his place, because I want to make a brief reference to his criticism. Read the speech of the hon. member and recall that it is relative to a resolution recognizing unemployment as a matter of first national concern, that asks this house to place in the hands of the government an instrument whereby it can adequately cope with the situation as it arises. Yet how little of commendation is to be found in the hon member's remarks. There may have been a phrase of commendation—if there was I missed it—but I did not miss the carping, factious criticism. The hon. member charged—what? That this government seeks autocratic powers. Autrocratic powers, forsooth! What are they? The government of the day seeks only this right: the authority of parliament to work out in cooperation with the municipalities and the provinces a measure of relief for our own workless, and to that end to use such funds of this country as the occasion warrants. Autocratic powers! The scope of the request is measured by the need, and by the need alone. That far, and no further, the government seeks authority from this parliament.

The hon. member found occasion too to refer to newspaper despatches relating to alleged statements by the Hon. Mr. Finlayson of the Ontario government, intimating what was likely to happen in certain camps in the north of the province. So far, so good. But not until his attention was definitely directed to it by the hon. member for East Algoma (Mr. Nicholson) did he say, "Yes I did read denials by Mr. Finlayson." Is it too much to expect, sir, that one who in former years was engaged in the promulgation of the principle, "do unto others as you would they should do unto you," would be fair enough in the first instance to place the two statements side by side?

The hon. member also seems to fear that some sinister use is intended to be made by this government of the special powers asked for looking to the preservation of peace, order and good government in this country. Does any fair-minded man throughout the whole of Canada believe that either the right hon. Prime Minister or any member of his cabinet really seeks that power for any ulterior or sinister purpose? I am sure there is not one. Who are apprehensive? Only those who have cause. Let me remind the hon. member of a text with which I am sure he will be familiar: The guilty flee when no man pursueth.

Reference was made also, Mr. Speaker, by the same hon. member to the first citizen of the city of Winnipeg. I hold no brief for Colonel Ralph Webb, mayor of the city of Winnipeg; he does not need me to tell the people of Canada where he stands, but coming from that city I felt I could not let the observation pass. When speaking of deportations it was suggested by the hon. member that the first deportee be Ralph Webb. Let me say that if we deported from Canada every citizen of the type of Ralph Webb of the city of Winnipeg, and left only citizens of the communistic type who want to subvert our constitution and all our principles of liberty, Canada indeed would be a very bad country in which to dwell.

The right hon. the ex-Prime Minister (Mr. Mackenzie King) devoted his whole speech to criticism, and without going into detail I took this to be his major criticism: He intimated that by giving this government power to draw upon the resources of this country without limitation, for unemployment relief, we would be doing violence to the constitution of Canada and abrogating the powers and privileges of parliament. He contended that something in the proposal was fundamentally wrong, and that in asking parliament to grant this power we were shattering precedent. Sir, how often in the past has the Conservative party in Canada had to listen to the taunt that they were a party of reactionaries, fettered by precedent and afraid to move without some precedent to back up that movement? It is a happy change, then, for those who have been accustomed to indulge in those taunts to have this outstanding example to the contrary to meet a national crisis. If it be—and I do not think it is—that we are asking parliament to stretch a little the garment with which the constitution of Canada is clothed, then never before in the history of Canada was there such warrant and such merit for the request. Although the ex-Prime Minister may be disturbed by the shattering of this precedent; although some of the others who followed him in like strain may be disturbed, let me say that I think the people of Canada are not particularly concerned whether we stretch that garment an inch or more. But they are concerned with this government dealing in an adequate and courageous way with the problem now preeminently occupying the minds of the people.

At the most it is this: Parliament is asked to trust this administration, in dealing with this matter of unemployment, not to squander the money of the people. Shortly, that is all there is to it. The ex-Prime Minister says we should fix the sum, that it should be limited. What sum could be fixed, with conditions changing from day to day? Who in April last, by the utmost prevision, could have foreseen that in the great province of Saskatchewan there would be an area of some five million acres practically without a crop? Who could have foreseen that situation? Now we know it to be so. The ex-Prime Minister says this legislation should have been brought in at the commencement of the session; had that been done there would have been no relief for the cropless farmers in the west.

During this whole summer the Department of Labour has been in touch with the situation and has been gathering information, and I submit that now is the most opportune time to deal with this question. Just as conditions changed fundamentally from what they were in May last, so in October, November and December they may vary again. Then what sum can be asked of this parliament for this purpose? A maximum could be fixed, but if that were not enough what would happen then? It is a matter of trusting this administration to act judiciously as trustees of the funds of the people in order adequately to meet the situation as it arises, and as it varies from time to time. If that is too much it means that this house cannot trust the present administration. Happily the people of Canada have seen fit to trust them, and it is my belief that this whole question of unemployment will be so met and dealt with that the government will continue to merit the confidence of the people.

Just one further word and I am through. The ex-Prime Minister is now very much disturbed about our workless. Is it too much to expect that our unemployed will measure the magnanimity of his present concern when he has not the power to execute, by the parsimony of his performance when he had the power to help?

Mr. BOURASSA: Mr. Speaker, it has been stated—

Mr. SPEAKER: The hon. member for Gloucester has the floor.

Mr. BOURASSA: This is the third time I have risen, but evidently I have not caught the eye of the Speaker.

Hon. P. J. VENIOT (Gloucester): Before this resolution is adopted I wish to say a few words. It is not my intention to arraign the government for not having solved the unemployment problem as they promised to do, nor is it my intention to reiterate the statements already made from this side of the house as to the action of the government in not carrying out the pledges they gave the people of Canada during the last campaign. But before giving the reasons for what I am going to say on this resolution, I wish to refer to one or two of the arguments advanced by the last two speakers.

I think I rightly understood the hon. member for Wetaskiwin (Mr. Irvine) when he laid down this principle: The government is parliament and parliament is the government; therefore the measure before the house does not take away any of the prerogatives of parliament. This is the first time in my political career that I have heard a gentleman occupying the responsible position of an hon. member of the House of Commons laying down so absurd a principle. It is a pity indeed that the government have not seen fit to take the hon. member into their ranks; I am sure an hon. member with such principles as he professes must be a source of great strength to any government of which he might form a part.

I listened to the hon. member for Winnipeg South Centre (Mr. Kennedy), and he complained that so little commendation had been given this legislation from this side of the house. He went on to leave the impression that the right hon. leader of the opposition (Mr. Mackenzie King) was opposed to this measure. The hon. member should have been fair in his criticism. The leader of the opposition is not opposing this measure; he is not opposing any relief that the government may give to the unemployed. He is opposing the method adopted by the government to carry out that relief; and in doing that, I feel that he is perfectly justified in the position he has taken. Personally I am in hearty accord with anything the government may do to bring relief to the unemployed. But after they have been in power one year, I submit that they should be in a position to inform this house what they are going to do, how they are going to do it, and how much it will cost the country. The hon. member for Winnipeg South Centre says that we refuse to trust the government. Yes; so far as I am concerned, after one year's experience of the present government, I refuse to trust them with this blank cheque. And I intend before I get through to give my reasons.

Mr. KENNEDY (Winnipeg): Would you suggest limiting it to a nickel?

Mr. STEWART (Edmonton): How clever!

Mr. VENIOT: I did not interrupt the hon. gentleman; apparently the shoe pinches so much that he cannot keep his seat. One thing I might say, however: after listening to the hon. gentleman I do not think his speech was worth even a nickel.

Before the interruption I said I intended to give my reasons for not trusting the government with a blank cheque. They come before us to-day after one year in power. Last September we voted them $20,000,000, which they were so anxious to obtain in order to relieve unemployment. And that money is not yet all spent. There is still in the treasury of the Dominion a large part of that money voted them; and judging from their actions, our hon. friends knew so little about the situation, at least up to within the last three or four months, that they could not find means of spending this money to relieve the situation. Yet on every hustings last year they were telling how rampant unemployment was in every part of the Dominion. We voted that $20,000,000 willingly, although I felt at the time that $20,000,000 was not enough. But if the government had known their business, had they been sincere in their desire to relieve unemployment, there would not be a cent of that money in the treasury to-day. Of the $20,000,000, $4,000,000 was set aside for direct relief; and of that sum about $1,500,000 has not been spent, although there are hundreds of people throughout the country who to-day are almost on the verge of starvation and to whom direct relief should be given. That is one reason why I will not trust the government with a blank cheque.

Another reason is my experience of the way the money was spent by this government in cooperation with the government of New Brunswick. I will touch upon that before I finish.

But to come back to the blank cheque. Is it possible that the government does not know approximately the number of unemployed in Canada to-day who require relief? The Prime Minister (Mr. Bennett) stated, boasting about it, that during last winter, or from September last until the first of July, there had been employed 310,000 people under the $20,000,000 voted by parliament. Then he added to that the sum of $50,000,000 spent otherwise. He said that altogether there had been expended $70,000,000. Apart from what the federal

government spent, the municipalities, the provinces and the two large railway companies spent something like $50,000,000. Now, if the federal government spent $16,000,000 in indirect assistance, and the provinces, municipalities and railway companies spent $50,000,000, there you have $66,000,000 provided for employment for 300,000 people. Let us take it at that figure —300,000. Surely there are not more than 300,000 unemployed in Canada to-day. If there are, then the government's policy since last September has been an utter failure. If there are more unemployed in Canada to-day than there were last fall and last winter, then, I repeat, the government's policy has been an utter failure as a means of providing employment for the people of the country. But let us take that figure which the Prime Minister gave, 310,000, and for purposes of a rough and ready calculation let us put the wages at $2.50 a day for 20 days in the month. What do we find? Until the end of next January—from the first of August to the end of January next—it will cost $94,500,000. It is quite easy therefore to ascertain just what the unemployment situation in Canada is to-day.

Why did the Minister of Labour (Senator Robertson) go to Vancouver? Why did he visit the provinces in the west? He told us he was making a survey of the unemployment situation and that he would make a survey of the situation in the maritime provinces. No doubt he has made it. Is it possible then that he is unable to tell the people of the country the number of unemployed in Canada? Or is it the other way? Is it possible that he knows that the number has so increased since the government came into power, that the government's policy has been such an utter failure in providing work for those unemployed, that he is ashamed or scared to let the public know? It is for that reason that the Prime Minister is to-day asking parliament for a blank cheque. If I am correct in my calculations—and I know I am approximately correct—$94,000,000 will cover the amount required between now and the end of next January. Let us leave aside the railway companies who say they are hard pressed. They are at present adding to the unemployment situation in this country by dismissing thousands of men in order to keep down their expenses. If we leave the railway companies aside, the municipalities and the provinces will contribute about fifty-fifty with the federal government. That will leave for the federal government to contribute about $50,000,000 instead of the $20,000,000 which they contributed last September. Let the federal government add more to it; let them make their contribution $80,000,000; let them make it $100,000,000; but let them put a definite sum in the resolution or the bill to be founded upon it, and I am sure this side of the house will support it and support it with pleasure.

Let me go a step further. I said that I was opposed to the system that was put into practice last year for the expenditure of the federal money. I believe in the principle laid down by the leader of the opposition, namely, that a commission, one independent of politics, should be appointed to see that the money is properly expended in cooperation with the provincial and municipal authorities. Similar municipal systems do not obtain in the different provinces. You will have to have a different system for the expenditure of the money in New Brunswick from what obtains in Ontario and Quebec. In New Brunswick—and I think the same situation exists in Nova Scotia—the municipalities have nothing whatever to do with roads; the provincial government has entire control of the expenditure for roads and the municipalities do not contribute one cent. Therefore, expenditures on roads in New Brunswick under the system of unemployment relief will have to be made by the provincial department of public works, and it is on that ground that I object to the present system. This is where an independent commission would render useful service.

Some time ago I referred in the house to the method under which expenditures in connection with unemployment relief were made last winter in the northern part of New Brunswick, and what is true of that part has been proved true in other sections of the province in connection with the expenditure of provincial money. At that time I stated that the moneys voted by the federal parliament for unemployment relief were not being honestly expended in New Brunswick. I made that statement boldly in the house; I made certain charges in regard to which I said I would take personal responsibility and put my seat at stake. I have made those charges and they have not been taken up. To-night I want to go further along this line. I desire to draw the attention of the government to the condition of affairs that exists in connection with the expenditure of federal money for unemployment relief. I hold in my hand affidavits made by reliable people who declare that their names appear on pay sheets in the counties in which they reside; that the supervisor of roads has padded the pay sheets for federal relief; that in one instance alone in the month of December last a pay sheet for from $350 to $400 was sent in to the New

Brunswick Department of Public Works and paid for without examination, and that not one dollar of that money was spent during that month. I have certified copies of the official pay sheets, and I have the affidavits of men who say: My name is on that pay sheet for so many hours in the month of December, but I never worked and there never was a man at work. They say: Although my name is on that pay sheet, I never received a cheque; I never saw it; the cheque was issued and my name was forged as endorsing it. I have other affidavits for the month of November from men whose names are on certified copies of official pay sheets that I have received from the provincial Department of Public Works in Fredericton, and who say that they did not work during that month. They say: I saw So-and-so's name on the pay sheet, and I know he did not work. I have the affidavits—

An hon. MEMBER: Read them.

Mr. VENIOT: I am going to read them.

Mr. McDADE: Has the hon. member Mr. Hachey's pay sheet?

Mr. VENIOT: I have Hachey's pay sheet, and since the hon. member mentions it, I will read it. I will prove what I say and I have put my seat at stake. On Mr. Hachey's pay sheet the men are down for eight hours' work at twenty-seven and a half cents an hour, and Mr. Hachey is down for ten hours' work at fifty cents an hour, although the men were working only eight hours. The men were paid at the rate of only $2.20 a day, although the provincial Minister of Public Works had promised that $2.75 would be the rate for eight hours. Mr. Hachey is no more entitled to $5 for ten hours' work and he knows it, than I am to $7,000 for my parliamentary indemnity this year. Let me go further, since we are talking about the Hachey matter.

Mr. McDADE: It was coming to him.

Mr. VENIOT: It was not coming to him. He did not earn it. He worked only eight hours a day, and all he should have got was $4.

Mr. McDADE: Does my hon. friend not realize that he was structural superintendent of the department, and as such was entitled to remuneration at the rate of $6 a day?

Mr. VENIOT: That is not correct.

Mr. McDADE: Does my hon. friend deny it? I wish to tell my hon. friend I have the authority of the Hon. David Stewart, provincial minister, for this statement.

[Mr. Veniot.]

Mr. VENIOT: I cannot accept it. Mr. Hachey is structural superintendent of the provincial Department of Public Works. He is entitled, when working for the province of New Brunswick ten hours a day, to $5 for salary and $1 a day for the use of his horse.

Mr. McDADE: That is $6.

Mr. VENIOT: Just a minute. He charged for his horse, but he charged for his horse twice and the department cut out one charge. Let me go further. Mr. Hachey was working under federal regulations, not under provincial regulations, and the federal regulations were eight hours a day at a certain rate per hour. He was working under federal regulations just as the men were doing, and was entitled only to a proportionately higher rate than that paid to the men.

Mr. McDADE: He worked more than ten hours.

Mr. VENIOT: He did not work ten hours, and he is not a permanent employee. He was employed, not by the month but by the day, being engaged under the orders of the department. I ought to know this because I was for ten years head of that department.

Since my hon. friend has brought up this matter, let me take Mr. Hachey's pay sheet, and this will show the work of the provincial Department of Public Works in looking after the expenditure of this money. Mr. Hachey bought for the government 15,000 feet of lumber. The government paid $4 stumpage on it to the lessee of the crown land, but this lessee had got a reduction of one-third of the stumpage from the provincial Department of Lands and Mines and the federal government reimbursed the provincial Department of Lands and Mines the one-third reduction they allowed to the crown lessee. The government of New Brunswick paid $4 stumpage for lumber off their own lands under lease when they should have paid only $2.20. It only goes to show that the Department of Public Works in New Brunswick should have looked after the matter and should not have allowed the lessee to get the stumpage he got when they were being reimbursed by this government one-third of the provincial stumpage which that man had paid to them.

An hon. MEMBER: What has that got to do with this?

Mr. VENIOT: I notice that there is always a great deal of interruption when I get on my feet. The hon. member for Northumberland (Mr. McDade) knows that he is out of order when he says that I do not stick

to the facts. I would go a long way before I would go to him for a lesson in telling the truth, knowing him as I do. The hon. gentleman cannot even be polite when he interrupts.

Here is an affidavit signed by Elie Selesse, before Ed. Bernard, justice of the peace for the county of Restigouche:

I, Elie Selesse, of Upper Balmoral, in the county of Restigouche, in the province of New Brunswick, minor, make oath and say as follows:—

1. That I am the son of John Selesse, of Upper Balmoral, and that I am sixteen years old.

2. That I have seen a copy of a payroll purporting to be a payroll of Octave Lepage of Upper Balmoral for work done on the roads during the month of November, 1930.

3. That in the said payroll I appear as having worked 128 hours at hand labour and as having received the sum of $35.20 in payment; that during the said month of November, 1930, I did work one day in place of my father, John Selesse, and that my father received a cheque for $11 which included payment for the day that I had worked in his place; that I did not work on the road except during the said day, and that I did not receive the cheque for $35.20 or for any other amount.

4. That I have also seen a copy of a payroll purporting to be a payroll of said Octave Lepage for the month of December, 1930, and that in said payroll I appear as having worked 24 hours at hand labour and as having received $6.60; that I did not work at all on the road during the month of December, 1930, and that I did not receive a cheque for $6.60 nor for any other amount for such work.

Sworn to at Upper Balmoral, in the county of Restigouche, in the province of New Brunswick, this 17th day of June, A.D. 1931, before me. Elie Selesse.

Ed. Bernard.

A Justice of the Peace in and for the county of Restigouche.

Mr. STEVENS: What is the date of that, please?

Mr. VENIOT: There is no date to this. It is last fall, November and December, 1930. It was sworn to before Ed. Bernard about three weeks ago. But here is one with a date, and this one will perhaps open the eyes of hon. gentlemen:

I, John E. Bernard, of Upper Balmoral, in the county of Restigouche, in the province of New Brunswick, farmer, make oath and say as follows:

1. That I am secretary to the board of school trustees for school district No. 3, in the parish of Balmoral, and that as such secretary I have the custody of the school register for the year 1930.

2. That I have seen a copy of payroll purporting to be a payroll of Octave Lepage, of Upper Balmoral, in the county of Restigouche, for work done on the road in said parish of Upper Balmoral during the month of November, 1930.

3. That in said payroll Gabriel Bernard appears as having worked 128 hours at hand labour and as having received $35.20; that said Gabriel Bernard appears in the school register for the month of November as having attended school every school day during that month, in all nineteen days, and that at the opening of the school in January, 1930, said Gabriel Bernard was twelve years old.

4. That I have also seen a copy of payroll purporting to be a payroll of Octave Lepage for the month of December, 1930, and that said Gabriel Bernard appears as having worked 16 hours at hand labour and as having received $4.40; that the school register shows that said Gabriel Bernard attended school all school days, 14 days in all.

5. That in said November payroll Louis Fournier appears as having worked at hand labour 128 hours and as having received $35.20; that said Louis Fournier is shown on the school register as having attended school 18½ days and as having missed ½ a day during said month, and that in January, 1931, he was eleven years old; that in the December, 1930, payroll said Louis Fournier appears as having worked 48 hours at hand labour and as having received $13.20. That in said month he appears on school register as having attended at school five days.

Sworn to at Upper Balmoral, in the county of Restigouche, in the province of New Brunswick, this 17th day of June, A.D. 1931, before me. John E. Bernard.

Ed. Bernard.

A Justice of the Peace in and for the county of Restigouche.

I have here an affidavit touching another bridge superintendent:

I, Wilfred Blake of Nash Creek, in the parish of Durham, in the county of Restigouche, and province of New Brunswick, farmer, make oath and say as follows:

1. That I have seen a copy of payroll purporting to be the payroll of Archibald Murchie, superintendent of bridges for the county of Restigouche, for work done on the Carney bridge, in the said parish of Durham, during the month of November, 1930.

He goes on to state that on the said payroll there were the names of William McMillan, Arthur McAllister, Dan Murchie, the son of the superintendent, Arnold McCurdie and Charles Laughlin for time that they did not work, he himself being one of the men who worked on the bridge.

Mr. STEVENS: What was the date of that last one?

Mr. VENIOT: The 17th day of June, 1931; that is the affidavit of Joseph Fournier. Here is an affidavit in reference to the pay sheet for the month of December, and it is sworn that not one cent's worth of work was done on the roads at that time. The man who makes this affidavit names the people on the pay sheet who he knows did not work.

This man, Lepage, as well as eighteen other supervisors of road building in New Brunswick, are now under investigation, and Lepage has admitted under oath to the padding of pay sheets for the expenditure of direct pro-

vincial money—not federal money—amounting to about $2,000 in the summer's operations. I knew this man Lepage was crooked. I knew he was expending federal aid.

Some hon. MEMBERS: Order.

Mr. VENIOT: What is wrong, Mr. Speaker? It is now under investigation by this government, and I knew that this man was crooked. Let me say to my hon. friend from Northumberland county that he should go right down into that county and find the supervisors who acknowledged their guilt and had to resign their positions because of investigations before the public accounts committee of the province of New Brunswick.

An hon. MEMBER: What had that to do with the federal government?

Mr. VENIOT: Never mind; I have the proof concerning Lepage and Murchie. Before the Department of Public Works of the province of New Brunswick is allowed to spend any more money in federal aid I want the federal Department of Labour to have these investigations carried out. All that is necessary is that the federal Minister of Labour request the Minister of Public Works of the province of New Brunswick to have the pay sheets produced before the investigation now being held.

I have outlined only two cases, but there are plenty of others. Those two men ought to be brought before the commissioner who is conducting a royal commission with the assistance of the attorney general of the province. The Minister of Public Works should be asked to produce the pay sheets, and it could be proven that those men have padded pay sheets in connection with expenditures for federal relief. I am prepared to hand the affidavits to the acting Minister of Labour, and have him go into the matter with the Minister of Public Works of New Brunswick.

I bring this matter up because I want that sort of thing stopped, and I want it publicly known that such practices shall not be permitted to continue. If those men have been dishonest in the handling of public money, especially relief money, they should be punished. Apparently the present provincial government is not going to punish them. Because the men resigned after the charges were proven and have promised to reimburse the government for the stolen moneys, apparently the provincial government is satisfied.

An hon. MEMBER: Why not go to the minister about it and save the time of the house?

[Mr. Veniot.]

Mr. VENIOT: What minister? I think I should have the privilege of taking up at least forty minutes of the time of the house.

Mr. SPEAKER: The hon. member should be allowed to speak without interruptions.

Mr. SMITH (Victoria-Carleton): I should like to ask a question. Are those charges to which my hon. friend refers not being investigated to-day by the deputy attorney general of the province of New Brunswick?

Mr. VENIOT: No; he has refused to investigate them, because the charges were not made during the session of the last legislature and he is investigating only the charges which were made at that time.

Mr. SMITH (Victoria-Carleton): The case of the man Hachey is being investigated.

Mr. VENIOT: It has not been investigated.

Mr. SMITH (Victoria-Carleton): It has been.

Mr. VENIOT: It has not been. The hon. member does not know what he is talking about. I make that statement with all due respect.

Mr. SMITH (Victoria-Carleton): Yes, that is very respectful.

Mr. VENIOT: The Hachey case has not been investigated by the commissioner appointed by the provincial government.

Mr. SMITH (Victoria-Carleton): Has not the deputy attorney general given notice that he is holding an investigation within a few days?

Mr. VENIOT: I do not believe he would do that without informing me, the man who laid the charges.

Mr. SMITH (Victoria-Carleton): It has been so reported in the public press.

Mr. VENIOT: The report is not correct. I have made charges against Hachey, and the attorney general, who is my friend and a person for whom I have every respect irrespective of politics, would never undertake to make the investigation without informing me.

Mr. SMITH (Victoria-Carleton): He will make a fair investigation.

Mr. VENIOT: He will make it, but he will not make it in my absence. If he did it would not be a fair investigation. I am running that case, and when I was connected with the province my hon. friend did not have a great deal to say about it.

Mr. SMITH (Victoria-Carleton): I know how the hon. member conducted investigations.

Mr. SPEAKER: Order.

Mr. VENIOT: If the hon. member for Victoria-Carleton wishes to go into the matter of running the province of New Brunswick he and I could have a field day, and I would guarantee I would not come out the worse. My record will stand alongside of his, any day.

After all these interruptions, Mr. Speaker, I should like to conclude. Once more I request the Minister of Labour to pass on his recommendations to the Minister of Public Works in the province of New Brunswick, and for that purpose I shall hand him these affidavits. Let him request the Minister of Public Works to investigate the cases I have laid before parliament. At the present time investigations are being conducted by the royal commission at Balmoral. They met on Monday, but had to adjourn because four witnesses did not attend and warrants had to be issued through the provincial police to capture the witnesses and bring them before the commission.

Mr. BOURASSA: Mr. Speaker, may I have a chance once in a while to catch your eye?

Mr. SPEAKER: The hon. member for Northumberland (Mr. McDade) has the floor.

Mr. BOURASSA: I rose four times since eight o'clock.

Mr. SPEAKER: Former occasions have nothing to do with the present one.

Mr. BOURASSA: You saw me every time.

Mr. G. M. McDADE (Northumberland, N.B.): In view of the observations of the hon. member for Gloucester (Mr. Veniot) let me say that if he fully realized the unemployment conditions on the north shore of the province of New Brunswick he would not place obstacles in the way of the passing of this important legislation.

Mr. VENIOT: I am not placing obstacles in the way of it.

Mr. McDADE: There are pitiful conditions on the Miramichi, and I am pleased to see that the administration, the Prime Minister (Mr. Bennett) and his colleagues, are wholly seized of the seriousness of the situation. As a result of the passing of this measure we expect that some remedial relief will be afforded to us. For my hon. friend to criticize this legislation comes with very bad grace, and it is unfortunate that he should take up the time of the house referring to petty charges of illegal use of public funds by minor officials in the province of New Brunswick. Let me say that there was no Dominion government official involved in the charges made by the hon. member for Gloucester.

Mr. VENIOT: There was.

Mr. McDADE: He has mentioned specifically an item of $35. Does he realize that as a result of the legislation passed last September to relieve unemployment the amount of $1,500,000 went to that province? And yet my hon. friend directs the attention of the house to a small item of $35. I have no sympathy with anyone who would misappropriate even a single cent of money expended for unemployment relief.

Mr. VENIOT: There was an item of $350 on one pay sheet alone.

Mr. McDADE: For some time I have stood for the insults handed out by the ex-Postmaster General.

Mr. CHEVRIER: Mr. Speaker, I rise to a point of order. I submit that the hon. member who has just taken his seat is not in order when he continues the discussion of a matter of purely provincial concern. I think the whole of the discussion is out of order.

An hon. MEMBER: The hon. member is half an hour late.

Mr. VENIOT: I did not refer to provincial matters.

Mr. SPEAKER: I think the hon. member for Northumberland has been in order.

Mr. McDADE: The ex-Postmaster General has handed out a gratuitous insult to the people of New Brunswick. He would leave the impression that the people of that province are robbers, and his remarks are an insult to the French Acadian people of the county he represents. The trouble with my hon. friend from Gloucester is that he is actuated by political bias. He thinks all the good in the world centres around the Liberal party, of which he is one of its most insignificant members. The trouble my hon. friend experiences concerning the Hachey case is purely political. Mr. Hachey happened to be a candidate at the last provincial election in support of the then Baxter administration, and opposed the candidates of my hon. friend opposite. Mr. Hachey, however, holds the position of structural bridge superintendent in New Brunswick, and my hon. friend knows that the remuneration attached to such a position is $6 per day, including the use of

a car or a horse to transport him to and from his work. His duties of necessity involve inspection work and also entail a large amount of labour at home in connection with the preparation of accounts and payrolls and making out details of itemized costs of the different materials and their purchase. I might state to my hon. friend on the authority of the Hon. David A. Stewart, Minister of Public Works in New Brunswick, that Mr. Hachey received the fair and equitable wage that is paid per day to all structural bridge superintendents in the province, and no more.

In these critical times, with the people of the north shore of New Brunswick in such distress, surely my hon. friend must realize that this government is actuated by the highest motives in introducing relief legislation, and I am sure the province of New Brunswick, in particular and the country generally would much prefer to see him employ his talents in cooperating wholeheartedly with the administration in working out these relief measures to a happy conclusion.

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

Mr. McDADE: Yes.

Mr. VENIOT: Where can the hon. gentleman find in any of my remarks that I am opposed to the granting of relief? I am simply opposing the method by which the relief is proposed to be applied.

Mr. McDADE. My hon. friend certainly gave the house that impression.

Mr. VENIOT: No, I said at the outset that I was in favour of $20,000,000 or $100,000,000 for relief.

Mr. McDADE: In my humble opinion the present is the time and the opportunity for the big Canadian, rather than for the small politician. My hon. friend—and I regret to say it—has had a political career which has been characterized by vilification, vituperation, scandal and abuse of his political opponents.

Mr. VENIOT: Mr. Speaker, I think I should have the protection of this house, and that such language should not be allowed.

Mr. SPEAKER: The hon. member for Northumberland (Mr. McDade) is going far afield in using such adjectives, and I suggest that he withdraw them.

Mr. McDADE: Mr. Speaker, I bow to your ruling. The people of my province, however, have their own opinion of my hon. friend.

Mr. MACKENZIE (Vancouver): Withdraw.

[Mr. McDade.]

Mr. BENNETT: On the question of order, I wonder if Your Honour heard what was said here to-night by the hon. member for Gloucester about men who are absent? I did not desire to intervene—Your Honour is in charge of the house—but those statements were such as, I think, should not have been made in any chamber. They touched on provincial matters.

Mr. VENIOT: On the point of order, I did not refer to any provincial people except those—

Mr. STEVENS: You abused them for a whole half hour.

Mr. BENNETT: Those men were employed by the provincial government, and an investigation is being held by the provincial authorities.

Mr. VENIOT: Not at all, they are spending federal money

Mr. BENNETT: My hon. friend in respect of provincial matters used such terms of denunciation as I think were very improper to be used by any member of this house in the absence of persons affected. The senior member for Ottawa (Mr. Chevrier) certainly raised the point of order when the member for Northumberland began to answer, because he said he was dealing with provincial politics. But surely when the good name and fair fame of men are attacked in this house opportunity should be afforded to answer the attack. Men should not be called thieves and robbers to gratify political rancour. As leader of the house I should have intervened, but I did not do so because I thought the chair should take cognizance of the matter.

Mr. VENIOT: There is no investigation being held to-day. Those whom I accused of padding the pay sheets, and—I use the word again—robbing the country—

Mr. McDADE: Thieves and robbers.

Mr. VENIOT: Yes; they are spending federal money.

Mr. BENNETT: Mr. Speaker, that is incorrect; they are spending money of the province and we reimburse the province part of the expenditure made.

Mr. VENIOT: A fine distinction.

Mr. BENNETT: It is not a distinction, it is a fact.

Mr. SPEAKER: What is taking place in New Brunswick is a matter of argument. The point of order taken by the hon. member for

Ottawa (Mr. Chevrier) was not sustained by me because I felt opportunity should be given to the hon. member for Northumberland to reply to the hon. member for Gloucester. At the same time I think the adjectives used by the hon. member for Northumberland in describing the hon. member for Gloucester are not parliamentary and I understood him to withdraw them.

Mr. McDADE: Mr. Speaker, I can only add that a competent non-partisan commissioner, the deputy attorney general of the province of New Brunswick, has been appointed by the provincial administration to investigate fully the charges preferred during the 1930 session of the provincial legislature of alleged misappropriations of road moneys. That investigation is still going on. The fullest facilities have been afforded the Liberal opposition in the province to be represented by counsel, and some of the most distinguished and eminent members of the bar have appeared on behalf of the Liberal party, including the provincial leader of the opposition. Undoubtedly the investigation is being carried on in a strictly non-partisan manner. My hon. friend makes charges with respect to the misappropriation of $35 or even of $350 out of the $1,500,000 expended by this administration in New Brunswick as a result of certain measures adopted by them, as opposed to no expenditure of any consequence whatever in the province on the part of the late federal administration, when conditions were immeasurably worse than obtain to-day. If my hon. friend in the public interest is desirous of seeing that justice and equity are vindicated, then I would respectfully suggest that he invite the deputy attorney general of New Brunswick to look into these affidavits and see if there were such misappropriations as alleged. But I would point out that my hon. friend does not say that one official of this administration or one member of the provincial administration at Fredericton was involved in the charges he has taken so much of the time of this house at this late stage of the session in discussing when we are engaged in the momentous work of endeavouring to relieve the distress and suffering and hardship that unfortunately is the lot of the people of Canada to-day in common with most of the nations of the world. I repeat, if he is so desirous of proceeding with the charges he has made to-night he should get in touch with the proper provincial authorities in New Brunswick.

In conclusion, on behalf of the constituency that I have the honour to represent, indeed, on behalf of the people of the whole province, I wish to express my congratulations to the Prime Minister and his administration upon having tackled this problem in such a determined and courageous manner. I feel that conditions in New Brunswick—I am speaking again particularly of the north shore—will be remedied, and that once again employment will be afforded to our citizens.

Mr. HENRI BOURASSA (Labelle): This robust New Brunswick red herring having been drawn across the trail, perhaps now we may have a chance to come back to the very important question before the house. It seems to me that in these last days of the session, with everyone anxious to see the session concluded, hon. members are apt to minimize the importance of the proposition before us. We should distinguish quite clearly between the object in view, the policy propounded by the government in order to attain that object, and the means chosen to give effect to that policy.

As far as the object to be reached is concerned I think no one disagrees; everyone admits that a very grave crisis is upon us, and I do not think any useful purpose would be served by rehashing the arguments which took place during the last election. The Conservatives, perhaps not without reason, condemned the Liberals for not having grasped the situation fully before the election, while on the other hand the Conservatives themselves committed the fault of making promises which I do not say they knew then but which they realize now could not be fully implemented. No doubt a great deal of the moral disquietude and the somewhat bitter feeling which have grown up in the country arise largely from the fact that the people, not seeing the immediate fulfilment of promises which could not be immediately implemented, are apt to take a rather wrong view of the situation and of the government. For my part I feel quite at ease, because, having nothing to do with either party during the last election, I could say quite plainly to the people whose confidence I enjoy that whatever party came into power the crisis was bound to be worse the year following and for perhaps another year, whatever policy was adopted. Knowing a little of the conditions of the world as they were; knowing that the deep causes of that crisis went far back into the past and that most of the apparent prosperity which followed the war was a fake prosperity kept up by a system of credit which could not but fail when the conditions which existed in Europe should

reach us, I felt quite sure that the farmer, the industrialist and the workman had worse days to anticipate, and they have come.

At the special session the government obtained from the house, without much difficulty, permission to spend $20,000,000 under certain conditions. As far as I am concerned I do not blame the government for not having realized that some of the conditions attached to the spending of that money would put many municipalities in a bad position. I cannot blame the government now, because I did not blame them then. I took the view, which was taken by the ex-Prime Minister and I think by the present Prime Minister also at one time, that there was a joint responsibility; that the first responsibility was that of the municipality, then that of the province and finally that of the federal government. Therefore I thought the legislation was proper.

With regard to the amount of money voted, naturally, it was only in the course of the months which followed that the government could realize what further needs would have to be met by parliament; but here the failure of the government begins. It comes about largely, I think, because of that peculiar viewpoint expressed by the Prime Minister this afternoon, when he evidently thought it his duty and the duty of the government to maintain in the country a spirit of optimism. Optimism is a good thing provided it is based on realities; but I do not think enthusiastic optimism is any better than pessimism for the curing of such evils as that with which we must deal. What is needed on the part of statesmen, of men of influence, of everyone who can direct public opinion and manage public affairs, is neither optimism nor pessimism but cool-headed realism, plently of courage to face the situation and also courage to tell the whole truth to the people.

As far as that is concerned I think no one would accuse the Prime Minister (Mr. Bennett) of lacking in courage, but I am afraid he has failed to speak the whole truth to all classes of the community. No doubt he was more or less tied up by the declarations he made during the campaign; but now, after a year in power, after the experience he had in dealing with the situation last winter, he ought to have put himself, and the members of the government ought to have put themselves, in the position of stating clearly—I will not say in every detail but on broad lines—the policy which they proposed to adopt. This resolution fails to do so. It is all very well to say that these are abnormal circumstances and that we should not tie up the government by a legal technicality or an article of the constitution, as the eloquent and charming member for Winnipeg South Centre (Mr. Kennedy) suggested. We are not concerned with a clause of the constitution in this matter; we are concerned with a fundamental principle of parliamentary government. It is not written in the British North America Act; it is not written in any statute of this land or of the motherland; it is that basic principle that the elementary duty of the representatives of the people is to keep control of all the sums of money gathered from the people by way of taxation, and to confide to their executive committee such powers as are necessary properly to apply that money derived from the people by taxation, according to the will of parliament. I claim, sir, that we have no right to abdicate a particle of that duty and of that function. It is not a question of trusting or mistrusting this or any other government. It is a question of keeping in their proper order the functions of government and the functions of parliament.

My hon. friend from Winnipeg North Centre (Mr. Woodsworth) suggested in passing that this resolution smacked of bolshevism. No; I think he was wrong there. But it does show a strong touch of fascism, undoubtedly. Now, what has substituted fascism for parliamentary government in Italy? I am not criticizing the attitude of the Italian people; they knew their circumstances. And I knew enough of those circumstances to appreciate their position, because I was in Italy in the very year of the advance of the fascist army; I left Rome a few months before they took possession. Possibly, with conditions as they were in Italy at that time, the only material salvation of the country was the abdication of parliamentary control into the hands of a strong government. But have we come to that in Canada? I do not think that the Prime Minister, in the very plausible speech he made this afternoon, has given a single cogent reason for asking, for the first time in the history of parliamentary government in Canada, that this house should divest itself of a fundamental, I will not say right, but function and duty.

The suggestion has been made that the government cannot very well say precisely what amount is needed. That suggestion came either from the Prime Minister or from some of his followers, and it was repeated even by an over-zealous member in this corner, who in the first thirty minutes of his speech seemed to me to be making a bid to be the first to benefit by the law passed a few days ago to allow

members to be appointed to the cabinet without re-election. The hon. gentleman seemed better informed of the policy of the government than the Prime Minister himself. But let that pass. It has been said that the circumstances are such that the government cannot state exactly what amount of money they need. But surely that is true of any large enterprise which is subsidized by parliament. When Sir John Macdonald came to parliament and asked for the first subsidy in lands and money to the Canadian Pacific Railway he did not know what that undertaking was going to cost. Indeed, no one knew. But he asked for 25,000,000 acres of land and $25,000,000; and later on various forms of assistance were given. Or let us come to the time when the Meighen administration decided to take over the bankrupt enterprises of Mackenzie and Mann and the Grand Trunk Railway, and when that right hon. gentleman was described by his successor, the present Prime Minister, in rather exaggerated language, as the gramophone of Mackenzie and Mann. The circumstances then were very difficult, and I am not one who blames Mr. Meighen for having done what he did. But he did not know exactly to what he was committing Canada; yet he asked for something precise to start with.

When the war broke out it created an issue as grave, surely, as the present one. The leader of the opposition (Mr. Mackenzie King) this afternoon quoted some of the war measures. At every session of parliament during the war Sir Robert Borden came and asked for so many millions to carry on war operations until the following year. Everyone knew it was not enough; he knew and the opposition knew. But it never entered Sir Robert Borden's head to ask for a blank cheque for the duration of the war. He did not say, "I do not know what it will cost; I do not know what will be the loss in men and money; let parliament abdicate its functions and have confidence in the government".

I have as much confidence in the integrity and ability of the present Prime Minister as I had in the integrity and ability of Sir Robert Borden or of Sir Wilfrid Laurier. But in the old days, under Liberal or Conservative administrations, I did oppose any attempt to increase unduly the powers of the cabinet at the expense of parliament. And to-day I oppose that attempt, remaining true to the principle of parliamentary government.

It is not a question of men; it is not a question of parties; it is not a question of personal trust in this or that man. It is a question of principle. I have stated before, and I repeat now: If the people of Canada have come to the conclusion that parliamentary government is not the best form of government for our country, it is for them to say. I have already said, and I say again, that I have lost a good deal of my faith in parliamentary government. But so long as we have it we must work it out in the spirit of its fundamental principles and not encroach upon those principles without realizing what we are doing.

History, and particularly English history, shows that the great danger to popular liberty and to popular representation in times of crisis is twofold. At one extreme there are those who are apt to minimize the gravity of any situation and, so to speak, to tie the hands of government by adhering too rigidly to many legal technicalities which, while necessary under ordinary circumstances, are undesirable in a crisis. At the other extreme there are people who are blinded by the exigencies of a passing situation, and without due reflection, or with a desire to please people by satisfying their immediate material needs, will sacrifice great principles which it has cost centuries of effort to establish. This has been several times exemplified in the history of parliamentary government in Great Britain. At the moment I will refer only to one instance that comes to my mind. At the beginning of the French revolution, a hundred years after the English revolution, and after a long process of liberalizing legislation, religious and social; after all those declarations of right for which men had fought in the hope that succeeding generations would benefit thereby; in the reaction from the French revolution one who was perhaps the greatest English parliamentarian, Edmund Burke, went to the right and Charles Fox to the left. Charles Fox, imbued as he was with the principles of liberty, attempted and to a certain extent succeeded perhaps in shaking the confidence of the English people in its monarchy. But Edmund Burke, that great reformer whose words, uttered in time of calm and peace, will remain forever a source of inspiration to all who believe in English parliamentary government—Edmund Burke, I say, in his dread of French Jacobinism, outdid some of the most rabid English Tories. He went further than the Pitts and those who were then employed in strengthening the hand of the government to combat revolution and to carry on the war on the continent. Surely the situation in Canada to-day is not such that we should lose our heads to the point of abrogating the duties and the functions of parliament.

The Prime Minister has made an allusion rather than a reference to the difficulty in which, perhaps, he has found himself or in which he may find himself in the future, in the apportionment of the amount of money needed as between provinces. I hasten to agree with him that we should at once dispel the idea that may exist right or left, east or west, that this fund is going to be given to the provinces according to population. Neither the leader of the opposition nor anybody that I have heard has suggested that the government should declare what amount of money they are going to spend in Ontario, Quebec, Saskatchewan or elsewhere. Nobody could reasonably ask that. Of course, if the situation in Saskatchewan is such that in proportion to population they require to spend in that province twice or three times as much as is needed in Quebec, they are welcome to do so, but that does not change the position with regard to the principle of the resolution. The government could have asked for an amount of $50,000,000 or $75,000,000 or $100,000,000 to be apportioned as between provinces and various works of relief according to circumstances, and I for one, would have ungrudgingly granted the government that power.

I have already touched upon the question of the limitation of the amount by referring to past examples. I consider the argument advanced by the leader of the opposition this afternoon is incontrovertible. The government has the power of calling a session of parliament whenever it is needed. Surely in those twelve months, I shall not say of enjoyment of office, because I know the Prime Minister has not had twelve months of enjoyment; but in those twelve months of fulfilment of his duty—and I give him this credit, that he has done perhaps more than he should have done personally in the accomplishment of his duty—he has gathered sufficient information to be in a position to state to parliament that in order to carry on this work of relief until the month of January next, a certain sum of money will be required, just as on the 18th day of August, 1914, Sir Robert Borden was capable of stating to the House of Commons what amount of money was needed to commence the work of the war. The positions are the same; the principles are alike; and I see no reason why we should change them now.

I do not want to dwell at any greater length upon this broad aspect of the situation, but as one of the oldest members of the house I appeal to every hon. member, to whatever party he belongs, to think twice before he sets aside those great principles of parliamentary government. It is all very well to unfold the British flag and to sing the National Anthem upon all occasions; but there is a more effective way of showing that we are attached, not to the person of a king, not to the emblem of a form of government, but to the principles of a system that has done more to unite the various races and classes of Canada into one contented nation than anything else could have done.

With regard to the application, again I agree entirely with the leader of the opposition. I see no reason why the government should not have asked first for the right to come to the relief of the unemployed and, as a means to accomplish that object, to help the provinces and the municipalities. Then they could have brought in a special measure for farm relief. As a matter of fact, I think it would have been far better to have those two measures separate, in order to define precisely the powers of the government. We shall see, of course, by the bill to what extent this separation is accomplished, and therefore I shall not dilate any longer upon this point. I wish simply to answer the argument of the hon. member for Winnipeg South Centre, who said that in the month of April the situation in Saskatchewan could not have been foreseen. If the government had done in this instance as they did in every other; if they had treated each subject on its merits, they could have been in a position on the 12th day of March to forecast in the speech from the throne what they proposed to do with regard to unemployment which has been upon us for at least the last two years. Later on they could have come in with a measure regarding Saskatchewan. But to take the situation in Saskatchewan in May and June to excuse the government for proposing nothing to the house and the country prior to the last days of the session, to settle another problem which was just as acute in March as it is now, which, in fact, was just as acute in January as it was in March, is no explanation or excuse that can be reasoned out.

With regard to the application, leaving aside the question of Saskatchewan which is one by itself, let me assure my hon. friends opposite that, whether they believe it or not, I am speaking in the most disinterested spirit. It is true there is bad feeling as between east and west and as between provinces. This is due to many causes, but let us be frank about the matter. It is due largely as regards the province of Quebec to the campaign which was carried on during the last election.

An hon. MEMBER: By whom?

Mr. BOURASSA: By most, not all, of the Conservative candidates who charged the Liberals with sacrificing Quebec to the western provinces. I have heard right and left the western representatives being accused of being the most greedy and grabbing representatives in Canada. I have contradicted that as best I could in my own constituency. This was not necessary on my part; I had no opponent; but just as I gave warning that the year to come would be worse than the year passed, I gave warning that the situation in the west would be worse than in the east. I knew this because I had been all through the west and saw what was coming, in spite of good harvests, in 1927. In that regard I agree with the Prime Minister (Mr. Bennett) to a certain extent that there was a good deal of extravagance in the west. But can my Conservative friends be surprised if to-day in Quebec at least—I do not know anything about Ontario—there is a feeling of jealousy towards the west? Let me put this in concrete form. A friend of mine, a good average citizen of Montreal, with a sufficient degree of information, said to me: "I suppose as usual all of that money will go west." I said: "You know the situation is very bad in the west." He said: "That cannot be true; look at what Mr. Bennett said during the debate on the address, that the western people were the wealthiest in Canada." Of course he exaggerated a little; but there was enough in that speech of the Prime Minister to develop in the minds of the people of Quebec the idea that that province is in much greater need than is the west. We had all those statistics about two billions of dollars of natural wealth being produced in the west in two years; about so many automobiles purchased by the western farmers; about so many millions of dollars deposited in the banks by them. All that information went through Quebec. Our people read the newspapers and they have this advantage over most of the people of the other provinces, that they can read both French and English. The result is that at times some things stick in the minds. They took hold of that idea; they said: "Ah, it was true what our Conservative candidates told us during the election, that the westerners are nothing but grabbing and greedy people". But now, all of a sudden, the Prime Minister rises in his place in the house, in the last days of the session, and says that we must come to the rescue of those people, not only of those whose harvests have been destroyed by drought, but of the west generally; he says that we must give them a bounty of five cents a bushel to transport their wheat, and so on.

We have had the situation in Winnipeg described this evening in very moderate and very true terms by one of its most distinguished representatives. I can say to him and to the Prime Minister that the situation in Montreal is fully as bad, if not worse. That brings me to another aspect.

The apportionment of funds, as between provinces, will be a difficult one on account of that state of mind. It will perhaps be rendered more difficult in the province of Quebec because we are going to be afflicted there, I understand, with a provincial election one year after the federal election. Naturally the Liberals will charge the Conservatives with having broken their word at Ottawa; and on the other hand the Conservatives will try to shift the blame from the federal government to the Liberal government in Quebec. I take this occasion to ask my friends from the province of Quebec, whether they sit on this side of the house or the other, for heaven's sake and for the sake of the province, try to carry on that campaign in a somewhat decent way. The people of the province of Quebec are quiet generally. They have a good heart and it is in the right place; but they are human beings the same as everybody else, and if you go on, reds and blues, all the time raising their appetites, promising them money and bonuses, charging the Taschereau government with everything that goes wrong in the province of Quebec; or on the other hand if you charge this government at Ottawa for the present dire situation, I cannot promise you what the result will be. Electorally speaking, I tell you quite frankly that it does not matter to me; but I am concerned about the social results and the national results. I am concerned about the feelings in the breasts of all those men and women who at the present time have hardly a crust to eat. This is not the time to play party politics in a demagogic way.

The situation in Montreal is rendered more acute than anywhere else in Canada because of its closeness to the United States. Not only have thousands of transient workers come gradually to Montreal from as far west as Victoria and Vancouver; not only, as I predicted last fall, the lumberjacks from the lake St. John district and a few from my own constituency, or from the St. Maurice valley, come to Montreal because they have no work to do in the shanties or in the mills; but every day a large number of unemployed in

the United States cross the border and flock to Montreal. That we are given to understand on the authority of the municipal council of Montreal, and it was reproduced in the Montreal Gazette last week. I know this much, that from week to week, on the streets, in the tram cars, on the mountain, where hundreds of them lie out every night because they have no other dormitory on the island, you meet every day physiognomies that evidently are entirely new to the city.

Now as a first suggestion to the government, without entering into the details of the apportionment of this sum—I am prepared to trust them in that—may I say that if we want to accomplish something that will endure, if we are going to take into account the social structure and the social instincts of the population, and are determined to make the best of the situation, then there should be a concerted effort between the federal, the provincial, and municipal authorities, first to keep the fathers of families at home as much as possible and give them work at home. The work should be apportioned according to the number of members of the family. If in a family of ten two are capable of working, let those two work. If in a family of five, two are capable of working, let one work so as to give the two families an equal chance. That is a matter to be adjusted by the municipality. As far as the boys are concerned, familiar with the surroundings in Montreal or the province, and the same will apply to every large city and to every province, try to give them work not too far away from their centre.

But where the duty of the government is more complicated, and where I think the exclusive duty of the federal government comes in, is in dealing with the foreign transient. I agree with my hon. friend from Winnipeg North Centre that we should not let grow up on the part of the native-born Canadian a feeling of animosity against foreigners. I opposed the immigration policy of the Liberal party for twenty-five years, and therefore I am free to speak on this question. But we now have these foreigners here, some for five years, some for ten years. Even if they have been here only three months. they are human beings just the same; are we going to let them die because they do not speak English or French or because they may be orthodox Russians or Roumanians? No. We have a social and a national and an international duty, as well as a human and a Christian duty, to perform towards them, and I consider that the federal government is the proper authority to look after these people. As was stated by Mr. Brierley—I do not know what his politics are, but he is a very good social worker in Montreal—we should consider these foreigners as the wards of the nation. Where do they belong to? I do not know. Some have come to Montreal from Saskatchewan, some from Alberta, some from British Columbia. It has been suggested that they be repatriated. The municipal council of Montreal adopted unanimously a resolution to that effect at the suggestion of one of the Jewish representatives there. But there are two sides to that question. If we should repatriate these foreigners on a voluntary basis, the best of them physically, the best socially and the best morally would jump at the chance, just as the two did who were mentioned by the hon. member for Bow River (Mr. Garland), and we should be left with the dregs. Therefore I am not quite sure that to announce a policy of repatriation is quite the proper thing. I think the government should keep itself absolutely free to deport those who are really undesirable, with due equity, of course, and perhaps to repatriate some. But if we want to accomplish that, we need, first, to develop in each province a sense of responsibility towards the Canadians who have gone from one province to another. For example, I was sent this week a certified copy of a letter written by Mr. A. A. Mackenzie, supervisor of the relief branch, Department of Municipal Affairs, in the province of Alberta. It reads:

Edmonton, Alberta, May 13, 1931.

Dear Sir,—

I wish to acknowledge receipt of your letter of the 8th inst., in which you state you are in need of direct relief. The issuing authority of your district is the Alberta Provincial Police.

I think you would have been well advised to consider your situation before the children were brought into the world to starve—

May I say, in parenthesis, that this man had stated that he had ten children, so he received from the supervisor of relief a lesson on birth control:

—but I am willing to give your application consideration on the merits of your case, and would be prepared to recommend to the government to ship you back to the province from which you came.

Yours truly,

A. A. Mackenzie,
Supervisor of Relief Branch.

Certified copy.
L. A. Giroux.

I believe that Mr. Giroux is or was a member of the provincial legislature and a notary public. This man who was applying for relief was born in the county of Wolfe. He went to Alberta in 1921, ten years ago. He has ten children. He has been married twenty years, and has a family of ten children, a typical

French-Canadian family. The oldest is nineteen, and the baby five months. As I said this man is a native-born Canadian, a French-Canadian going back, as most of them do, for five or six generations. He went to Alberta ten years ago to settle, and now finding himself in distressed circumstances he is told by the chief relief authority of that province that all he can hope for is to be shipped back to his native province. In the arrangements that are going to be made between this government and the various provinces I respectfully suggest to the Prime Minister that he should invite the authorities of those provinces to agree to the proposition that Canadians who have gone from one province to settle in another are at home in any of those provinces. I would be the last to ask the authorities of the city of Montreal or of the provincial government at Quebec to ship back to Alberta or Saskatchewan the transients who have come from those provinces. Nobody in his proper senses in Quebec, Ontario or the maritimes would treat as undesirable aliens, Canadian citizens born and brought up in Manitoba and offer to ship them back to their native province.

No. I entirely agree with the Prime Minister and the leader of the opposition that we have before us a great national problem which first should be treated from a christian and human point of view, and then from a national point of view, because it is a national duty we have to perform. Taking into account, however, conditions in our country, politically, socially and otherwise, the problem should be considered as a provincial and municipal matter as well, but we should insist that the city of Montreal or the city of Edmonton, as the case may be, are Canadian cities and are not states within the state. Provincial authorities east and west should be convinced that each province is a component part of the Dominion of Canada, and that the Dominion as a whole will not begrudge help to each province, provided it grapples with the problem from a broad human and Canadian viewpoint.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I desire to say a few words along lines somewhat different from those thus far pursued. It is not my intention to speak to those phases of the matter which may be regarded as controversial. There was one word in the Prime Minister's speech that claimed my attention, because for the last three or four weeks, in fact for months, it had been on my mind; I refer to the word "cooperation". The necessity for cooperation not only between parties in this house but among all elements in Canada is apparent. When we were face to face with the war there was a wonderful example of cooperation among the different classes of Canadian people. We sent our soldiers to the front and many of us at home who could not go did the best we could to support our soldiers. We experienced, in a large degree, the spirit of self-sacrifice. At the same time, while the majority of Canadians exhibited that spirit there were here and there some people making the war an opportunity for self-aggrandizement. There were grafters in the sale of surgical supplies, grafters in the sale of horses, grafters in the sale of potatoes, all of which did not redound to the honour of Canada. That is one thing we do not wish to take place concerning the expenditures of these moneys, if it can possibly be avoided. I know that such conditions almost inevitably creep in, and my appeal to the people of Canada would be to exercise something of the spirit of cooperation and self-sacrifice they manifested during the war.

I shall now say something I had not intended to say, but which is prompted by what happened in the house this evening. The hon. member for Gloucester (Mr. Veniot) made certain charges regarding the expenditure of part of the $20,000,000. Whether or not those charges were true I do not know, but I must say I noted with regret that when the hon. member was making them many hon. members opposite seemed to treat his remarks with great levity, and as if there were no seriousness in them. It was with very great regret I noticed the hon. member for Northumberland (Mr. McDade) stand in his place and attempt to belittle the remarks of the hon. member for Gloucester. I believe the time will come when the hon. member opposite (Mr. McDade) will have the grace to be ashamed of that portion of his speech, and will wish it to be expunged from the record.

In making a plea for cooperation among the people of Canada the point that has been in my mind during the past few weeks has been the necessity for cooperation on the part of those who are in need of relief, whether it be direct or through the furnishing of employment. I wish particularly to appeal to labour members in the house who, I am sorry to say, I do not see in their seats. The hon. members for Winnipeg North Centre (Mr. Woodsworth) and Kenora-Rainy River (Mr. Heenan) have frequently emphasized the necessity for high wages. I agree with the hon. member for Winnipeg North Centre that it is not desirable that this money should be spent in the spirit of trying to keep men down to a bare living wage. I do not think the people of Canada would wish that men should be

paid a mere pittance for a fair day's work. At the same time, however, it would be well for those who undertake to represent labour in this house to impress upon their constituents the necessity of giving the heartiest kind of cooperation to the people of Canada in this great emergency. It may be that the great majority of their constituents are willing to do so, but we do know that unfortunately there are large numbers of people who would not be willing to cooperate.

Perhaps the hon. member for Winnipeg North Centre has been an employer of labour, and because of that would be able to view the matter of employment from both sides. I hope that at some time in his life the hon. member has had that experience. Some of us have worked as labouring men, and have afterwards been employers of labour. We are in a position to view labour matters from both angles because we have lived and worked on both sides. My own opinion would be that the hon. member for Winnipeg North Centre has very seldom, if ever, been an employer of labour and for that reason he may not be able to view labour matters from the standpoint of having to pay a very unsatisfactory labourer the high wage he might demand.

I shall give an illustration. Last harvest time we in the prairies provinces recognized that owing to prevailing conditions we would not be in a position to pay the wages we had formerly paid to labourers at that time of the year. When prices were good we did not begrudge paying high wages, but it was not an uncommon thing last harvest time for men who were offered wages we were able to pay, to say, "Oh, it is no concern of ours that the price of wheat has gone down; that is nothing to us. We want certain wages." Just so far as that spirit prevails, just that far will our whole efforts to relieve present difficulties meet with failure. My plea to Canadian people in all walks of life would be to exercise that spirit of self-sacrifice and cooperation which was shown during the war and as far as possible let their actions be free from the graft which took place during the war and which brought nothing but dishonour to the fair name of Canada.

We are passing through a difficult time. I know there is no doubt in this house as to the necessity for relief measures. With a proper spirit of cooperation among all classes of the people I believe we will weather this emergency, severe though it be.

Mr. M. N. CAMPBELL (Mackenzie): The resolution before the house, Mr. Speaker, is a frank recognition by society of its obligation towards its less fortunate members. Perhaps it is unnecessary now to discuss the situation in Saskatchewan, but I might say that in a speech delivered recently by the premier of that province he stated that there were 160,000 people living in districts in which there was no crop whatever. There are also many thousands of others in districts where there is very little crop and these also will need some assistance.

In a number of articles in the Winnipeg Tribune, written by the editor of that journal, Mr. McTavish, which articles were reproduced in the Ottawa Citizen, he points out a rather interesting thing. He noticed that the people in the districts in which there was no crop whatever seemed to be taking it quite philosophically and had ceased to worry. They knew they were safe from the bailiff, from the mortgage companies and from the banks, that nobody was going to interfere with them or try to dispossess them of their homes or their stock as long as they had no crop whatever, and they knew also that in the last analysis the government would see that they were provided with feed for their stock and the necessaries of life for another year. But he pointed out that strangely enough when he went to another part of the country where the crops were fair he found the people were worried because they knew they had to rely on their own resources, they did not expect the government to look after them, and the mortgage companies and other creditors would be expecting to get something out of the crop in reduction of their claim. That is one of the anomalies of the situation. Where there is a fair crop—and there is in my constituency—the farmers are in distress because that crop will be taken off probably at a loss; at any rate it will mean no profit whatever. My point is that the distress will not be entirely confined to the districts where there is no crop.

Now, we have a tremendous trek of population from the dry districts to the districts in the north, the bush districts, where at least there is grass and water and something growing. Hundreds of people from the southern parts of the province have come into my district, and in dealing with this trek, which is something unprecedented in that country, I might quote, in part, an editorial in a recent issue of The Western Producer. It says:

> Another evidence of the condition in western Canada is the increasing abandonment of farms by harassed agriculturists. During the past month or two there was to be seen any day the spectacle of a family moving northward with what is left of its meagre possessions. A thousand tragedies are slowly moving north on the dusty roads: a man, a woman, two or three

children, a few skinny horses, a decrepit cow or two, some sticks of furniture, a few worried hens; moving north, in search of water, in search of food, in search of the means to sustain life.

These people are now in the north, many of them in my constituency, many of them I understand in the constituency of the Minister of Agriculture (Mr. Weir). While they have moved in there on to bush homesteads too late to produce any crop, while they may have grass and feed and water for their animals, yet they will have to be provided with the means of sustaining life through the winter and of putting in a crop in the spring.

I was glad to hear what the Prime Minister (Mr. Bennett) said about the necessity of providing work rather than giving charity. I think we can all agree that that is the best way to look after needy people—to give them the means of earning something rather than a direct charitable hand-out. In that country we need roads very very badly. One may travel hundreds of miles on roads that are barely passable after a heavy rain. The province would no doubt contribute its quota towards their construction, and I think that with some cooperation between the two governments roads can be built and work provided for needy farmers at the same time.

There is a great deal, too, in what the hon. member for Wetaskiwin (Mr. Irvine) said. In prosperous times when interest rates are high and commodities and materials are high in price, we seem to build our roads, erect our buildings and construct railway branch lines and other public works. Then when there is depression, when interest rates are low, when money can be borrowed very easily, when lumber and all other materials are low in price, we sit quietly by waiting for prosperity to come. I do believe that the government has a direct responsibility to do what it can in such periods of depression. The money spent in a period of prosperity means a double debt when we come to a period of depression. The money we borrowed in 1928 and 1929, that is the actual debt, has doubled today; whereas if we spent money now, in a couple of years when we hope there will be a period of prosperity, when we hope commodity prices, wages and so on will be high again, we would find it very much easier to pay the debt so incurred than if we deferred the expenditure to that time. So I do think it is good business on the part of the government to engage in all the public works they can at the present time. In so far as a good deal of the province of Saskatchewan is concerned, I feel that the best means of providing relief would be to do some necessary roadwork in cooperation with the province. The situation is so serious that the government should place the whole resources of the country behind the effort to deal with unemployment and with agricultural distress.

Now, there has been a lot of discussion across the floor because the Prime Minister, it is objected, is asking parliament to give him a blank cheque for the amount of money to be spent. The leader of the opposition (Mr. Mackenzie King) objected very strongly to that and, if I caught him rightly, he used these words: "We will give him"—referring to the Prime Minister—"anything he asks if he will only name the amount." Now, I do not see very much difference between that and giving the Prime Minister a blank cheque. The Prime Minister in effect says: "Give me a blank cheque and I will not spend any more than is absolutely necessary." The leader of the opposition retorts: "If you will just say the amount, regardless of what that amount is, I will support you." So in effect the leader of the opposition is prepared to give the Prime Minister a blank cheque; that is what he is offering to do. In any case I do not see that it makes very much difference. We talk about the rights of parliament, but how much does it mean after all? In the last analysis the expenditure of money is controlled by the government. The government has a majority in the house and can always force those expenditures through. The hon. member for Labelle (Mr. Bourassa) seems to be shocked because the hon. member for Wetaskiwin subscribed to this principle in the resolution. I am sorry the hon. member is not in his seat, but I would say to him that as a private member he has never had any control over expenditures. He can get up and protest against any expenditure, as he did to-night, but the estimate or the bill goes through because the government has a majority. So I do not see any particular difference so far as that is concerned.

I am not altogether clear as to what is involved in the measures that are proposed to be taken to maintain law and order. That is something we do not like to think about at a time like this. I think we all agree that the first duty of a government is to maintain law and order. Every member of the house will subscribe to that principle, but I do hope nothing very drastic will be undertaken by the government in that regard.

The Prime Minister spoke rather severely about certain agitators in the country who should be dealt with, and with whom the government intended to deal rather severely.

I think often we take these men too seriously; in fact we dignify them and enhance their importance by taking them seriously. The ordinary soap box orator, with the little group around him, is only as serious and as dangerous as we take him to be. In discussing this question the late President Wilson said: "I tell you the so-called radicalism of our day is simply nature's way of relieving the generous energies of our people." So I would say to the government that if they are faced with any threats of disorder they should fight that threat with bread rather than with bullets. Bread is always much more effective in times of distress, and when hungry men get riotous bread is always a much more effective weapon than bullets. I trust that is the weapon upon which the government will rely.

As a last word I would ask the Prime Minister to look seriously into this question of providing relief in Saskatchewan by having necessary road work done in order to give employment to needy farmers.

Mr. J. A. BRADETTE (North Timiskaming): I desire to make a few remarks in connection with the very important resolution now under discussion. First of all I must say this measure will have a wonderful reception in that part of the country I have the honour to represent, because of certain local conditions we must face immediately. I believe we fully understand now that this matter of unemployment is of national importance; for that reason alone we will have a central organization and the old hit-and-miss policy under which we proceeded last winter will be done away with. That will be doing something tangible in a national way.

One of the details I have in mind is the way wages were paid the workingmen under the unemployment relief fund last winter. I have in my hand a statement made by Senator Robertson as reported in the Toronto Mail and Empire of February 7, 1931, in which he stated that the Ontario government and the federal government cooperated in the expenditure of over $2,000,000 in the construction of rural roads in northern Ontario. The quotation is as follows:

> The federal and provincial authorities agreed that it would be wise that the opportunity to secure work should be spread to as many needy people as possible. It was therefore decided that the men should work eight-hour days instead of the customary ten hours. We felt that 25 to 30 cents an hour was not enough, particularly with men working only eight hours and we fixed 35 cents as the minimum in all road work in which the Dominion government cooperates. The men working in northern Ontario are getting from 5 to 10 cents an hour more than was the scale before unemployment relief was inaugurated by the Dominion government and are working two hours a day less.

I believe the Minister of Labour was sincere in making that statement, but I am sorry to say that principle was not applied in the section of the country from which I come; it was not applied to the ridings of North Timiskaming, South Timiskaming or Nipissing. During the progress of a recent provincial by-election in Hamilton I was amazed to learn that a minister of the Ontario government stated that in the Fort William-Port Arthur and Kenora districts the men doing road work under the employment relief fund received $2.80 for an eight hour day. In my section of the country they were paid only at the rate of $2.40 for an eight hour day. I believe the same rate should have applied in my section of the country; we are part and parcel of northern Ontario and the cost of living is just as high there as it is in other sections of the north. So I ask the government to go into this matter and if possible pay to the settlers and the workingmen who did that road work last winter that difference of 40 cents a day.

Hon. gentlemen must realize that 40 cents per day means a great deal to a man who has been out of work for weeks or perhaps months. Hon. Mr. Finlayson said, only a few days ago, that this anomaly would be remedied in a very simple manner, that the government were going to lower the wages of men working on the roads in northern Ontario to $2.40 per day. This is not playing fair with the north. The men should be paid at least the wage promised by the Minister of Labour last winter when he was speaking in Toronto. We expected, and had the right to expect, that the settlers and workingmen of our section of the country would receive that wage. Very strong protests have appeared in the press of northern Ontario. The Porcupine Advance, a Conservative paper, made an urgent appeal to the provincial government making it plain that they were not playing fair; the Northland Post of Cochrane, an independent paper, and the Kapuskasing Tribune both took the same stand.

I appeal to the Prime Minister to see that this situation is remedied as soon as possible. Hon. gentlemen will readily see the importance of this matter in our section of the country where most of the men were allowed to work only three days per week at $2.40 per day, making a total of $7.20 per week. We must remember the climatic conditions which exist in that part of the country, and I may tell the house that during most of the winter the average time spent on road work did not ex-

ceed 20 days per month. It will be seen that for the father of a family or a settler trying to hew a living out of a new section of the country it was absolutely impossible to make ends meet. Again I ask that the difference be paid to every man who worked on the roads last winter in my section of the country; they should be paid the wage which was paid in other sections of northern Ontario.

There is one other protest I desire to make. I believe that in centralizing the control of the expenditure of the money for unemployment relief single men should be given a fair chance in the north. Perhaps I am treading on dangerous ground when I discuss this question, but it must be realized that in the newer sections of the country, whether they be in northern Ontario, northern Quebec or the western provinces, many single men have settled from the older sections of Canada. They have tried to start farms, and it is not their fault that they are single, because in many instances they intend to marry when they are in a position to do so. Last winter in my section of the country we had the sad spectacle of poor single men who had been working on farms for many years absolutely refused work, with no inquiry made as to their circumstances. I maintain, Mr. Speaker, that this is not playing the game with a very good section of the population of northern Ontario.

I would direct your attention, Mr. Speaker, to the fact that it is now eleven o'clock.

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

Thursday, July 30, 1931.

The house met at three o'clock.

BANKING AND COMMERCE

Eleventh report of the select standing committee on banking and commerce.—Mr. Matthews.

Mr. MATTHEWS moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PREEMPTION ENTRIES

Mr. PICKEL:

1. In whose name and on what date was preemption entry made in respect to each of the following: (a) S.W. ¼ section 13, township 33, range 20, W. 4th; (b) N.W. ¼ section 13, township 33, range 20, W. 4th?

2. Was patent ever issued on each of same, if not, why?

3. What ultimate disposition was made of each parcel?

Mr. MURPHY:

1. (a) S.W. ¼ 13-33-20-W. 4th mer., preemption entry William J. Garland, 25th April, 1911; (b) N.W. ¼ 13-33-20-W. 4th mer., preemption entry Edward J. Garland, 25th April, 1911.

2. Patents not issued, entries having been abandoned and cancelled.

3. S.W. ¼ 13-33-20-W. 4th mer., now included in ranch No. 15076 held under lease by Edward J. Garland.

N.W. ¼ 13-33-20-W. 4th mer., now included in ranch No. 23352 held under lease by Edward J. Garland.

IMMIGRATION BY MONTHS

Mr. BOULANGER:

What is the number of immigrants who entered Canada during the months of May, June and July, 1931?

Mr. GORDON: The immigration figures for the current month will not be available until some time in August. The following are the figures for May and June:

	Ocean Ports			
	British	Others	From U.S.A.	Totals
May. . .	1,693	602	1,523	3,818
June. . .	940	536	1,693	3,169
Totals. . .	2,633	1,138	3,216	6,987

PRIVILEGE—Mr. DURANLEAU

On the orders of the day:

Hon. ALFRED DURANLEAU (Minister of Marine (Translation): Mr. Speaker, I rise to a question of privilege. I beg leave to correct the statement I made, a few days ago, in connection with the harbour of Three Rivers and which appears in Hansard, on July 20, at page 4226 (English version) and at page 4178 (French version). I stated:

"This undertaking will give work to the unemployed, because much filling will be required to be done by labourers in Three Rivers, in the same way as it was carried out the previous winter. At that time, instead of utilizing the material dredged to do the filling, we had earth brought from outside the city limits, thus giving work to the people of Three Rivers. The cost was somewhat higher than that contracted for by the company, however, under the circumstances we thought it proper to have the work done in this way in order to help the unemployed."

I wish to say that this statement was meant for the harbour of Chicoutimi instead of that of Three Rivers.

The error happened owing to the fact that, last autumn, the Commissions of the harbours of Three Rivers and Chicoutimi wished to come to an understanding with the contractors performing the work in order that the filling of the wharves under construction could be carried out independently and without utilizing the dredging material. An agreement was arrived at for Chicoutimi which benefited throughout last winter by such an arrangement. So far as Three Rivers is concerned, the matter is still being considered by the commissioners and contractors; however, I hope that within a few days, the latter will come to a satisfactory agreement by which the Three Rivers labourers may immediately benefit as in the case of Chicoutimi.

CIVIL SERVICE

COMMENCEMENT AND CONTINUATION OF FOUR O'CLOCK CLOSING

Mr. E. R. E. CHEVRIER (Ottawa): If the house prorogues on this coming Saturday, may I ask the right hon. the Prime Minister when the four o'clock closing in the civil service will be started, and after it is started, will it be continued through the month of September in compensation for the month of July?

Right Hon. R. B. BENNETT (Prime Minister): The matter is under consideration and I trust I may be able to make a statement to the house to-morrow. The present intention is that the four o'clock closing will end in August.

CRIMINAL CODE

NON-CONCURRENCE IN SENATE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved:

That a message be sent to the Senate acquainting their honours that this house doth agree in all the amendments made by the Senate to Bill No. 113, an act to amend the criminal code except in regard to the amendment to clause (d) of section 2 of the original bill which in the opinion of this house is not a desirable amendment and is unnecessary, having regard to the fact that a prosecution under the section cannot take place under the added section without a fiat of the attorney general of the province concerned.

The amendments made by the Senate to this bill are all very formal with the exception of two. Their honours have seen fit to amend the bill by striking out altogether section 15, which provided that:

Any judge of a superior court of criminal jurisdiction or of the court of appeal, may, if it seems fit, on the application of the appellant admit the appellant to bail pending determination of his appeal.

The other section to which I call attention is the one in regard to the nude parades. The bill provided that:

For the purposes of this subsection anyone shall be deemed to be nude who is so scantily clad as to offend against public decency or order.

Their honours have struck out the words "offend against public decency or order" and have inserted the words "expose the genital organs." I do not think we should concur in that amendment, and I have framed my motion accordingly, that we concur in all the amendments save that.

Motion agreed to.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURAL DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

The house resumed from Wednesday, July 29, consideration of the motion of the Right Hon. R. B. Bennett (Prime Minister) that Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution:

That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to unemployment and farm relief; and for the maintenance of peace, order and good government in all parts of Canada; and to authorize the governor in council to expend for the said purposes out of the consolidated revenue fund such sums as may from time to time be necessary.

Mr. JOSEPH A. BRADETTE (North Timiskaming): In the few remarks I made before the adjournment last night I brought to the attention of the house some of the anomalies that existed with respect to the wages paid in certain sections of northern Ontario in connection with unemployment relief. I cited that whereas the wages paid in certain districts for road work under the unemployment relief fund were $2.80 per day, in my section the men were paid only $2.40 per day, or a difference of 40 cents less. I would ask the government to make up that deficiency to the people involved in my section.

I also made an appeal on behalf of single men for work under the Northern Development Branch, and I hope that in any new work undertaken in the northern sections of the province such anomalies as I mentioned will not exist. I proved that single men in large numbers in that section of the country have been penalized. I am now going to bring to the attention of the house a local or regional matter, and I hope that my genial friend from Parkdale (Mr. Spence)

will not say, as he said the other day, that I should stand behind a wailing wall. This is a very important matter to northern Ontario, and more particularly to the town with which I am more familiar, that of Cochrane. We have in that section of the country a situation which I believe is not experienced in any other part of Canada. This applies to Kapuskasing, Porcupine district, Kirkland Lake district and most particularly to the town of Cochrane. That is the reason I believe it is my duty as a representative of that section of the country to bring to the attention of this house, as I brought it to the attention of the Prime Minister, the very acute and serious situation with which we have to contend in the town of Cochrane.

I hope the house will be indulgent for a few moments so that I may tell of this very important matter. Already the Prime Minister is familiar with the present situation, and after listening to me very carefully he has promised that in conjunction with the authorities of the province of Ontario he will provide a remedy. I want the house to realize that that statement was made nearly a month ago by the Prime Minister. So far, no relief has been given to the unemployed in Cochrane district. Hon. members will appreciate the gravity of the situation when they know that the population of that town is only 3,000, and that at present we have to take care of about 1,500 transient unemployed. For the last six months we have had to do that. The town of Cochrane and municipality is practically keeping and feeding that additional population, and has been doing so for the past six months. That is one of the reasons why we in that section of the country think we have done our duty and that the responsibility now rests wholly, if not with the provincial authorities, at least with the federal government.

I believe some hon. members will be interested to listen to a statement of conditions among the unemployed in that section of the country. They do not look to the municipal authorities, but blame, simply and solely, the federal authorities. That is why it is important for this government to listen to my outline of the situation so that as soon as possible remedies may be effected. Perhaps some hon. members will ask, "How is it you have such a great number of transients in your section of the country?" The answer is that geographically speaking we are in the centre of Canada. Owing to the fact that at the present time developments are being carried on at Coral rapids, necessitating the employment of hundreds of men, and that the railway is being extended to Moose Factory, that section of the country has been advertised in the newspapers for two years, with the result that Cochrane and district has been a drawing card for unemployed. That explains why we have so many people coming from all parts of Canada. True, many of them are there only for a short time, but a great many remain permanently.

That is my justification for appealing to the federal authorities to help remedy a situation for which the town of Cochrane is not, in a way, responsible. The situation is becoming worse, from day to day. We very much regret that the Minister of Labour did not find it possible, on his way back from the west, to go through our section of the country. We are at a loss to understand why he travelled through the southern section of northern Ontario; we do not know the reason. We were hoping that he would find it possible to come to Cochrane, speak to the unemployed and learn the facts of the situation with which we are faced.

Only last week the premier of the province of Ontario visited northern Ontario, but for some reason unknown to us in the northern section of the province he did not find it possible to come to Cochrane district, or to the northern section.

Now, so that the house may fully realize the situation in Cochrane I shall read to hon. members some articles appearing in local newspapers. The Cochrane Northland Post in its columns gives the northern viewpoint of the situation. I am no sob-sister artist, but I believe it my duty to make known the conditions we are facing and to point out to the authorities that unless attention is given to the matter immediately trouble will result. Last week, during one of the unemployed parades, one of the provincial constables was hurt. I shall quote from the Northland Post of May 14, 1931:

> There seems to be no limit to the number of unemployed that the town of Cochrane can harbour, from the appearance of the streets these days. Last Monday evening when the National pulled out of town, Railway street and Sixth avenue looked as though they were out to put Yonge street in the shade. It seems a pity that the citizens of the town are forced to either step off the sidewalk or else be jostled till their teeth rattle in order to get to and from work.
>
> Several storekeepers have complained that the entrance to their places of business have become the stamping ground of the hundreds of unemployed that we have in town. Many of these unfortunate men seem to monopolize the sidewalk with a bovine like indifference, making it almost impossible for women with baby carriages, to say nothing of the decidedly coarse type of talk that is all too frequently heard.
>
> It is hoped that work will be resumed up north soon, before a series of robberies breaks

out, which is inevitable with the large number of men we have here with no means of support. Already two or three have been reported.

Again, quoting from the Northland Post of June 12, 1931, I find the following:

The unemployment situation in the north has now reached a stage where immediate action on the part of either, or both, provincial and federal government is absolutely imperative. During the past several months northern Ontario has been the mecca of literally thousands of unemployed drawn here by the overdone publicity given the construction work in progress. North Bay, Kirkland Lake, Timmins, Cochrane, Kapuskasing, all have the same story; of hundreds, even thousands, of men from all parts of Canada, arriving seeking work, where no work was to be had. These men are now stranded in these various centres with no chance of obtaining work, with little, if any money; the condition of many bordering on the desperate. These men have no claim, legal or moral, upon the municipalities, in which they are stranded. The municipalities in turn, absolutely cannot extend to these men relief of any kind whatsoever.

The situation at present is the most serious that has ever confronted the north. Though there is a large amount of unemployment throughout the country, that does not help to solve the problem in the north, which by virtue of the unique conditions existing here, is much more acute than in the older and more densely populated sections. In referring to this all-important question, wisdom and expediency preclude a reference to certain contingencies which will almost surely arise, unless action is taken in the very near future. There is a very real potential menace in the situation, recognized by many of the citizens, which cannot safely be ignored.

Now is the time for action, not when it is too late. Now is the time for statesmanship, not politics. The north is looking anxiously to the seats of government for action. More, it is demanding it, and it has the right to expect it.

On the 28th day of last month I spoke to between 700 and 900 unemployed in the town of Cochrane. I could see for myself that the situation was very serious. I promised those people that I would do everything within my power to bring matters to the attention of the house.

On July 1 the present Prime Minister told me he would get into communication with the premier of Ontario. So far, however, I am sorry to say that a solution of the problem has not been arrived at and there is more and more unemployment in the town of Cochrane. Only last week I gave the Prime Minister an article I had clipped from the Northland Post stating that a provincial constable had been assaulted and seriously wounded during a parade of the unemployed, and as a result was taken to the hospital. Again, the Prime Minister promised me he would do everything within his power to solve the difficulty. However, the problem is not yet solved and as a result the town of Cochrane is, so to speak, divided into two camps, and the situation grows worse. The house will understand that for six months Cochrane has had from 1,000 to 1,500 transient unemployed. Following the assault upon the provincial constable we have the spectacle in that section of the country of the population being divided into two camps. The local population resent the action of the unemployed men, and assert that they had no right to assault the constable. On the other hand the unemployed take the opposite stand and claim that they have to eat and work.

The time is ripe to remedy the situation. A few days ago I read a report in a Toronto paper to the effect that the premier of Ontario, Mr. Henry, after making a tour of the northern section of the province had said that within two months work would be initiated on the trans-Canada highway. Two months will be too late. So far as I am concerned I wish to wash my hands of responsibility for anything which may happen in the future. Two months time will be too late to offer those men work so that they may get something to eat and put shelter over their heads. I make that appeal very sincerely to the right hon. Prime Minister, for the situation is so urgent that it must be dealt with immediately. I said a few minutes ago that on the 20th of June, when meeting a body of the unemployed, I came to the defence of the government. I told them that the government were trying to do everything within their power to remedy the situation, and that it was no time for playing politics. It was said at the meeting that some of the unemployed would break into private property and take what they wanted. I told those men that as citizens of this country they were entitled to food and clothing, but at the same time property owners were entitled to defend their property. The house will understand the seriousness of the situation in my constituency when the unemployed take the law into their own hands and break into houses to get food and clothing. I repeat the statement that I made to the unemployed on that occasion, that I have enough confidence in this government to feel that they will step right in and deal with this acute situation in the north, particularly in the town of Cochrane, and that within a week or two 1,000 or 1,500 men will be put to work. This grave situation must be dealt with not two month's hence or next winter, it must be dealt with immediately. As I have said, this question should be lifted out of politics. It may be parochial in some respects, but in

others it is national. Hon. members ought to hear what some of the unemployed say. They put the blame for the present condition of affairs on the right hon. Prime Minister and this government, not on the local organizations, not on the premier of the province. Every spokesman for the unemployed put the blame solely on the right hon. Prime Minister. In order that the house may realize the seriousness of the situation and the urgency for remedial action, I am going to read an editorial which appeared in the Northland Post of Cochrane published on the 24th inst. It is as follows:

Little Improvement In The Unemployed Situation

That the unemployed men receiving relief in Cochrane are transients has been amply born out during the past week. Each day numbers have left town, their places have been taken by others coming in from other points. Some idea of the way these men shift around can be gathered from the fact that as many as a hundred or more have been known to come to town on one train, while nearly as many have left at one time also. The number in receipt of relief, however, has remained fairly constant, from a low of about two hundred and eighty to over three hundred and fifty.

In addition to those in receipt of relief there is a large number of men who have not yet reached that stage in their finances, who are staying at the various rooming houses around town. Quite a number of these men are subsisting on only two, and in not a few cases, one meal a day, in order to husband their scanty savings. In some cases also, the boarding-house keepers have allowed men to run up accounts for both rooms and meals, though of course this is necessarily limited, as the proprietors of the boarding houses are not in a position to finance the men indefinitely. One such case was recently reported to have some three thousand dollars of book debts, but few of them could afford to let the figure run so high.

Many of the men coming here state that they were told to come here by the police and others in the town or city which they came from. This practice has quite evidently been followed in many of the places, and the fact that there is a construction job going on up north of Cochrane has aided these places in persuading the men to come here. One or two places have been particular offenders in this way and Cochrane's troubles at the present time are due in no small measure to these two places, both of which are better able to take care of the men than is Cochrane.

The news of Premier Henry's proposed "Labour battalions" was received here last week with tempered enthusiasm. Most of the local citizens appear to be very much in favour of the idea, but feel that in the case of Cochrane, immediate steps should be taken by the government to remove these men from here, as there are no facilities for looking after them, and the problem is really none of the town's business. There is also a certain uneasiness that there will be a recurrence of the trouble which broke out a week ago last Monday, when Provincial Constable Crozier was injured. Though many individuals are convinced that such will not be the case, this feeling is not shared by the majority and the uncertainty of the situation is having a very unsettling effect upon the community.

Since the trouble referred to, there is very little sympathy on the part of the townspeople generally for the men, resentment being general that they should come here uninvited from every part of Canada and repay kindness and good treatment in such a manner. The citizens of Cochrane are heartily fed up with the whole situation, and while willing to assume a just share of any burden shouldered by the country as a whole, they feel that the town has been imposed on long enough and that it has been called upon to harbour far too many in proportion to its population. There is an insistent demand on all sides for the removal of these men in the near future.

No definite date has so far been announced in regard to the formation of the labour battalions. One source has estimated it at about two months hence, which, if correct, will not be soon enough to relieve the local situation. It is likely, however, that it will be sooner than that, as the situation throughout the province is so serious that it will force the government to rush the arrangements. The announcement of the labour battalions brought forth protests from certain quarters, particularly in organized labour circles, but subsequent reassurances on the part of the government that the men would not be conscripted has done much to overcome this opposition. Regret is expressed here that Premier Henry was unable to pay a visit to this part of the north in addition to his visit to Sault Ste. Marie this week, as it is thought that a personal inspection of the local situation would have hastened governmental action here.

Some hon. MEMBERS: Carried.

Mr. BRADETTE: I beg to inform hon. members opposite that if some of them would come up to my section of the country tomorrow they would be ready to plead my case with the right hon. Prime Minister. Last session when we mentioned the unemployment situation no one on the other side was treating our appeal very seriously. I do not take up very much of the time of the house, and I interrupt very few hon. members on the other side. Let me extend this invitation to hon. members opposite: If by "carried" they mean that the situation which I have described will be remedied within the next week, I will take my seat at once. But I am not going back to my constituents until I can tell them that the situation will be remedied. I am speaking for the unemployed in Cochrane and district, and so distressing is their situation that I am positive that if my hon. friends opposite could be brought face to face with those unhappy people they would fight by my side for immediate remedial action. I am not talking politics; this question is bigger than politics; but this is the time and place to discuss such a matter, and I would be derelict in my duty as representative of the riding if I

failed to bring this critical condition before the attention of the house. Let me quote the statement made by the spokesman for the Cochrane unemployed delegation which recently waited on the council:

"You know very good what we want," was the answer of the spokesman for the unemployed delegation which waited on the council on Wednesday evening, when acting Mayor Penny invited him to come up to the council table and tell the council what was wanted. The spokesman went on to say that many men were sleeping in barns, sheds and out of doors, that they had no shoes, no clothes and no work, and were, in fact, living like dogs.

Now, this is not to be laughed at; it is too serious for mirth.

Mr. Penny assured the delegation that the council were doing all in their power to get action from the government and pointed out that they had been successful in obtaining some measure of relief. The delegation, nine in number, were told that though the council would continue their efforts to place before the government the condition of the men, the town was incapable of furnishing shelter for such a large number. The delegation left the meeting after being assured that the council would put their case up to the government again and urge measures of relief. The delegation spoke to a resolution, passed at a meeting of the unemployed, held on July 15th, which was, in its way, a masterpiece of misrepresentation, protesting as it did against police violence.

I believe, Mr. Speaker, that I have made out my case. It is not my intention to delay the house for any length of time, for I know it is not popular for any member to make a long speech at this late stage of the session; but I would be lacking in my duty to my constituents if I did not make it a point to bring this unfortunate and critical situation to the attention of the house with all the force at my command, and to appeal to the right hon. Prime Minister and the government—and I believe he and his colleagues are sympathetic—that to remedy this situation something be done, and done immediately. Surely it is within the power of the government to send a wire to the mayor of Cochrane that they are going to take care of the situation at once. I am no "sob sister" artist and I am sure that my genial friend from Parkdale (Mr. Spence) if he would visit my section of the country would come back and give me his heartiest support in the appeal that I am now making to the government. I know the right hon. Prime Minister realizes the seriousness of the situation and I assure him I am making my appeal very seriously.

Last summer we were told that if the unemployment situation became a national problem it would be dealt with in a national way. That meant that it would be dealt with by the central authority, which is this parliament and this government. And again I appeal to the right hon. Prime Minister that before the day is over he send a message to the mayor of Cochrane that he will relieve the present unemployment situation in that town and district. So far we have heard of only one case of violence by the unemployed, so far they have kept within the law, but you cannot argue with men who are hungry and destitute, and need food, shelter and clothing. That is why I believe that hon. members will agree with me that a message should be sent to that section of the country that the government will deal with the situation in such a way that the town of Cochrane will be relieved of further responsibility for meeting a condition which has been forced upon them and with which during the last six months they have been trying to cope. Every institution and individual in that town has been doing its duty, but the stage has been reached where it is absolutely impossible for the town of Cochrane to cope with the situation further. It will be impossible for me to go back to my constituency unless I have a message to deliver to the people that authority will be taken by the government to deal with the situation, and that it will be remedied, and remedied at once.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I wish to refer briefly to two statements made by my right hon. friend the Prime Minister, the most astounding and the most timely statements he has made during the last thirteen months. His most astounding statement was, "I will end unemployment," made in Moncton during the last campaign; his most timely statement was made before a large audience of unemployed in Calgary, to the effect that it was the intention of this government to study the causes of unemployment. That is the first thing that should have been done. I remember very well that after the last election a committee was formed to inquire into that question, and one of the recommendations brought in was that immigration should be stopped. That recommendation has not been carried out; immigrants may still enter the country, and the government have only ceased advertising in order to bring them here.

It is most important, Mr. Speaker, that we get to the root of the evil in order to cure it, and I am very much surprised that there has been no meeting of the committee on industrial and international relations this session to study that question, which is of such great importance not only to Canada but to all the countries of the world. It is

late, Mr. Speaker; the session is about to close, and we have now a resolution before us in connection with which I congratulate the government. They seem to be in earnest in trying to do something to relieve unemployment, but this is only a palliative. This will not cure the evil at all; it is like putting a plaster on a wooden leg. I think it is time for the government to appoint a commission composed of technicians, university and labour men and others of wide experience to study the question in all its details and make appropriate suggestions. Last fall and this spring, before the Minister of Labour undertook his trip to the west he said unemployment was diminishing all the time and that conditions were getting better. When he went to the west, with adding machines with which to count the number of unemployed, he was startled; he was astonished; he was dumbfounded, and he returned to tell the government what he had seen.

Conditions are very bad in the west; they are very bad in the east also, because the farmers cannot sell their products and the lumber industries are not doing the business they did previously. What is the reason? Is it because the people who have some money are discouraged and are keeping that money in the banks or in their pockets instead of spending it in improvements? They may be waiting for better times, so in that respect I think the Minister of Trade and Commerce (Mr. Stevens) was doing the right thing when he preached hope for the future. But do we not all remember the campaign which followed the Winnipeg convention of 1927, during which hon. gentlemen opposite went about saying the country was in bad shape, when that was not true?

Following that people began to make money in the stock market; some people were getting rich, and others tried to do the same thing. Many people with small incomes put all their savings in the stock market, and everyone knows what happened. Some brokers were really thieves; they advertised certain stocks, saying they were good and were going up, in order to sell them. Then what happened? Those stocks came down; people lost their money, which was concentrated under the control of a few people. Those brokers became rich within a very short time by stealing money from people who had invested their small savings in securities of every kind. So I would make one suggestion: In order to provide money for unemployment relief works in this country would it not be fair to confiscate say three-quarters of the enormous gains made unlawfully by those brokers? That would be a step to which no one in this country except themselves would object; it would be only retribution for the evil done by those men.

That is one suggestion I desire to make; the other I made in beginning my speech. I believe the government are sincere in trying to relieve unemployment, and I ask them to be practical by going to the root of the evil and ascertaining the first causes of it. The matter has been studied by the League of Nations and by the keenest minds of Europe and America. Now it is time for this country to make a thorough inquiry into the question of unemployment in order to cure the evil and prevent it from happening again in the future.

Motion agreed to on division and the house went into committee, Mr. Tummon in the chair.

Mr. HEENAN: I am anxious that the Prime Minister should introduce the bill at the earliest possible moment, so I will not delay the house at this stage but will reserve my remarks for the second reading of the bill. However, I do wish in all sincerity to make one appeal to the Prime Minister; I appeal to him to eliminate from his resolution and from the bill any reference to the maintenance of law and order, coupled with unemployment relief.

I make this appeal because I have knowledge of the labour men of Canada. I know they are a sane body of men; I know that during the inactivity of governments in providing for unemployment relief, the working men of Canada have shared their work, their number of days of employment, with those who were less fortunate. If the Prime Minister will reconsider it he will realize that there are sufficient laws on the statute books to-day to cope with any situation. But to couple with a bill providing for unemployment relief a provision with regard to the maintenance of law and order will not, I think, be taken in the right spirit. I appeal to the Prime Minister to eliminate that feature from the legislation.

Mr. MACKENZIE KING: Ordinarily we of the opposition would be inclined in committee to emphasize anew the points that were raised in the discussion of the resolution. But we realize that the house is anxious to conclude the business of the session and that, no matter what we may say, hon. gentlemen opposite have a majority, which enables them to do as they please. If, therefore, the Prime Minister is determined to pass the measure in its present form our discussion at this stage

would possibly be regarded only as in the nature of obstruction. Nothing is further from our minds than a desire to obstruct in any way the granting of relief for unemployment and rural distress, and in view of these circumstances, having expressed our views on the main motion, we do not intend to discuss the resolution in committee.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 142, to confer certain powers upon the governor in council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read the second time?

Mr. BENNETT: With the consent of the house it might now be read the second time, and when the house is in committee on the bill my hon. friend from Kenora-Rainy River (Mr. Heenan) can make his observations and I shall be glad to answer any questions he may ask.

Mr. MACKENZIE KING: The Prime Minister is not going to move the second reading now?

Mr. BENNETT: I was going to.

Mr. MACKENZIE KING: If my right hon. friend would not press that we should be obliged. I should like to see the bill before the second reading. Possibly it would be better to delay the second reading.

Mr. BENNETT: In view of the lengthy discussion we had yesterday I had thought that, with the consent of the house, we might proceed now. However, the right hon. gentleman having expressed a desire to look over the terms of the bill, it will have to stand, because we can proceed only by consent. I had intended to dispose of this matter before going on with the report of the Beauharnois committee. In the circumstances, perhaps we had better take supply until later in the day. The minister who is to make the motion in that matter requested me not to proceed this afternoon. He says he will try to go on this evening if possible.

Mr. MACKENZIE KING: I would agree to go on immediately with the second reading of the bill were it not that it is possible we may wish to move an amendment on the second reading. This we cannot even consider without seeing the bill itself. If the house were to proceed with supply now, this evening we might go on with the other subject.

Mr. BENNETT: So that my hon. friends, when studying the bill, will be acquainted with its terms, I may say that we propose to add in the preamble the words, "so far as the legislative authority of parliament extends." That will make it clear that there is no endeavour to take from the provinces their powers, as suggested yesterday by an hon. gentleman. These are the words mentioned in one of the judicial decisions to which I had reference to-day. The bill itself expires on March 31, 1932, which I did not mention yesterday.

SUPPLY

EXTERNAL AFFAIRS

The house in committee of supply, Mr. Tummon in the chair.

London—salaries and expenses of the office of the High Commissioner for Canada, notwithstanding anything to the contrary in the Civil Service Act, or any of its amendments, including $2,000 additional salary for the High Commissioner to that authorized by chap. 92, R.S.C., $132,260.

Mr. MACKENZIE KING: Has my right hon. friend any figures which will indicate the allowances made in addition to the salary paid in connection with the London office?

Mr. BENNETT: There is an increase of $15,000 in the allowances.

Mr. MACKENZIE KING: How is that increase made up?

Mr. BENNETT: The living and entertaining allowances are increased by $15,000.

Mr. MACKENZIE KING: In connection with Washington, Paris and Tokyo, there are allowances made for house accommodation, and then there is something additional for other purposes. I would like to know if the London office is to be made to correspond with the other offices in these particulars. For example, what are the house allowances?

Mr. BENNETT: As my right hon. friend knows, there is no residence at London such as there is at Washington. Having regard to the demands made upon the High Commissioner, the allowances made contemplate large individual resources. Studying the matter from every angle I am bound to say that I know of no other way by which the situation could be met except by increasing the allowances by at least $15,000. I think if justice were done the increase would be somewhat

larger because the demands at London are more than they are at any other point where we maintain representation. The amount has been increased from $25,000 to $40,000 and I fancy my right hon. friend will agree with me that that is a lesser sum than will be required for that purpose. The salary is $12,000; living allowance, $5,000; allowance in lieu of house and furnishings, $5,000, and then a car allowance which has been paid for some years.

Mr. LAPOINTE: Will my right hon. friend advise the committee whether festivities such as the dinner held on Dominion day are paid for by the people of Canada or by the High Commissioner? My right hon. friend will realize that it would be rather hard for those Canadians who are abused on these occasions by the High Commissioner because their views do not coincide with his to have to pay this cost.

Mr. BENNETT: I think my hon. friend is putting too constrained a construction upon the observations to which he directed attention the other day. I do not think there was any intention to abuse him or anyone else who entertains views at variance with those entertained by the High Commissioner. The High Commissioner is now en route on the sea, but as soon as an opportunity presents itself I shall make inquiries and then communicate with my hon. friend. These jocular observations which are made sometimes are seized upon by the press and we receive only the report of what has been said. I feel quite certain that no reflection was intended. I have found myself presiding at a meeting of the Canadian Bar Association, and in such capacity introducing my hon. friend, I have made some jocular observations as to our variance of views and I would be sorry to think that those remarks represented the considered views of the association of which I at the moment happened to be the head. I have no information as to what happened in London, but my information is that at such gatherings tickets are first bought and paid for.

Mr. LAPOINTE: That would be new.

Mr. BENNETT: I do not know of any place from which I could obtain this information, but the moment it is obtained my hon. friend will be advised.

Mr. LAPOINTE: I do not think I am over hyper-sensitive or that I have an exaggerated sense of my own dignity, but I will admit that it is rather unpleasant to have our own representative in the centre of the empire refer to those who think otherwise than he does as men of low calibre. I read that in the official report of his speech, and there is no joke in that.

Item agreed to.

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, $100,000.

Mr. BENNETT: There is no change in this item.

Mr. MACKENZIE KING: My right hon. friend says that there is no change in this item. I am anxious to ascertain if there is any change in his point of view with respect to the legation at Washington. At the time the legation was opened, my right hon. friend may recall that he was somewhat critical of the establishment of legations by the government of Canada. Speaking in this house on April 13, 1927, as reported in Hansard, page 2472, my right hon. friend said:

> I am wholly opposed to the establishment of this embassy at Washington. It is but the doctrine of separation, it is but the evidence in many minds of the end of our connection with the empire. For that is what it means. It means nothing else ultimately, because if we are a sovereign state we cannot belong to the British Empire.

I would ask my right hon. friend when he replies to say whether he still believes the legation at Washington and the underlying policy represent a doctrine of separation, and if the legation continues to be an evidence of the end of our connection with the empire. That view of my right hon. friend was expressed in 1927. In 1928 he seemed still to entertain the same view because in speaking at the Toronto Business Men's Conservative Club as reported in the Mail and Empire of June 15, 1928, my right hon. friend said:

> I had hoped in my younger days, and I have not entirely lost my hope yet, that in maintaining the unity and solidarity of this commonwealth of nations we call the British Empire, we might attach Canadians, Australians, New Zealanders to the embassies abroad of the empire. It may come that some Canadian may be ambassador of the British Empire—just as much to be achieved by his ambition as if born within sound of Bow Bells.
>
> I see no reason why that hope should be disturbed to-day. I see no reason why we should have separate embassies and legations, but rather embassies and legations should be of the united empire, and every part of the empire might find representation there when the moment of peril came, and they could speak with one voice, without divided authority.

That represents an attitude somewhat different from that on which this particular appropriation is founded. I should like my right hon. friend to say whether here also he has modified his views.

Then speaking at Oshawa on July 22, 1928, my right hon. friend, criticizing myself as the head of an administration which had opened the legation at Washington, is reported in the Ottawa Morning Journal of July 23, 1928, as follows:

What port is Mr. King bound for? Mr. Bennett asked, referring to recent declarations by the premier of Canada's equal status in the British Empire, and the establishment of embassies in foreign countries.

If he wants to make this an independent country, let him say so. Let us have a well-defined expression from Premier King as to where he is heading, what his chart is and what his port.

That is the report of his speech as it appeared in the Ottawa Morning Journal of July 23, 1928. It contains the same underlying idea that the legation at Washington was making for separation.

May I give one further quotation? I have innumerable quotations from his speeches on this subject, but I think these will be sufficient to indicate what his previous critical attitude was. Speaking at Halifax, on July 26, as reported in the Halifax Chronicle of July 27, 1928, my right hon. friend said:

What is meant by this talk of equality of status? Mr. Bennett asked. What do all these legations mean? There can't be two kings. This may not mean what it seems and it may seem what it is, but it serves to make this country an independent nation. I say, for myself and for the Conservative party, that we in Canada are not prepared as yet to separate our allegiance to the British Empire. If Mr. King is sincere he will answer this question: What port are you bound for?

If we are to be independent, Mr. Bennett said in conclusion, Mr. King should let us know, that the people might have a say before it is too late.

Just in order that I may not take up further time by referring to this subject after my right hon. friend replies, unless he says something that occasions a reply, may I in substantiation of the point of view taken by the Liberal administration when these legations were opened, give him the words of his own representative whom he has appointed as minister to Washington, at the time of presenting his letter of credence to the President of the United States. The letter of credence was presented along with a letter of recall of the previous minister on June 23rd of this year. In the letter of credence the minister set forth, and I assume that he was voicing the opinion of my right hon. friend, his views as to what the legation had really meant in the course of the time it had been in existence, and he was quite explicit in saying that the legation had not only served a very useful purpose to Canada but that it had served, if anything, to bring the whole British Empire closer together. That is the fruit of experience as it is expressed in the words of my right hon. friend's minister to Washington on June 23 of this year. I quote from the Ottawa Morning Citizen of June 24, 1931, a despatch from Washington, D.C., dated June 23, It says:

The minister—

That is the present minister to Washington:

—expressed to the president the conviction that the establishment of diplomatic relations had assisted in promoting the harmonious relations existing between Canada and the United States and the empire of which Canada formed a part.

Major Herridge's address is set out at length, and I have in my hand the words which appear in the address as presented to the president. I have no doubt that my right hon. friend saw this address before it was presented. I assume that he would be familiar with the words of it. At any rate, the minister was representing the government and was speaking for the government of Canada and for my right hon. friend in particular. I think my right hon. friend will admit that. The address in part reads as follows:

It is the earnest wish of His Majesty's government in Canada that the harmonious relations which have long prevailed between the United States and Canada shall be maintained and strengthened. Mr. Massey in Washington expressed the confident hope that the establishment of a Canadian legation in Washington would serve to strengthen those cordial sentiments which exist between Canada and the United States as well as between the United States and the empire of which Canada is a part. I feel that I can say with conviction that this hope has been fulfilled during the four years which have passed since direct diplomatic relations were established between the United States and Canada.

Nothing could be more gratifying than that, I am sure, to the administration which established the legation and appointed Mr. Massey as minister to Washington, as well as with respect to the manner in which Mr. Massey discharged his duties as minister to Washington. The president of the United States in replying used the following words:

You have likewise delivered to me the letters of recall of your distinguished predecessor, the Hon. Vincent Massey, whose residence in this capital as the first minister of the Dominion government to this country is most happily remembered.

A little further on the president said:

I share your conviction that the establishment of direct diplomatic relations between Canada and the United States has served to strengthen the cordial sentiments which exist between our countries as well as between the United States and the empire of which Canada is a part.

There we have two entirely different points of view. The point of view of the Liberal administration which established the legations was that these legations would make for better relations between Canada and the countries to which the ministers were sent, and that they would also be a factor in making for closer relations between the British Empire as a whole and these countries. We took that view; it was in that belief we established legations. My hon. friend, as leader of the opposition at the time, criticized our action and said he believed it would lead to separation. After three or four years of the existence of the legations, however, my right hon. friend sends his own minister to Washington with a letter to the president. In that communication there is stated, in as concise and emphatic language as could be used in a diplomtic communication, the fact that the legation has made and is making for closer relations not only between Canada and the United States but between Canada and the British Empire as a whole.

Perhaps my right hon. friend will tell us frankly whether the views of his minister as expressed in his communication are my right hon. friend's views to-day, and if so, whether as a consequence of necessity he has altered his opinion as given at a time when he was so critical of these legations.

Mr. BENNETT: There is no difficulty in answering the questions of my right hon. friend. In the first place the word used was not "relations". The words are "cordial sentiments". The words which His Majesty's newly appointed Minister for Canada used were

Mr. Massey, in presenting his credentials in 1927 as the first Canadian Minister in Washington, expressed the confident hope that the establishment of a Canadian legation in Washington would serve to strengthen those cordial sentiments which exist between Canada and the United States as well as between the United States and the empire of which Canada is a part.

Mr. MACKENZIE KING: Did I use the word "relations"?

Mr. BENNETT: Yes, at the close of your remarks I believe you used the word twice. To continue the letter:

I feel that I can say with conviction that this hope has been fulfilled during the four years which have passed since direct diplomatic relations were established between the United States and Canada.

Mr. MACKENZIE KING: I did not misquote.

Mr. BENNETT: No, the quotation was read accurately, but when the right hon. gentleman was speaking from memory at the end of his remarks he used the word "relations" instead of "sentiments," which I regard as a very essential difference. The cordial relations existing between the two countries have undoubtedly been strengthened by reason of the circumstances to which the right hon. gentleman refers, and in his reply the president suggested that that was so. I repeat that the conduct of a legation in any part of the world on behalf of this Dominion will be successful along the lines I discussed in the years 1927 and 1928 only after the experiment had been tried for a long time. What the ultimate effect may be of the assertion in strange countries of sovereignty which you do not possess, and of a position which we cannot in any sense occupy, unless we change our relations to the motherland and to other parts of the British Empire, is a matter which will not be settled in a single day, a single year, five years or ten years. The stream of history flows slowly; its volume increases as the years pass, and it is fed by many little incidents that at the moment seem small but in the end constitute and make up its volume.

So far as I am concerned I did not view with approval the establishment of legations in foreign countries on behalf of the Dominion. I rather believed the doctrine of Sir Robert Borden in the first instance was a sound one, namely, that we should have our legation in the same premises as the British embassy, and that the solidarity of our empire should be proclaimed to all the world by the fact that we are all together. I believe that that was a perfectly sound experiment, and I so expressed myself on several occasions. But I certainly did not,—as I understood and still understand what is meant by representation by a minister in a foreign country,—believe that you could continue it without bringing about the inevitable result unless you changed entirely your attitude of mind towards the use to which the legation was put. I think it is now abundantly clear, from the observations that have been made publicly and otherwise by our minister at Tokyo, that the legation in that place is an adjunct to our commercial activities, and permits him, by reason of his diplomatic position, to have audience—if I may use that term, which I believe would be the proper one under the circumstances—with the authorities of another country, more readily and more expeditiously than could be hoped for if he did not occupy

that position. Hence it is that the reports of that distinguished Canadian are so filled with references to commercial matters, and the concern he has manifested for the expansion of trade and the attendant advantages upon our commercial position by better understanding in foreign countries.

With respect to Washington I believe the extension of the use and utility of the office in that city will depend upon the extent to which the incumbent of the office makes himself familiar with the commercial as well as the other problems which have to be dealt with between the two countries. It will be recalled that only a short time ago the President of the United States invited foreign communities, if they so desired, to present their positions before the tariff board he set up. In that sense there is no doubt that any minister representing this Dominion could, if he had the desire and the inclination to interest himself in commercial matters affecting the welfare of this country in its relations with the great republic, be of inestimable service, and more so by reason of the particular position which is accorded to the diplomatic representatives of countries in foreign capitals.

I have never made a statement that indicates that I have not a clear appreciation of the distinction which must be drawn between the position which a minister representing this country must hold in foreign countries, if he interests himself in trade and commerce, as distinguished from the problems of pure diplomacy. On problems of pure diplomacy I have not changed my view, that if we are to speak with any degree of strength or power we must at least have some common purpose in our foreign policy. I need hardly remind my right hon. friend that not since 1900 has an Imperial conference been held at which the question of foreign policy has not engaged the attention of delegates. The extent to which foreign policy can be promoted by the maintenance of diplomatic representatives in foreign capitals who are not working out their diplomatic difficulties in accord with the other representatives of the British Empire, whether they be representatives of Great Britain, South Africa or Australia, is a matter which is still in the lap of the gods. While approving of a representative of each country finding a diplomatic home in Washington, the most eminent of British statesmen have indicated what every thoughtful man realizes is the real problem yet to be settled: Can the empire survive if it has six representatives in a given community following different courses with respect to a matter of concern between the capital in which they find their homes, and their several countries? The problem is not yet solved, and the difficulties are not yet resolved. Still the problems remain and the difficulties are with us.

I am hopeful that as days go by, as the attitude of man towards peace is improved, and as recourse to arbitration and peaceful methods of settlement are changed from time to time, we will not have any reason to regret the action we have taken. I need hardly remind my right hon. friend however that standing in this very place within the last fifteen or eighteen months—yes, only that long ago—he expressed grievous concern as to the safety of this Dominion by reason of commercial relations which existed between this country and the United States with respect to one commodity, and expressed the view that he could not assume responsibility for the position which would be created. Under those circumstances I think he will readily agree with me that the ultimate determination of the value which attaches to the experiment we are making cannot to-day be apprised; it cannot be done. I have expressed my views with respect to it and given my reasons for it.

Like all other heads of parties who succeed to a position as distinguished from an idea, who have to deal with a concrete situation and not with a mere academic problem; we found these legations, and we will maintain them to the very best of our ability; we will support in every possible way their usefulness, hoping that as the days go by a clearer appreciation of their value in the field of commercial activities may make their maintenance more desirable and more justifiable. For if you consider them and weigh them in the pure realm of diplomatic usefulness, you will find it extremely difficult to justify some portion of the expenditures incurred. But from the larger standpoint of commercial advantages to the community, I think, weighing the value and the cost against the results and benefits, it will be found that the results and benefits outweigh the cost.

Mr. MACKENZIE KING: I have done my utmost, Mr. Chairman, to follow my right hon. friend in his reply, but I must say that his speech seems to me to be best described by the simile of a stream which he himself used. It was, however, a meandering stream, and it was not too clear a stream. I did try to follow him from Washington to Tokyo then over to the Imperial conferences in London, then to appreciate his digression on commercial relations and finally his reference to what I understood to be the liquor traffic. Altogether, I must say that I do not yet feel quite sure as to what in his heart of

hearts my right hon. friend really feels and believes. He has spoken about the "stream of history" and the inflences that affect its course. May I say to him that he is in the middle of that stream at the present time, and it is his wand that turns the stream in one direction or the other so far as Canada is concerned. In the matter of legations he has been most emphatic as to the roads to the right and to the left. He has said that these legations mean independence, if we were to have legations that stand for Canada as possessing equal status with other parts of the empire, and that the only salvation in the long run for the empire as well as for Canada was not legations such as we have to-day, which represent the individuality of this Dominion, but some composite diplomatic organization to which the Canadian representative would be attached as a sort of glorified commercial attaché. That, I think, is about the substance of the difference of the two points of view. Let me say to my right hon. friend that he cannot escape his responsibility by any amount of philosophizing—perhaps casuistry would be too strong a word, but it seems to me to be fitting in the circumstances. He to-day is responsible for the maintenance of the legation at Washington, which is expressive of the equality of status which this Dominion enjoys with the other self-governing parts of the British Empire, includuing Great Britain itself. If the maintenance of a legation of this character means in the end separation, or the risk of separation, he must now bear the responsibility for helping to direct this country along that course. He has it within his power to abolish the legation, to change its complexion if he likes, and if he does not do that, then he must be responsible for the consequences, not only so far as this Dominion is concerned but the empire as well, if the whole structure unfortunately collapses!

Mr. BOURASSA: I think the right hon. leader of the opposition is unduly cruel to the right hon. leader of the government in this matter. He ought to rest modestly content with the fashion in which his successor is following his policy. I think that is the best possible commendation of his idea. There is a point which leaders of parties should not overstep in declaring their victories over their opponents in this matter as well as in the matter of interimperial relations. In this respect at least, I think the present government should be congratulated on the very frank manner in which they have stepped into the shoes of their predecessors and maintained all that has been gained and made the best of it. The right hon. leader of the opposition has used the metaphor of the leader of the government being, I will not say King Log, but in the midst of the stream and going either to the right or to the left. I think that most leaders of governments, whether they like it or not, once they are launched in the midst of the stream follow the current; they may seem to go one way or the other, but if the current corresponds really to the trend of public opinion they have to follow it.

But I did not rise with the idea of trying to restore harmony between the two right hon. gentlemen. I simply wanted to give an example in the history of our relations with the United States which shows the practical advantage to be derived from the establishment of direct relations. The right hon. leader of the government has endeavoured to minimize the importance of foreign relations, especially in Washington, to the level of commercial relations. Of course, I admit that commercial relations are very important, but as between two countries situated as the United States and Canada are I think the commercial interests of each country can be largely relied upon to establish relations between the two countries without much interference on the part of governments. But apart from those commercial relations, and apart also from those great questions of international concern to which the Prime Minister has referred, and upon which, I admit, so long as we are united with Great Britain there must be at least some conversations—to use the diplomatic expression— before any action is taken in common or separately as between the representatives of Great Britain and Canada and the other dominions, there are also questions of a semi-diplomatic character, which are far better treated, I think, by men representing directly their respective countries. Here is an instance. Long before the question of the boundary between British Columbia and Alaska had become acute, the Americans had created trading establishments along the coast of the Pacific ocean. The British interests were represented by the Hudson's Bay Company. The Hudson's Bay Company established trading posts along the shore—some even in the state of Oregon, which they had to abandon after the boundary was established on the 49th parallel; they had a few also on Vancouver island and on the main coast. After the United States had purchased Alaska from Russia, naturally the activity of American fishermen and traders increased, and there was a time when they came in contact with representatives of the Hudson's Bay Company, until one day a surveyor sent by the Interior department in

Canada became very much embarrassed to find where the boundary lay between Canadian territory and American territory. If I remember rightly, it was Mr. Dennis, who established a very fine reputation in the Interior department in the surveying of the western territory. He wrote to Ottawa to obtain instructions. This was during the summer time, and the Minister of the Interior sent a despatch to Sir John Macdonald, who was spending the summer at Rivière du Loup. Sir John Macdonald sent the letter to our representative in London, Sir Charles Tupper, who took the letter to the colonial secretary. After a couple of weeks the colonial secretary passed the letter over to the foreign secretary, who wrote the English embassy in Washington. At that time the English embassy was somewhat upset, because that was the summer when the English ambassador, Sir Lionel Sackville-West, had got into difficulty with the American government in connection with the presidential election, and to use a colloquial expression he was in the process of being sacked out of the country at the request of the American secretary of state. Naturally that took up some of the time of that gentleman before he could reply. Finally the reply of the secretary of state was sent to the foreign secretary, who handed it to the colonial secretary, who sent it to the Governor General in Ottawa, who handed it to Sir John A. Macdonald.

To put it shortly, after four months the department in Ottawa was informed that the secretary of state in Washington had no knowledge that any American citizen had encroached upon Canadian territory. In order to show how correspondence of that nature deleted the facts, let me say this: The report of Mr. Denis gave all the data, the names of the parties in conflict, the exact situation of the property and everything, but through this exchange of letters it came to this: Sir Lionel Sackville-West or his representative, the chargé d'affaires, inquired of the Department of the Secretary of State if they had information that any American citizen had been encroaching upon the property of any Canadian citizen, to which naturally they replied they had no such knowledge. Here is a concrete example of the situation which existed between the two countries so long as we had to maintain our relations through that process of correspondence. Direct relations between Ottawa and Washington would have elicited the information in from eight to fifteen days.

What was the consequence? When the question was taken up by the Anglo-American commission in 1898—I happen to know the facts because I was one of the secretaries of that commission—that was the one instance in which Canada could have pleaded proof that we had placed a claim for possession of a portion of that strip of land extending south from Alaska along British Columbia. That was the one instance in which we could have demonstrated that we had already put in a claim for ownership, but through that absurd process of correspondence from Ottawa to London, from London to Washington and back the same way, these facts were entirely deleted of all their force and it was impossible to maintain them as against the series of counter-facts established by the United States government.

I quote that as an example to show that the establishment of direct relations between Ottawa and Washington is perhaps the most practical move we have made in that direction in the last twenty years. Between two countries such as the United States and Canada I firmly believe, and experience has shown, that direct relations are the best means of avoiding difficulties, misapprehensions and misconceptions of fact. The establishment of the International Joint Commission is another case. How many difficulties with regard to the navigation of the great lakes and the St. Lawrence would have arisen if those matters had been treated in the old-fashioned, indirect way through the British embassy?

Reference has been made to those expressions of opinion contained in the remarks of our present minister to Washington and of the President of the United States. I will go further and say that the British government felt greatly relieved when we established these relations. One of the English ambassadors stated in public that of all the affairs with which he had to deal during his occupancy of the position of British ambassador at Washington, at least half came from Canada. He did not say that in any grudging way at all, but anyone who has had any relations with English diplomats, or with diplomats of any other country, knows that they do not care to have more to do than they are obliged to do. We all know that the position of English ambassador at Washington is one of the most important in the world, and the idea that the representative of the British government in Washington should be obliged to deal with all those small matters, semi-political, semi-diplomatic and semi-commercial, which arise every day between Canada and the United States, was absurd. The idea that a diplomat of the first rank, who is primarily concerned with the great problems of British policy the world over, should be

obliged to pass a great deal of his time in dealing with such questions is unjust to the British government, I claim, and to the British ambassador. Therefore I say we have done a service not only to ourselves but to the British government through the establishment of that legation. They have enough of their own difficulties and problems with which to deal without our loading more on them. This was one of the most practical manifestations we could give of our friendship for the British Empire and at the same time of our dignity as a nation, showing both to the English and to the Americans that we were capable of presenting our own cases before a foreign government, of discussing them on their merits and of dealing with a foreign government without the mediation of a third party, as a minor child is obliged to deal through his tutor.

Mr. MacDONALD (Cape Breton South): I do not propose to take up much of the time of the committee at this stage of the proceedings; I quite realize the importance of this position and the desirability of maintaining it, as outlined by the last speaker, but I wish to say that the importance of that position depends largely upon the personality of the individual appointed to it. I want to say that in my experience, at least, the former appointee was not fit to occupy the post. I had a case concerning a gross injustice done a Canadian citizen, whose ship was taken on the high seas and brought into a United States port. He was tried before the courts of the United States, which decided that the act of the United States officials was illegal and ordered the return of the vessel and cargo.

Mr. BENNETT: What ship was that?

Mr. MacDONALD (Cape Breton South): The ship was called Over The Top, and was owned by a man residing in my constituency in Sydney, Nova Scotia. That is the reason I feel so strongly about the matter. The ship was a three-masted vessel worth perhaps $20,000 or $30,000. She was ruined; she was kept in a United States harbour for nine months and then thrown back on the hands of the owner. This was in 1925-26, and from that day to this we have never been able to get our representative at Washington to press our claims upon the United States government.

I do not wish to take up the time of the house, but in my opinion a gross injustice was perpetrated on a Canadian citizen. I consider that the person we had at Washington lacked the qualifications of firmness, tact and diplomacy necessary to press this case. Nearly every month of every year this matter was brought to the attention of the department at Ottawa and also at Washington, and every year we got the same reply. In order to complete the record I will read one letter dated June 8, 1927:

Dear Sir:

I am directed by the minister to acknowledge your letter of June 7.

I wish to assure you that the case of Mr. MacKinnon is receiving every possible attention. It is still under consideration by the competent authorities. Some weeks ago we wrote to the Department of External Affairs at Ottawa. We hope to have soon an expression of the views of the Canadian government and then to communicate with you again according to the instructions sent to the minister.

Yours truly,
Laurent Beaudry,
First Secretary.

So things went on. This was in 1927, and in 1928 and 1929 the same state of affairs continued. In the latter year we got a reply from the secretary here to the effect that they had been formally notified by the American legation that no provision had been made for the payment of any such claim. In other words, we were told that the claim was not going to be considered. Under clause 4 of our treaty special provision is made for just such cases as this, and all that was necessary was a little firmness, a little strength on the part of the person who then represented us at Washington, to have the claim properly considered.

This vessel was seized on the high seas nineteen miles from shore. It is true she was laden with liquor, and, of course, we had to say that a vessel laden with liquor deserved no consideration. But when we say that we only add hypocrisy to cowardice. The sale of liquor is a perfectly legal transaction in eight of the nine provinces of Canada, and it was perfectly legal for this vessel to be carrying liquor on the high seas. This American cutter, however, seized the vessel nineteen miles from shore and simply laughed at us. And the man whom we had at Washington lacked the necessary intestinal fortitude to press our claim on that government.

I do not wish to make any cheap utterance with regard to that position. It is a very important position. But the person who filled it did not recognize its importance, nor did he recognize the importance of the principles involved in this incident. If a Canadian vessel can be seized on the high seas, taken to an American port, condemned by the United States court as illegal and ordered interned, and we have no redress,

then I think the time has come for us to consider the qualifications of the person who then represented us at Washington.

I feel pretty strongly about this matter. I made two or three attempts in this house to bring it to the attention of the government, but for one reason or another I was frustrated. There is a principle involved: the high seas are free to the commerce of the king. Our vessels cannot be taken to a port in another country without redress. Our history shows many instances in which less provocation than this has led to very serious complications between nations. All I wish to say is that I regard the person whom we had as our representative at Washington as deserving of condemnation.

Mr. MACKENZIE KING: My hon. friend from Cape Breton South (Mr. MacDonald) may have a personal grievance with respect to a vessel which was rum-running, and he may feel pretty keenly about it. But I do submit that it affords no justification for him to make a personal attack upon one who has held the office of minister of this country at Washington, and held that office with very great distinction to himself and to this Dominion, particularly when the ex-minister is not in this house where he can speak for himself. If my hon. friend wishes to have a discussion begun on the personal merits of representatives, he had better say so; I do not think it is the desire of anyone in this house at this moment to engage in any such discussion, and I do not intend to follow him in that direction.

May I point out to the hon. gentleman that a minister acts with the authority and power his government gives him. Within a few days it will be a year since the hon. member's own government came into office. Does he say that his own government is guilty of all these shortcomings which he ascribes to the previous minister at Washington?

Mr. MacDONALD (Cape Breton South): Our own government has not a representative there yet. I have not the slightest doubt he will—

Mr. MACKENZIE KING: But the doors of the legation have not been closed. The government is responsible if there is not a representative there. Can the hon. gentleman not see that he reflects on his own administration with respect to the way in which they have managed the affairs of Canada during the past year?

Mr. MacDONALD (Cape Breton South): This year I have not made representations to this government.

[Mr. F. MacDonald.]

Mr. MACKENZIE KING: Then my hon. friend cannot be much concerned except for reasons of party. It does not matter what my hon. friend has done or not done; the representations are in the Department of External Affairs, and it is the duty of a new minister to take up all matters in the department where his predecessor has left them. Whether the office was filled for a time by an acting minister does not change the situation in the least. And may I add that not only has there been an acting minister all the time, but there has been recently appointed a full-fledged minister who has been to Washington on two or three occasions since his appointment. I repeat, however, that a minister's powers are those of the government he represents; and if there has been delay throughout the past year the hon. gentleman can only place the responsibility in toto upon his own Prime Minister. I am quite prepared to take the responsibility for delays during the time I was in office, and I have no doubt the present Prime Minister will take the responsibility for any delay during the time he has been in charge of the government. But I believe we shall both agree that with respect to these rum-running vessels which have been captured on the high seas that there has been a good deal of difficulty in getting any settlement that would meet the wishes of those engaged in the rum-running business. That is one of the reasons why it has not been possible to get some of these matters settled which have been outstanding. There are very few of them, but they are a class of cases that have occasioned all governments very considerable embarrassment. These, I think, are the reasons why this matter has not so far been adjusted.

Let me repeat that, so far as Mr. Massey was concerned, the hon. gentleman's own leader, the present Prime Minister, speaking in this house, paid the former minister at Washington the compliment of saying that Mr. Massey had filled his position with distinction to himself and the country. And that opinion is one that is held universally. It has been expressed over and over again by distinguished visitors who have come to this country from Great Britain. Two prime ministers of Great Britain have spoken in Canada in the highest terms of Mr. Massey's representation of this country at Washington, especially when considered from the point of view of helpfulness to the British Empire. The Right Hon. Austen Chamberlain, the then Foreign Secretary, spoke in similar terms when he was in this country. I have read a communication from the President of the

United States expressing the happy recollections which the government of the United States had of the manner in which Mr. Massey had performed his duties. I venture to say that there is not an individual in this country possessing any knowledge of the situation who would say other than that during the time Mr. Massey occupied the position of Minister at Washington this country was very fortunate indeed to have one so distinguished and so able to fill the office in the very excellent manner in which he did.

Mr. POULIOT: Mr. Chairman, I cannot but agree with the Washington appointment because it has brought Ottawa and Washington into closer relationship. I am sure that the minister will do very well but I would remind the committee of what was said in my county during the last campaign. Conservative speakers said that it would be the policy of the Conservative party to abolish the legations at London, Washington and Tokyo and use the money thus expended for old age pensions. I am glad the Prime Minister has acted otherwise than as announced by his followers. The people who voted Conservative for this reason have been much surprised that the Prime Minister has not followed the course which was indicated.

Mr. BENNETT: The right hon. gentleman must not say that I at any time favoured a Canadian being a commercial attache at the British embassy. I did not say that here or elsewhere and it is not what was said by Sir Robert Borden. It was not what was in any sense intended, and I need hardly call the attention of my right hon. friend to the terms of the order in council as originally drafted and as finally passed. I do think, and I endeavoured to make it perfectly clear, that in so far as possible we should secure unity of policy in all those overseas and self governing dominions, including the motherland, which constitute the British Empire. Every step possible should be taken for that purpose, for it is itself the greatest league of nations of which the world knows. Unless we can maintain unity and solidarity as such it cannot be expected that the other nations of the world will be apt to maintain a united front with respect to peace and other matters of equal importance.

With reference to the representations in connection with ships which have been held and released, I think the incident to which the hon. member for Cape Breton South (Mr. MacDonald) has just directed attention is the one which he brought to the attention of this house either at the last regular session or the session before. As I understood it, the attitude taken was that no compensation could be obtained. As the hon. member said, the matter has not been brought to the attention of the present government although I apprehend that it will be. The issue is whether or not a vessel which has been seized and ordered released by the courts of the United States, a vessel which has been injured during the time she was held, is entitled to be put back into the position in which she was at the time of the seizure. All hon. members know that vessels lying idle in port under circumstances similar to those mentioned deteriorate very rapidly. I understand that there has been no case in which any compensation has been paid with respect to any vessel.

Item agreed to.

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, $80,000.

Mr. MACKENZIE KING: Mr. Chairman, I should like to ask my right hon. friend if he is not changing his mind a little with regard to this legation. At the time the legation at Tokyo was being established we had a short debate in the house. Speaking on January 30, 1928, probably on the address in reply to the speech from the throne, my right hon. friend is reported on page 29 of Hansard as having said:

> What this country wants in Japan and all other foreign countries are trade commissioners, under the Minister of Trade and Commerce, to carry forward Canada's trade. The Minister of Trade and Commerce (Mr. Malcolm) knows that trade commissioners are what are wanted, men who will carry forward Canada's trade, not our diplomatic skill and power, to the countries of the world.

And again:

> I desire to make it perfectly clear that we on this side of the house are opposed to setting up these legations as long as our present status continues. We do not desire that the implications that are attached to our position shall be misunderstood in the world at large. It is going to bring about disaster, as certain as anything can be. About that there can be no doubt. One need not engage in prophecy; one need not be a prophet who reads the diplomatic history of Japan and the United States during the last twenty-five years, to understand what it means to start diplomatic relations in Tokyo. It is only necessary to know what has taken place to understand the situation. You, Mr. Speaker, represented this country in dealing with problems of immigration and if we set up an embassy or legation in Tokyo you can realize the position. We embark on these different problems with respect to immigration

and other important problems, but it is idle boasting to talk about our position in a foreign country because some representative over there can wear gold lace and a uniform. That does not advance the interests of the country a single sou.

That was the way my right hon. friend spoke at that time and yet this afternoon he tells us that the ability to wear gold lace and a uniform was really an advantage.

Mr. BENNETT: I did not say anything about gold lace.

Mr. MACKENZIE KING: The right hon. gentleman mentioned the ability to obtain an audience.

Mr. BENNETT: That does not demand gold lace.

Mr. MACKENZIE KING: My right hon. friend said that when a representative of our country was asking for an audience he must be suitably dressed. I notice that when the present minister went to Washington with his letters of credence he turned up dressed in a Windsor uniform, which certainly has lots of gold lace and feathers and all that sort of thing. This was done in the most democratic country in the world by a representative from another of the most democratic of countries. My right hon. friend must have had some knowledge that a uniform would be of some value, and if it would be of value in Washington it would be of far greater value in Tokyo. I submit that our ministers with their paraphernalia of office have been able to accomplish very much. My hon. friend said that it would not advance the interests of the country a single sou, but surely he will not contend that our minister at Tokyo has not served the interests of this country very well, very faithfully and most helpfully. His presence in the orient has been of real advantage to the trade of this country, and has furthered our friendly relations with Japan. I remember that just a short time ago we had a visit from His Royal Highness, Prince Takamatsu, a brother of His Majesty the Emperor of Japan. My right hon. friend presided at a very important international gathering at which he made a very eloquent speech, and unless I may have forgotten the real purport and tenor of that speech it was to the effect that since we have enjoyed these diplomatic relations, since we had a distinguished minister from Japan in Canada and a minister from Canada in Japan we had understood each other better and the interests of the two countries had been advanced socially, commercially and politically. I think that was the substance of his remarks. I do hope that my right hon. friend will be quite frank and, without taking us all around the world again when he begins to make a reply, will just say that he is still of an open mind at least in regard to the legation at Tokyo, and hopes that it is going to advance the interests of the country as we who established the legation anticipated it would when the legation was opened.

There is just one other quotation of my right hon. friend which I desire to give. I feel it is necessary to give it in view of what he and those who accompanied him to Great Britain have been saying in respect to the great success of the conference that took place there so far as the constitutional side of the conference is concerned. They have been very silent as to all other sides. They have not said much about the success of the conference in promoting trade or as regards the fiscal policies, but they did crow quite a lot over what they would have us believe they had succeeded in doing in connection with the constitutional phase. The other day my right hon friend introduced a very important resolution approving of what is known as the Statute of Westminster. The purport of that statute, as we understood it, was to make it conclusive, once and for all, that Canada had at last freed herself of the last badge of colonial inferiority and that we were now a fully fledged nation with a status of equality comparable with that of Great Britain herself. Now that was true or it was not true. Here is what my right hon. friend said in speaking on June 11, 1928, as reported at page 4164 of Hansard:

> The appointment of a minister by Canada—

That is in relation to Tokyo:

> —implies by international law that the Dominion is a sovereign state. We are not, and that implication will create misunderstandings at home and abroad. . . . There can be no such thing in international law as equality of status between Canada and Great Britain until such time as this country has the powers of a sovereign state and absolute independence both within and without our country. Then, and then only, may we have equality of status. I have said, and I repeat, that as far as I am concerned I propose to die protesting against that independent condition being achieved.

May I say that my right hon. friend's friends who accompanied him to Great Britain, particularly the Solicitor General, almost died protesting that they had achieved in complete measure this equality of status which the Liberals had theretofore claimed the credit for, but which he said as a matter of fact had waited their arrival that the final seal of authority might be put upon the whole. My

right hon. friend cannot have it both ways. He must do one of two things either admit that we have not equality of status, that this referring to Canada as a nation is all a mistake and that we are still a colony and not a dominion of equal status with the mother country and other self-governing parts of the British Empire, or he must come out and frankly say that we are a nation so far as status is concerned equal therein to that of any other self-governing portion of the British Empire. Let him tell us which of the two he stands for; that is all, and it is very important to know the truth, particularly if he is going to claim the credit that he does for what has been effected by the Statute of Westminster. We would like to know just what it all amounts to. Perhaps my right hon. friend will enlighten us in regard to his position in that respect.

Mr. BENNETT: I have not boasted about any achievements of mine with respect to the Statute of Wesminster, either publicly or privately. What I said at the Imperial conference I repeated in this house. I will say this, now that the right hon. gentleman has raised the question, that we did bring about an interprovincial conference which in a day agreed upon a formula that made possible the acceptance of that proposed statute by the parliament at Westminster. Had the statute as originally framed become law, it would have brought about an intolerable condition in this country by reason of the two largest provinces taking the position which they did. I have it on the word of one of my right hon. friend's most ardent supporters that that interprovincial conference was one example of a successful conference which had been provided for, and which met and discharged its duties and went away on the second day after it met. I endeavour at least to avoid the sin of boasting, and I do not think any man within sound of my voice in this house will say that I have boasted with respect to this matter, but I have some little pride in the fact that representatives of every province in this Dominion met together and that we agreed upon a formula that protected alike the interests of the smallest and the largest province in the confederation. The Statute of Westminister would certainly not have been possible had some such action as that not been taken, and the provision made prior to that was wholly inadequate for the purpose for which it was intended. That was admitted at the Imperial conference itself without question by all those who were present whether they were from one part of the king's dominions or the other.

The Statute of Westminster does confer upon this country, with limitations, equality of status legislatively with other parts of the king's dominions, but it does not confer upon this country complete equality of status. It only confers upon this country that equality of status which it was asserted was being sought. There is no such thing, for instance, as the same power residing in the parliament of Canada that resides in the parliament at Westminster. That is still true, and as a matter of historical accuracy and of legal terminology, there can be no equality of status so long as one country has a different position from another with respect to that country. That is the position which I constantly brought to the attention of this house, and I still continue to do so. That is, the very use of the words equality of status, if applied in their strict legal sense, involves the idea of independent communities, and I say that this country does not desire that. The equality of status that has been accomplished by the legislation to which reference has been made is all the equality that has been desired, and all that should be desired. Standing in the place which the right hon. gentleman now occupies I did not vote against the resolution that made possible the legislation to which reference has been made. When I went to the Imperial conference I told them frankly that this resolution had passed the house unanimously, and that a change of prime ministers had not changed the unanimity that the House of Commons had expressed with respect to the resolution, and therefore it was my duty, having just been elected, in the light of that unanimity of action in the House of Commons, to carry into effect the proposals that had theretofore been made, and I proceeded to do so. But I was confronted with the difficulties to which reference has been made; that is, objections from the largest provinces of Canada as to the sufficiency of the safeguards of their constitutional rights and privileges. It was agreed that they were not ample as they stood, and we held the interprovincial conference as I have just said, and as a result unanimity was secured, and every province initialled the agreement at which we arrived as to what the legislation should be. That at least had something to do with the Statute of Westminster. I have not heard of anyone crowing or boasting nor have I read of it, but the fact that the legislation passed this house as it did and that the two largest provinces and the others were satisfied is at least an achievement to which some merit attaches. That is all that I can say with respect to that.

As to the legation at Tokyo, I find an entire fulfilment of the exact conditions that I said would prevail if the legation were to serve the useful purposes which it was said it would. The minister who was appointed to that position entered upon his duties with enthusiasm, and he has discharged them with zeal. There is no doubt at all with respect to that, but he has made it abundantly clear that the major part of his duties have been of a commercial character. I cannot but think that upon reflection, when the right hon. gentleman looks in Hansard and reviews his references to gold lace, he will think they are somewhat unworthy of him. I have said that the mere wearing of gold lace was not what constituted merit or value in the discharge of duties as a minister, and it is perfectly true that members of His Majesty's Privy Council are entitled to wear a second class uniform. It is expected that when they visit representatives or heads of other states they will do so in the uniform of the rank or position they occupy. That is a part of diplomatic usage which has grown up through the centuries. It is true that the United States is a democratic country and no uniform is worn by their representatives abroad; they appear simply in evening dress. Just what that had to do with the value of services rendered, I do not know; but I did say in 1928, speaking on the address in reply to the speech from the throne, that this was not the measure of value. I believe every word I said as to what the minister to Japan would do has been borne out by the fruits of his efforts in that city. Since he has come home on leave his whole subject of discussion has been the extension of trade. He has desired to address, and I believe will address, Canadian audiences in different parts of Canada on matters of trade, selling our goods abroad, and the establishment of trade commissioners. As a result, in part at least, of representations which were made by him, my colleague the Minister of Trade and Commerce (Mr. Stevens) has now completed a design he had in his mind shortly after we took office, of opening up, as he will describe later, two more offices in the far east. The minister to Japan feels that is a matter of tremendous concern. I am free to say that practically the whole of the many conversations I have had with him as to trade conditions in the far east, all of which have been most illuminating, have touched upon the question of the expansion of trade. I repeat that the value of a Canadian minister in the orient consists in his ability to obtain ready audience of those who are directing the affairs of government in those countries, by reason of the international legal position which attaches to the name "minister." That is, the minister may do things which a trade commissioner or consul could not do. He has the right when he goes to the seat of government to have audience without delay with the heads of government and with the various ministers, whereas trade commissioners would not be entitled to—and as a matter of fact might not for days or weeks—see the heads of departments. That is the position I took previously, and one which is abundantly borne out by the results which have followed.

The present occasion affords me an opportunity to say that the appointee to that office, the minister to Japan, entering upon his duties with enthusiasm, after having addressed a considerable number of public meetings in various parts of Canada, has zealously and with great toil continued to discharge the duties of his office. He has made sacrifices, not only financially but of his own personal comfort. His hospitality so generously extended in the far east, the excellent reputation Canada has gained through the sympathetic consideration which has been given by Mr. and Mrs. Marler to every matter engaging the attention of the people in the city in which they reside, has done much to raise the name of Canada among the people with whom they have lived. Their action has enhanced our reputation, and by reason of his ability to carry on in the manner I have indicated he has done much to promote, and will continue to extend the trade of Canada. That and that only would be the measure of the duties he has discharged, but would not by any means represent the measure of responsibility which attaches to his office.

Mr. MACKENZIE KING: I should like to say to my right hon. friend how much I appreciate his words of appreciation concerning the Honourable Mr. Marler, more especially as Mr. Marler was a former colleague in my administration and was appointed to the office of minister to Japan under the former Liberal government. I am sure my right hon. friend's words of appreciation will be received with real satisfaction in all parts of Canada.

My right hon. friend made reference to the wearing of uniforms by privy councillors. I have no doubt he is aware that a minister of a legation as a minister in the diplomatic service is entitled to wear a uniform.

Mr. BENNETT: Quite so.

Mr. MACKENZIE KING: That causes me to ask my right hon. friend whether he feels that because an appointment is made to the diplomatic service the appointee should also necessarily be made a member of the Privy Council of Canada. To be a member of that honourable body is to have attained one of the highest honours which can come to any man in public life, the highest, I believe, with the possible exception of that of being a member of the Imperial Privy Council of Great Britain. Both honours have usually been restricted to those who have played an important part in public affairs, to those who have distinguished themselves in parliament and who are known as national or world figures. I do not think that ever before that honour has been given to any one who has played no part whatever in public life, no matter how great his talents or abilities may be. It is very much in the interest of government that we should seek to maintain the honour of membership in the Privy Council of Canada as one most exceptional in its nature, and one which should be awarded only after important or long service to the state. I recall having spoken at one time with the Right Hon. Stanley Baldwin when Mr. Baldwin was Prime Minister of Great Britain with respect to a possibility of certain appointments being made to the Imperial Privy Council. I was very much impressed at the time by the way in which Mr. Baldwin spoke of membership of the Privy Council. He expressed the view that the honour of Imperial Privy Councillor was the highest, and quite the most exceptional of all that could come to any man in public life, and he felt it was in the interests of government that the attainment of such an honour should be surrounded by as much in the way of exclusiveness as that high office would appear to warrant. As a political entity, we are of course, not as important a country as Great Britain, nor have our public men played the great roles which many of the public men of the old world have played. I do hope, notwithstanding, that my right hon. friend will not take the view that appointments to the privy council are to be lightly or quickly made, but that it shall remain, of all bodies we have in Canada, the one to which only those who have won their way into a ministry, because of the part they have played in the public affairs of the country, or who have otherwise greatly distinguished themselves, should be appointed. Unless that is done I am afraid we shall lose something of the great value which attaches to that time honoured institution.

Mr. POULIOT: When the leaders of both parties join to pay tribute to a deceased citizen I admire their eulogy, but when they pay such compliments to a man still among us I am a little suspicious. Mr. Marler is full of dignity; he is a very dignified diplomat; he is one of the most dignified diplomats in the world; he impresses everyone by his dignity. I do not see how he can increase our business in China and in the other countries of the far east, or solve the Indian problem, or keep the bolshevists under control. But he is always dignified: his smile is dignified; his gesture is dignified; his voice is sweet—and dignified; his words are impressive—and dignified. But, Mr. Chairman, in joining my tribute to that which has been paid him by the leaders of both parties, may I express the fear that if the monarchical system is reestablished in China the Chinese may steal the hon. gentleman from us to be their next emperor!

Mr. MALONEY: Mr. Chairman, in connection with this item I must confess that in my county during the last election I condemned the expenditure for a diplomatic representative at Tokyo as well as at Washington. My views have not changed since. These gentlemen have cost us many hundreds of thousands of dollars. I cannot see where we have derived any benefit at all commensurate with the expenditure. Rather it would appear to me that we should pay fifteen or twenty trade agents $10,000 a year each to promote trade between this country and Japan, China and the United States. If by this means our trade with those countries was substantially increased, surely those trade agents would be of more value to Canada than the gentlemen who we have at Washington and Tokyo.

Mr. BENNETT: I might make one observation with respect to the question of privy councillors. I think any Canadian who serves abroad must necessarily have practically the same position as had his predecessor; and one who has been a member without portfolio in a government, without ever having been in the House of Commons, and is sworn of the privy council, has no more claims to the title than his successor who, it is true, never was in the House of Commons. Mr. Marler was in the House of Commons for some years, but he was sworn of the privy council because he was made a member of an administration without portfolio and was not elected. Mr. Massey was in the same position exactly; he was sworn of the privy council when he was appointed

to membership in the government and failed to secure election. I can only say to the right hon. gentleman that so far as the privy council is concerned, any gentlemen that are recommended by this administration to His Majesty's representative will in every case be as worthy Canadians as those who found office under him.

Mr. MACKENZIE KING: I am quite sure that what my right hon. friend has just said is wholly true. I hope he will not misunderstand the nature of my remark, or take it as an unwarranted criticism. The point I am particularly interested in making clear is this: there is a distinction between the diplomatic service and the service of the state in parliament and in administrations. I believe it would be unfortunate were it to be assumed, in the event of there being further legations established elsewhere, that just because someone was appointed a minister, he would necessarily be made a member of the privy council. I cannot think of any honour higher in the diplomatic world than that of being a minister plenipotentiary or an ambassador. It is an honour on a par with that of being a privy councillor in another field of public service. My point is that the two fields should be kept separate and distinct, and the fact that one is appointed to the diplomatic service should not necessarily mean his appointment as well to the privy council.

Mr. MARCIL: I do not want to refer to the constitutional issue in any way, Mr. Chairman, but after listening to the description given by the member for Labelle of our relations with the United States twenty-five or thirty years ago, and even before in the days of Sir John A. Macdonald, I feel impelled to mention an incident which occurred when I had the honour, in 1906 and 1907, of accompanying a distinguished body of Canadians to Washington. We were received by Theodore Roosevelt, the then president, and in his conversation he impressed very strongly upon us the absolute necessity of having Canada represented at Washington to do away with the circumlocution of communications between Canada and the United States by way of the British foreign office. That was twenty-five years ago, and in view of the position Canada has taken now, I have mentioned this incident to show that other countries like to be communicated with directly by representatives of this country.

Mr. BENNETT: I may say that the high commissioner in London appointed by my right hon. friend opposite was never in parliament, but was sworn of the privy council upon being made high commissioner. Upon succeeding to that office the same honour was accorded to one who for many years had been premier of one of our largest provinces and had served his country with great satisfaction in that province. I think if it is to be put on the ground the right hon. gentleman mentioned, one case could be justified and the other not. But inasmuch as the former high commissioner had been so honoured, I took the responsibility—which I think was a sound exercise of my discretion—to recommend to the sovereign's representative that his successor should be similarly honoured.

Mr. MACKENZIE KING: I think my hon. friend took the correct course when he appointed the Hon. George Howard Ferguson a member of the privy council, for two reasons: the Hon. Mr. Ferguson had been a long time in public office, and was a well-known public figure and quite worthy of being appointed to the privy council; secondly, he was going to England as high commissioner for Canada, and all the previous high commissioners had been members of His Majesty's privy council of Canada. The position of high commissioner is somewhat different from that of ministers to foreign legations. I believe the distinction there would justify the appointment of both Mr. Ferguson and Mr. Larkin to that particular position.

Item agreed to.

Geneva—salaries and expenses of the office of the Canadian advisory officer, $27,000.

Mr. BENNETT: This is an increase of $2,000 to make some allowance for rent and salaries.

Item agreed to.

Expenses of Canadian delegates to the assembly and commissions of the League of Nations, $18,000.

Mr. MACKENZIE KING: Is my right hon. friend in a position to indicate who are likely to be appointed as delegates to the assembly of the league this year?

Mr. BENNETT: The matter has not yet been settled, except as to one appointment. I think it would not be sound to indicate who that would be until the matter has been settled with respect to the others.

Mr. MACKENZIE KING: Representations were made to myself at different times, and I think they have since been made to my right hon. friend, that it does materially assist

the delegates at the League of Nations if their appointment is made some time ahead of the actual meeting of the assembly. I hope my right hon. friend will be able to annonce before very long who the appointees are likely to be.

Mr. BENNETT: I hope to be able to do so next week.

Item agreed to.

Publications of League of Nations for distribution to members of parliament and a grant to the League of Nations Society in Canada, $3,000.

Mr. WOODSWORTH: In connection with our committee on industrial and international relations it was pointed out that it would be very desirable to have a larger grant for the League of Nations Society in Canada than is made at present, since this is one way in which the peace ideal may be more effectively spread throughout the country. As I understand it, in these depressed times the League of Nations Society is finding some difficulty in financing its operations. Particularly in view of the disarmament conference, and the preparatory work which should be done in all countries before that conference may be effective, it would be highly desirable that this society be given full support. I wish it were possible that an extension of this grant could be made.

Item agreed to.

Civil Service Commission—contingencies, further amount required, $3,000.

Mr. BENNETT: Perhaps the Secretary of State should take this item, but since it goes through the Department of Finance I will pass it with the consent of the committee.

Item agreed to.

Finance—salaries—to provide for the payment of an honorarium to executive officers of the Department of Finance for extra services rendered since the commencement of the illness of the late J. C. Saunders in January, 1930, in connection with the executive administration of the department, the treasury board and conversion loan operations, and to authorize the treasury board to make an allocation of the grant, notwithstanding any provision to the contrary in the Civil Service Act, $7,500.

Mr. BENNETT: This is an item at which I wish the committee would be good enough to look. It provides for some compensation to five men who did all the work of the deputy minister and of the secretary of the treasury board, and a good deal of the work of the minister, saving the country something over $37,500 during the last year. I think their services, which in many instances extended far into the night, should be compensated for, and that is the purpose of this item.

Mr. BOTHWELL: Is this the last item in the Department of Finance?

Mr. BENNETT: No. I told my hon. friend I would give him an opportunity to speak, and I will do so.

Item agreed to.

To provide for a Canadian contribution in commemoration of the 1000th anniversay of the parliament of Iceland, $2,500.

Mr. BENNETT: It will be remembered that we promised to do something in connection with the 1000th anniversary of the parliament of Iceland. The former Prime Minister and myself agreed that some contribution should be made for the purpose and this sum will be expended as may be deemed desirable.

Item agreed to.

To provide a retiring gratuity for Lucien Pacaud, late secretary, office of the High Commissioner, London, $5,000.

Mr. BENNETT: Mr. Pacaud for a time discharged the duties of high commissioner and when he resigned I took the responsibility of submitting a gratuity of $5,000.

Item agreed to.

To provide for the administration of the Royal Canadian Mint, including salaries, contingencies, retiring and other allowances, and general expenses, $125,000.

Mr. EULER: What changes have taken place in the administration of the mint?

Mr. BENNETT: None. The act comes into force by proclamation and that will not be done until such time as satisfactory arrangements have been made with the British authorities in connection with the staff.

Item agreed to.

To authorize a compassionate grant to the estate of the late Miss F. V. Bridgman, $2,028.65.

Mr. BENNETT: This unfortunate lady died before the documents she had executed with respect to sums she had contributed to the superannuation fund could be forwarded,—that is, between the date of execution and getting them to the department.

Item agreed to.

Expenses of litigated matters—Department of Justice—further amount required to pay legal fees and expenses of N. W. Rowell, K.C., in the Trail Smelter investigation before the International Joint Commission, $7,020.36.

Mr. POULIOT: Is Mr. Rowell still on the list of lawyers engaged by the government?

Mr. BENNETT: These were cases in which Mr. Rowell had been engaged as counsel and he continued his services. I do not know whether at the moment he is employed in any litigation, but I should rather think he had practically concluded his very eminent services to the state in that regard.

Mr. POULIOT: He was well cared for.

Mr. BENNETT: Yes, very.

Item agreed to.

Unforeseen expenses — further amount required, $25,000.

Mr. BENNETT: We have had larger unforeseen expenses in connection with many matters.

Item agreed to.

To provide for hospitality in connection with foreign visitors, $35,000.

Mr. BENNETT: We must discharge our duties as host to the best of our ability, once we have undertaken them.

Item agreed to.

To provide for grants to veterans of the Northwest Mounted Police, who served in the northwest rebellion of 1885, in lieu of scrip, at $300 each, as authorized by the governor in council, $18,000.

Mr. BENNETT: There are fifty-eight survivors of the old mounted police who did not receive, after the rebellion, consideration in connection with scrip which was awarded, as the committee will recall, to all those who went west of Fort William in the quelling of the rebellion.

Mr. NEILL: Before this item carries may I ask when we can expect vote No. 463 with regard to payments to the railways in connection with coal?

Mr. BENNETT: There is some question whether the words in the vote are sufficient to warrant the auditor general making the payments for the movement of coal. I wish to have that stand until the matter can be disposed of.

Mr. NEILL: When will it come up?

Mr. BENNETT:: I was hoping to-morrow or this evening; to-morrow at any rate.

Item agreed to.

To provide for the payment of claims for compensation for loss sustained by the civil population and prisoners of war of Canada during the late war, interest thereon and cost of administration, $3,200,000.

Mr. BENNETT: This comes partly within the Department of Finance and partly within the Secretary of State's department. The Department of Finance is responsible for providing the money. This item is necessary because of the decisions of the commissioners in connection with the payment of these claims. Ultimately the money will not be raised by taxation but will be provided out of the funds that come into our hands through enemy property.

Mr. EULER: Is the amount of claims to be paid to be limited by the amount of the reparations received? I presume so.

Mr. BENNETT: I should hardly put it so strongly. We have now taken care of practically all and we hope that with respect to the others there will be no question about there being sufficient money.

Mr. MACKENZIE (Vancouver): Will the claims of prisoners of war be paid before the next report of the commissioner is submitted to parliament? I ask merely for information; I am in favour of its being done.

Mr. BENNETT: My personal view is that if the money is available under this vote we should pay them. I am afraid the vote will not go far beyond taking care of those things already decided; it leaves a small balance. On the other hand, the cases now awaiting adjudication do not involve large sums, and if it is possible I certainly share the hon. gentleman's view.

Mr. NEILL: I inquired into the circumstances of some of these men whose cases were investigated as far back as last October. They had to travel a considerable distance at very great expense to be examined. In making inquiry as to when these payments were to be made I was advised by the Secretary of State (Mr. Cahan) that it was not proposed to consider the matter until all the soldiers' claims had been put in, which he expected would be somewhere about next December. Is there any reason why the cases which have been decided should not be paid as we go along?

Mr. BENNETT: Except that the minister has been anxious to dispose of all cases of a class as far as possible. I think all claims which have been adjudicated upon and which have been laid on the table of the house have been paid. The main estimates provided

for all which had been laid upon the table and this item provides for those which were laid upon the table the other day. A small balance will be available for other claims. The hon. gentleman will have to direct his question to the Secretary of States because I have no information as to why action has been taken in the way in which it has.

Mr. NEILL: If I am not mistaken, the report which was laid upon the table referred to civilians' claims exclusively and not to soldiers' claims.

Mr. BENNETT: I understand that some referred to soldiers.

Mr. MACKENZIE (Vancouver): I do not think the report referred to soldiers.

Item agreed to.

TRADE AND COMMERCE

Mail subsidies and steamship subventions $1,052,220.

Mr. WOODSWORTH: Are any of these subsidies given in lines in competition with our merchant marine?

Mr. STEVENS: I think not. In fact, we give the merchant marine a subsidy for the service to South America.

Item agreed to.

Mail subsidies and steamship subventions—additional amount required to provide for ocean service subsidies; to meet obligations under existing contracts; to provide subsidies to assist the shipment of live stock to the United Kingdom and the continent of Europe; and to provide for a subsidized service between St. John and Weymouth, $2,016,000.

Mr. MACKENZIE (Vancouver): Does this item supplement the amounts provided for specific service?

Mr. STEVENS: Yes.

Item agreed to.

Construction of a grain elevator at Lethbridge—further amount required, $400,000.

Mr. LUCAS: Will this item complete the elevator?

Mr. STEVENS: Yes.

Mr. GARDINER: Is it the intention of the government to build a seed cleaning plant?

Mr. STEVENS: That matter is under consideration.

Mr. GARDINER: A definite decision has not been arrived at?

Mr. STEVENS: No.

Item agreed to.

22110—276½

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again this day. I am asking for second reading of these resolutions in order that time may be saved when concurrence is being sought.

Progress reported.

SUPPLY—CONCURRENCE

The house proceeded to consider certain resolutions reported from committee of supply.

Resolutions reported, read the second time and concurred in.

BUSINESS OF THE HOUSE

Mr. BENNETT: The hon. member for Swift Current (Mr. Bothwell) will be given an opportunity to carry on his discussion when the house is again in committee.

Mr. BOTHWELL: I believe that two or three hon. members dealt with this matter the other night.

Mr. BROWN: Will that be gone on with after adjournment?

Mr. BENNETT: No. It is the intention to continue wtih the Beauharnois report provided the minister is feeling able to make an address.

At six o'clock the house took recess.

After Recess

The house met at eight o'clock.

BEAUHARNOIS POWER PROJECT

MOTION FOR CONCURRENCE IN FOURTH REPORT OF SPECIAL COMMITTEE

Hon. W. A. GORDON (South Timiskaming): Mr. Speaker, if I have the consent of the house to revert to motions, I wish to introduce a motion with respect to the fourth report, which has been tabled, of the special committee appointed to investigate the Beauharnois power project.

Mr. SPEAKER: By consent the house will revert to motions.

The house having reverted to the order for motions:

Mr. GORDON: It is not my intention, Mr. Speaker, to dwell at length on the report of the special committee on the Beauharnois power project. The committee was set up by this house on the 10th of June last, and the reference contemplated that the

project known as the Beauharnois power project would be investigated from its inception by that committee, and that in addition to the investigation of the project the charges which were made by the hon. member for Acadia (Mr. Gardiner) in May last should also be inquired into.

As hon. members know, the committee held its sessions from day to day, and invited and compelled the attendance of all witnesses who they thought might be able to contribute useful testimony in connection with the inquiry.

At the outset, Mr. Speaker, I should like to make this observation. Being chairman of this committee in the first regular session of the parliament of Canada in which I had the honour of being a member of this house, gave me no sense of gratification. The subject matters under review were very, very serious, so serious indeed that I accepted the duty of presiding over that committee only with a great deal of reluctance. Let me say at this juncture that I cannot do otherwise than commend the members of the committee for the attitude that they assumed throughout its deliberations. It was apparent that the investigation of necessity had to do with political matters, and it seems that when one's party is challenged or its actions are under fire it is difficult indeed to divorce oneself from the suggestion of partisanship, but the members of the committe, and particularly those belonging to the party opposite, adopted with a degree of resignation an attitude throughout which was commendable. I am beginning to find out that it is difficult when one is interested in politics to accept a position of this kind with any degree of resignation. However, the members of the committee did so conduct their duties that they made the work a great deal lighter than it might otherwise have been.

At the conclusion of our efforts I undertook the drafting of the committee's report. It was of necessity long and to some extent involved. On the last day of the committee's sittings I presented the report to the members of the committee, paragraph by paragraph and page by page, and the members of the committee studied it paragraph by paragraph and page by page. The committee went into the various statements of facts and the various inferences that were drawn—and let me say that inferences were not drawn from the facts unless those inferences were irresistible. I think the committee was careful to see that no one was involved unjustly or unfairly, and I experienced a degree of satisfaction when at the end of the review of the draft report the members of the committee, representing all political parties in this house, were able to subscribe to its terms.

By reason of the unanimity which ultimately prevailed with respect to the report, and by reason of the length and the exhaustive nature of the inquiry as disclosed in the report, I do not feel that in introducing the motion that the house concur in the report I should dwell at any great length on the matters disclosed therein. The report speaks for iteslf. We had to deal with the disposition of probably the greatest single natural, national resource that Canada has. When I say that I do not mean that the Soulanges section of the St. Lawrence river is iteslf the greatest, but it may be, and probably is the pivotal part of the St. Lawrence river which ultimately we hope will become a great deep sea waterway from the head of the lakes to the Atlantic ocean. That being so, I think all the members of the committee felt that we should detach ourselves from petty party consideration in the hope that our deliberations might contribute something to the nation in whatever steps the house might see fit to take with respect to this matter. I do not think I need dwell upon its importance. We hear from time to time of the great natural resources of Canada. Sometimes people speak of our great hinterland and our great resources, and they use those euphonious terms which probably do not mean anything so far as the knowledge of the person speaking is concerned. Our resources, in large measure, can be identified by those who have taken the time to inquire into them, and to try to limit or delimit them, as the case may be. I think we may all agree that the St. Lawrence river and its development is a question bigger than party; it is probably bigger than any contest which may arise between the Dominion and the provinces; it is something that is inseparably connected with the future of this great Dominion. Let me say then, at the outset—and I think I am speaking the mind and reflecting the views of the committee—that there will be no conflict between the Dominion of Canada, the federal government, and the province of Quebec. The rights of that province will be religiously preserved. Undoubtedly they have rights—some of them may not be clearly defined—but I think I am reflecting the mind of the government and of the committee when I say that whatever steps may be taken in the future—and I trust and hope that by agreement, if possible steps may be taken—will be

with a view to conserving this national resource for the best interests of the people of Canada.

The Soulanges section of the St. Lawrence river, and the particular part of it with which your committee dealt—that portion lying between lake St. Francis and lake St. Louis, a distance of fourteen or fifteen miles—constitutes probably, if engineers are to be relied upon—and I have no reason to suggest that they are not to be relied upon—the one portion of the St. Lawrence river most easily capable of being converted to the use of mankind, with respect both to power and to navigation. The total area of the river at this point lies within the limits of the province of Quebec. It is adjacent to the city and port of Montreal, and will undoubtedly constitute part of a deep sea waterway. The development of this project, I believe, can be carried on, having regard both to the navigability of the river and to the utilization of the power incidental thereto. I have no reason to suggest that the plan at present under way is not the soundest method of developing that section of the river, although engineers differ on that point. I am not sufficiently well acquainted with engineering problems, however, to take a stand on one side or the other. Having had with the other members of the committee an opportunity to visit the scene of the works and to visualize what is being done and what will be accomplished when the project is completed, I could not help but be impressed by the magnitude of the work and of its ultimate benefit, not only to the part of the country in and around that portion of the province of Quebec, but to the whole of the Dominion of Canada.

In dealing with this matter your committee felt they should direct their attention to various phases. With that in mind they went into the history of this power development as well as into questions affecting title. Probably the historical facts are important only from a historical point of view; at any rate there came a time about twenty years ago when those who had acquired what rights were originally in the former owners who held possession over one hundred years ago, found that the rights they held were manifestly important, although in themselves, at the inception, they were insignificant. In 1902 the Robert family caused to be incorporated, under the provisions of the Quebec Companies Act, a company known as the Beauharnois Light, Heat and Power Company. They had utilized some power through a feeder that ran from lake St. Francis in a southeasterly direction to the St. Louis river for the purpose of adding some volume to that stream, and providing power for the water wheels they had established upon it.

As we all know, about this time the development of hydro-electric power became interesting from many angles. The whole of this continent was interested in hydro developments, and it must have been obvious—as it was to those who knew of this situation—that nature had thrown in the lap of Canada one of the greatest resources that this or any other country ever possessed. The time had come when industry advanced to the stage that absorption of the powers to be developed from the Soulanges section could reasonably be anticipated. The time was then, and then only, ripe for the development of this enterprise.

Certain advances were made by the Robert people through the government of the province of Quebec with respect to the identification of their rights. After some litigation in the Exchequer Court of Canada about the year 1909 their rights were in a measure determined. Nothing further of consequence was done, although from time to time in other reaches of the river adjacent thereto rights were acquired by certain companies to carry on comparatively insignificant industrial operations. It was not until the year 1923 that any pointed interest—and I use that word advisedly—was taken in connection with this development. True, back in 1912 Mr. Sweezey, at the suggestion of Sir Max Aitken, now Lord Beaverbrook, made some investigations with respect to this power project which, however, seemed to come to nothing, and the project apparently was not seriously taken in hand until about 1923.

At that time a rather important event took place which I shall not dwell upon. I shall give merely a narrative history of the facts, because hon. members of the house are as capable as I am—probably more so—of drawing conclusions from the facts. Mr. Henry, who was in 1923 an employee of the Canadian National Railways, a man of quite superior engineering ability and, I think, equipped with a profound knowledge of the St. Lawrence river and all its possibilities, enlisted with him Mr. W. L. McDougald, the idea being to have Mr. Henry make an investigation into the possibilities of developing power by a canal extending from lake St. Francis to lake St. Louis. Mr. Henry at that time was busy with his work in connection with the Canadian National Railways and is said to have employed another engineer for the purpose of making a survey between the two

lakes. There followed as a result the incorporation in Ottawa by the firm of McGiverin, Haydon & Ebbs of a company known as the Sterling Industrial Corporation. That was accomplished on the fifth day of July, 1924.

Concurrently with its incorporation in fact on the same day, application was made to the Department of Public Works, and two days later, on the 7th of July, a similar application was made to the Department of Railways and Canals, asking on behalf of this company that approval be granted under the provisions of the Navigable Waters Protection Act to the plans then submitted, which contemplated the diversion of 30,000 cubic feet per second from lake St. Francis down through a proposed canal to reenter the St. Lawrence river at lake St. Louis. Very shortly after the filing of this application advice was given to the promoters, or to their solicitors, that the application could not be entertained; and in that advice certain things were suggested that they might or might not do, whichever course they chose to adopt. At any rate, nothing was done. That application was allowed to lie there and was not renewed until some years later.

In 1927 Mr. Sweezey became interested in this project. Mr. Sweezey is unquestionably an engineer of repute. He, in my view, and I think it is the view of the other members of the committee, is a very capable engineer. But I must confess that he adopted a rather strange attitude on his first move towards acquiring the rights that he hoped to acquire on the St. Lawrence river. I have reference to the letter—with which hon. members are well acquainted, I think—to Alderic Raymond, in which he set out his conception of the method and the manner and the means that should be adopted and employed in order to accomplish the acquisition of the rights in this part of the river. No one could read that communication without at once being struck by Mr. Sweezey's conception of what might or might not be done if "political influence," as he calls it, could be assembled to his assistance. Now, right from the beginning—and in making this statement I am sure that the members of the committee will not quarrel with it—Mr. Sweezey and those who were associated with him seemed not only to be inspired, but to feel that they could make no headway unless they had political influence, and they proceeded upon that assumption, so that even those who had no political influence at all, even those who were not in the counsels of any party, probably participated in the disbursement of moneys at the hands of the promoters. It is not a pleasant thing to contemplate, but that seems to have been the case. From 1927 onwards we find $437,000 paid in legal fees. Of course, they were not legal fees in the sense of payments for professional services rendered, and that became manifest as the investigation proceeded.

Application was made to the federal government at Ottawa for the approval of certain plans on behalf of the Beauharnois Light, Heat and Power Company after the option to acquire the stock of that company had been secured by Mr. Sweezey. That application met with considerable opposition. Other power interests on the river, jealous, I presume, of the rights sought to be acquired by the Sweezey organization, set up an opposition that at one time, according to the evidence, almost spelled disaster for his application. But there came a time when this opposition seemed to lose their interest in opposing, and almost overnight they reappeared in another form, namely, in support of the application which they had theretofore so vigorously opposed.

Out of it all came the passing of the order in council we have heard so much about, P.C. 422. The order in council, shortly stated, gave the right, or assumed to give the right, to divert 40,000 cubic feet per second from lake St. Francis into a canal down to lake St. Louis. Prior to this Mr. Henry had taken on a new duty; he still remained associated with the Canadian National Railways, but he was appointed deputy Minister of the Department of Railways and Canals, and during the time he occupied that office three orders in council were passed whereby the water in the river which the Montreal Cotton Company had the right to use was acquired by the Sweezey interests. There may be a difference of opinion as to the efficacy of the order in council, whether it in fact gives the right that those who were sponsoring the application hoped it did give. Your committee felt that it was not within the purview of the task assigned to it and that it would serve no useful purpose for it to try to define the law with respect to that order in council.

But it is plain that the order in council, by its terms, contemplated that nothing should be done in this stretch of the river until the final detailed plans had been approved by the minister. Those final detailed plans were not approved, and I believe I am stating it fairly when I say they have not been approved to this day. But the work went on. It is only fair at this juncture to point out that evidence was given, and with a good deal of force, that detailed plans, that

is, working plans, could not very well be prepared and approved that would not have to be changed as the work progressed. I say that in fairness to those who were sponsoring the application. But the fact remains that the plans contemplated by the order in council were not approved and have not been approved up to the present time.

Another point I might touch on in passing is this: that the land through which this canal will run from lake St. Francis to lake St. Louis is all owned by the Beauharnois Light, Heat and Power Company Limited. As the case stands at present there will be no fight as between provinces or as between the Dominion and any province or anyone else with respect to the bed or banks of the new canal because they are owned in fee simple by the company.

That raises another point, if one cares to pursue it further, with respect to the three bridges crossing the channel. The Navigable Waters Protection Act itself does not in any of its sections, so far as I am able to read and interpret them, give to the governor in council power to authorize the diversion of water from a navigable stream. It is quite true that the evidence disclosed that in the past, rightly or wrongly, approval has been given to such diversions, but that raises just the point whether or not, under that act, the governor in council had the right to do what they did. At any rate, granted they had the right and that ultimately the waters are turned into the canal and the total useful flow of the St. Lawrence river is made use of—and that is what was in contemplation by the promoters, and what is still in contemplation according to the evidence—then we will have the rather curious situation of a new river built from lake St. Francis to lake St. Louis, the bed and banks of which are owned by a private corporation and across which are three bridges. The Navigable Waters Protection Act, if I remember section 11, distinctly states that no approval shall be given under the act to the construction of a bridge across the St. Lawrence river.

The authority of parliament comes from the British North America Act; section 91, with which I am sure hon. members of the house are well acquainted, deals with navigation and shipping. The power there given for the control of navigation and shipping is given to the parliament of Canada, and the words are just as I have used them. Of course, the widest interpretation can be given those two words. The Navigable Waters Protection Act was passed by this house under the authority conferred upon this parliament by the British North America Act with respect to navigation and shipping, and under the terms of the Navigable Waters Protection Act certain authority is delegated to the governor in council. In my view at least that does not include the power to authorize the diversion of water from a navigable stream. However, I may be wrong in that; others may take a different view, but that was one of the matters your committee had under review and upon which they felt they could not make any useful pronouncement.

The next step in connection with the matter with which your committee had to deal was the structure of the various syndicates and companies. I am not going to labour that phase of the question, because the history is set out in the report which was read in the house a day or two ago. I think it is only necessary to say that one syndicate was formed with 5,000 authorized part interests or units; that a little later another syndicate was formed with 30,000 part interests or units; that the second syndicate took over the first, giving two shares for one, and that the assets which were originally those of the Beauharnois Light, Heat and Power Company, Limited, namely, the shares of the Beauharnois Light, Heat and Power Company, Limited, which were acquired by the first syindicate and subsequently by the second syndicate, were in turn transferred to a new corporation known as the Beauharnois Power Company, Limited, a company incorporated under the Dominion Companies Act.

Following out what appeared to be the course Mr. Sweezey set himself, in order to procure the rights that he wanted he got the financial support, and I think I am not unfair in saying the political support, of different gentlemen. He obtained the financial support of Frank P. Jones and the political and financial support of Senator Raymond and Hon. Walter Mitchell. Later on those gentleman were joined by Senator McDougald, whose advent into this project appeared to come about in this way: If hon. members will remember, a moment or two ago I said that he and Mr. Henry incorporated the Sterling Industrial Corporation and filed plans on July 5, 1924. Those plans remained in the department. When Mr. Sweezey started in to acquire these rights to develop the power on the St. Lawrence, Mr. Henry—and I think I am not unfair in stating it in this way—apparently was watching the developments and he, acting on behalf of himself and Senator McDougald, interviewed Mr. Sweezey, or Mr. Sweezey interviewed Mr. Henry. The evidence is not clear as to which one was

interviewing the other, but it was a sparring match, as it were, to get information one from the other. The ultimate result was that Mr. Sweezey became convinced that in order to have his efforts crowned with success he would have to get rid of the application of the Sterling Industrial Corporation, which was owned by Senator McDougald and by Mr. Henry, who at that time or shortly afterwards was the Deputy Minister of Railways and Canals. A good deal of evidence was taken with respect to those interviews, and with regard to what was done before an agreement was reached. Some of the evidence was vague, but during the taking of that evidence there came a time—and the evidence can be referred to by any hon. member—when a question was put to Mr. Henry substantially to this effect: "Is it correct that you filed that application for the rights which are now under discussion for the purpose of compelling anyone who might thereafter undertake the development of that section of the St. Lawrence river to take care of McDougald and Henry?" His answer was, "I guess you can put it that way."

Those interests became very valuable, the upshot being that 2,000 part interests in the new syndicate were given in exchange for them. Evidence was taken with respect to what consideration was given for the issue of those 2,000 part interests, and that evidence was not contradicted. On both sides it was reluctantly admitted that there was no consideration; and in fact it got down to being described as a nuisance value and similar units in that same syndicate were sold for $550 each.

Those matters of necessity had to be inquired into by your committee, and again I wish to commend members of the committee for the ability they displayed and for the self-abnegation, if I may put it that way, as far as party politics were concerned, which they showed in their desire to search out and attempt to determine what was the truth in connection with this promotion. It is, I believe, the opinion of the committee, and it is reflected in the report, that this project or a similar project is one that will be of great advantage to this country and, if properly built, will become part of the deep sea waterway. Whether or not there was too much hurry in the building, your committee does not see fit to report upon except indirectly. At any rate, it was the view of the committee that the work was a very important one and that we could not report otherwise than to say that every safeguard should be taken so that the work might not be imperilled, and at the same time that the rights of the province of Quebec and of the people of Canada should be protected.

I will not go further in discussing the financial structure or set-up of the last company. There were five management shares that contemplated continuity of management for a period of ten years. Probably it is a wise precaution to take if the management is in sound hands during the initial stage. There were common class A and class B non-voting shares. These, in the main, were given those who were raising money, and they in turn subscribed for some of the shares with the profits they made out of various syndicates. The final result was that the promoters of the company, who now own and control the company, have no money in it and have made a great profit out of it. I am not complaining of that if the rights of the people of this country are adequately protected. It is for the members of the house, after a review of the report, for concurrence in which I shall presently move, to say whether or not that protection has been given.

There is one other phase of the matter which I wish to discuss, probably the one phase that is most difficult of all. I refer to the employment of moneys out of this project for the purpose of contributing to campaign funds of political parties. I know from my reading—not from my association with politics, because that has been but a recent matter with me—that contributions to campaign funds to all parties have been made for many, many years, and I do not think the leaders of any party would care to suggest that funds, large or small as they may be, are not made to organize the voters of the country in order that the views of the party particularly concerned might prevail. That has been the custom. Whether or not it is a proper one, I do not think I am called upon to pass judgment. At any rate it has been done, and I assume that it will be done in the future. It costs something to organize the vote of the voters of the country. Whether it is done properly or improperly is probably the important question. Those who contribute to the campaign funds of the parties, and do so prompted by their belief in the soundness of the policy of the particular party, can be, I think, probably excused and, maybe, commended. But those who contribute to a party's coffers, inspired only by the hope—and in time something more than hope—that they will, by reason thereof, be able through the influence of that party to alienate from the people of the country the resources that belong to them—those contributions, I say,

and those who make them cannot be too strongly condemned.

In connection with this project I must confess that I am unable to divorce myself from the view that the contributions to campaign funds that were made from the company's funds, which came from the sale of bonds to the people, were made for the purpose of influencing those who might be returned to power; and those who took them, those who collected them, receive in the committee's report the condemnation they deserve.

This is the first unit in the course of the development of this great natural national resource. Obstacles were thrown in the way here and thrown in the way there, purely and simply because those who were doing it felt that they would be paid to step aside. Now, this is only the first step, and every time a dollar is added to the capital cost of any business the ultimate result is that those who have to transact business with that company or with that industry must, all down through the future, just pay that much more for the product of that industry. Therefore it is very essential, particularly in the development of a resource such as this, that its initial capital cost be kept down to the lowest possible limit, in order that the benefits that will flow from its development will be reaped by the people of the country. This is only the first unit, and if, on examination of the report, you can visualize what might have happened if, as each recurring application came along for the diversion of more waters of the river, the same course was taken, then I ask you to realize for yourselves the load that this resource would carry before it was finally developed. We should have on our hands a burden which probably would in large measure discount the benefit and advantage that nature has given us by placing that water available to the people of the country.

I have spoken longer than I intended and I trust that in the remarks I have made I have not departed from the evidence that was disclosed before the committee. Our report in certain respects may be blunt, but it is supported by the cold, unvarnished, sworn testimony, and your committee asks this house to concur in that report. I now move, seconded by Mr. Dupré, that the report be concurred in.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The hon. the Minister of Immigration and Colonization (Mr. Gordon), who has just moved for concurrence in the report which has been presented to the house, has outlined its main features. In doing so he indicated that the report has several important divisions. The first is historical in character, reviewing the inception and development of the Beauharnois canal project. The next division has to do with the organization of syndicates in connection with the promotion of the company, while another portion of the report has to do with individuals who were concerned in its promotion, and particularly with the fees which were paid to many lawyers whom the promoters seemed to believe had a certain political influence which they should seek in this manner to gain. The minister has indicated that the report further deals with the question of contributions to party funds, and while he did not mention it, I think I am right in stating that the report concludes with certain important recommendations which this house is asked to accept.

Perhaps I could not do better than to follow the minister in his order of presentation and to deal with the matter not only in the sequence he has pursued but more particularly with respect to the particular topics which he has touched upon, leaving other matters aside for the present, unless perchance some seem to me to be deserving of special mention.

I would like to do as the committee has done, present to the house a statement as to the position of the late government in granting approval of the plans of the Beauharnois company in the light of the perspective which governed in the matter. In so doing I hope the house will not feel that I am trespassing unduly upon its time if I outline the background, so to speak, of the developments in which the approval of the plans of the Beauharnois canal had its particular setting. After all, I assume that what the house and the country is most interested in is whether the late administration, of which I had the honour to be the head, granted approval of the plans from any motive other than that of the public interest, whether the decision was a wise one, whether all that could be expected of the ministry in the way of safeguarding its action was or was not performed. It is from that point of view that I wish to develop what I have to say.

When the late Liberal administration assumed office there were many pressing problems facing this country. Not the least important of these were the differences which had sprung up in the course of years between some of the provinces and the Dominion government itself. These were not differences of a character to involve conflict between governments, but there was a feeling on the part

of some of the provinces that they had not received full justice in matters with respect to which the Dominion had more or less the determining voice. As an administration we set ourselves the task of endeavouring to remove these differences as largely and as completely as possible, believing that upon Canadian unity more than upon anything else depended the progress and development of our country.

Among the questions which were to the fore and which occupied the time and thought of the ministry perhaps more than any other during the first few years after it assumed office was the question of the return to the western provinces of their natural resources. This question had been facing the governments for many years, and it was one with which we wrestled and of which we finally successfully disposed. Allied in a way to that question was a grievance on the part of the province of British Columbia. That province felt that it had been deprived of certain lands along the Canadian Pacific railway and in the Peace River belt, and that those lands should be restored to it. That question also was dealt with, and may I say, dealt with successfully. We had not been in office very long before difficulties which were latent asserted themselves in the maritime provinces, and we were confronted with a great deal in the way of social unrest, and a feeling on the part of those provinces that they had not been properly treated from the time they had come into the federation. As hon. members know, we appointed the Duncan commission to investigate the grievances of the maritime provinces. When that commission made its report we acted upon it, if not in its entirety, at least with respect to all its major features. So far as the other provinces were concerned, Ontario and Quebec, there remained very few differences or difficulties of any kind with which to deal, with the exception of the question of the navigation of the St. Lawrence river and the development of power on that river. In the case of Ontario that question was particularly involved because it had to do with international as well as national considerations; it had as I have indicated also to do with power as well as navigation. A vexed question was the degree to which the Dominion itself might have ownership of the power which would result from any improvements which it might make with respect to navigation. These were the problems with which we were occupied at the time the Beauharnois application came before the administration.

[Mr. Mackenzie King.]

I think I need scarcely say to any body of hon. members of this house that a government comes to know of questions only as they are presented to the ministry for consideration. There are at the present moment innumerable matters awaiting consideration in the different departments of government but they will not assume importance, so far as the government of the day is concerned, until they reach the cabinet through the minister of the department in which they happen to arise. The first real concern which the administration had with the Beauharnois canal was when the formal application which had been made to the Department of Public Works for the approval of the plans came from that department before the cabinet for consideration. That however was not the first intimation which individual members of the government had had of an application being made for the approval of plans for the Beauharnois canal project.

Perhaps the house will permit me to speak more particularly of my own knowledge of the matter, giving, as I speak, my version as one who at the time was holding the office of Prime Minister. I have a very slight recollection of having heard anything about the Beauharnois canal project, so called, before I was asked by Mr. Frank P. Jones if I would grant him an interview to discuss a matter of considerable importance. I did not know at the time very much about the matter that Mr. Jones wished to discuss, but he wrote me upon it and I arranged to accord him an interveiw. That was in June, if I remember rightly, or July, 1928. Mr. Jones called on me at my office and we had a short conversation. My mind was full at the time of the question of the St. Lawrence development, the deep seaway. It was a matter to which the administration had been giving a good deal of attention. We were in communication with the government of the United States with respect to it. As hon. members know, the exchange of correspondence between the two governments had been tabled in the house. My first reaction to the interview I had with Mr. Jones was as to just how this particular project might affect the St. Lawrence waterway. In that connection I put to him the very direct question: How would the province of Ontario view a matter of this kind? Because I knew that the province of Ontario had been interested in seeking to get approval of certain plans of power development on the international section of the St. Lawrence, and that we had not been able, as a government, to see our way to grant that approval until our exchange of

views with the government of the United States had progressed a greater length than they had. Being international waters the consent of both countries was needed. I felt that if the government was even to consider the project at all, we would have to feel perfectly sure that out of our consideration there was not going to arise any difference or possibility of estrangement between two of the provinces, but rather that whatever would be done would accord with our policy of seeking to remove altogether whatever in the way of differences might exist between the provinces and the Dominion.

In 1928, as members will recall, the Briand-Kellogg peace pact was signed in Paris. I had the honour of representing this country at its signature, and subsequently of representing Canada at the assembly and on the council of the League of Nations. Those particular missions occupied a considerable portion of my time abroad that year. Being absent, I had no further thought of the Beauharnois matter until after my return to Canada, when the matter again came up for consideration. Shortly after my return to Canada I received another letter from Mr. Jones, in which he recalled the previous interview and the question that I had put to him at the time. He said that he was in a position to answer the question, and he enclosed certain correspondence in his letter, which correspondence was tabled in this house, I think, two years ago, which answered the question which I had put to him. It was shortly after that, that the application came before the government for consideration.

May I pause here to say a word—I shall enlarge upon it a little later—as to the attitude which I have taken with regard not only to the Beauharnois project but to every question that came before the cabinet during the time that I was Prime Minister; for this has a very important bearing on all that pertains to the consideration of this application. Once a matter came before the government for consideration, I made it religiously a rule not to discuss it with anyone—whether members of the House of Commons on my own side, friends of the party from outside, or anyone else—other than my colleagues. I received respectfully such representations as were made to me, but I invariably made the reply: this is a question under consideration in the cabinet; it will be dealt with on its merits; I cannot discuss this question with you. I am afraid that many of my own followers were most impatient at times, or perhaps I should say more than patient with me in this attitude, I know that they have felt, and it has reached my ears very often, that I was inaccessible, that it was difficult for members of the party even to have a chance to discuss with me many of the questions which they were concerned in. Part of that has been due to the fact, which I am sure my right hon. friend will be able to bear out as true, that the task of a Prime Minister is a very considerable one, and that any man who wishes to master the questions that have to be discussed in this House of Commons, unless he has had extensive preparation and unless he has a powerful mind, will require pretty much all the time he can get to himself to study intimately and thoroughly the essentials of the problems that come before his government and before parliament for consideration. I have all along been conscious of my own limitations in dealing with many of the great questions which involved complicated legal as well as technical considerations, and it has probably taken me much longer than it might have taken other men to become thoroughly familiar with the different questions that have been discussed in the cabinet and on the floor of this house; but I found that the only way in which it could be done was in just the manner I have indicated. I have been prepared to be misunderstood on the part of my own following, and even to incur the reproaches of many of the best supporters of the party, because I have been unwilling to discuss with them matters which were before the cabinet council for its consideration. I have told them I would not very frankly and emphatically. Indeed, I think every secretary who I have had will bear me out when I say that the instruction that I have oftenest given is not to let anyone into my office until he knew what he wanted to see me about, and unless it was something that could be told to my secretary then I preferred to have my office to myself. That has been pretty much the rule I followed during the time I was Prime Minister. It may serve to account for an attitude, which some of my own followers have not always appreciated. I mention that now because when this application came before the cabinet there were many persons who did try to see me and did want to discuss with me the question of the Beauharnois canal project. They were not only those who wanted to see the project plans approved; they were very powerful interests that were concerned about this power not going to the Beauharnois people. Certain of these claimed they were friends of the party—if it may be

expressed in those terms—or professed to be, and thought for that reason they should be entitled to present their views. I dealt with all in exactly the same way. On this question, as on all others—I am not singling out this one, because my attitude as Prime Minister in this instance was exactly the same as it has been with regard to every other question—I refused to discuss the subject then before the cabinet with other than my colleagues, preferring to get my knowledge of the situation from what might be said at the council table.

For that reason the decision which was reached in cabinet council, so far as I personally was concerned—and I think I can say the same with respect to my colleagues of the day—was a decision reached as the result of open discussion across the council table in which every conceivable aspect and consideration was thoroughly discussed, and the merits thereof very carefully weighed. In a few minutes I shall go into the considerations of which we had to take account. Before doing that however may I give to the house by way of confirmation of what I have said, and to throw a little more light on the subject, one or two communications to which I have referred.

These communications were tabled as the result of a return for all correspondence between the government of Canada and other parties under the Navigable Waters Protection Act, in relation to the question commonly known as the Beauharnois power and canal project. An order was granted by the house on February 13 or 14, 1929, for these papers. It includes all the correspondence that was in my office at the time. The letter from Mr. Jones to which I have referred is dated at Montreal, June 22, 1928, and is as follows:

Right Honourable W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Ont.
Dear Sir:

For the past month I have been desirous of seeing you regarding the Beauharnois Light, Heat and Power Company, but have refrained from asking for an interview, knowing how frightfully busy you must have been while the house was sitting, and although I know your time is really more than fully taken up now, necessity compels me to ask if you would, if possible, be kind enough to grant me a half-hour's interview as early next week as you can.

You will remember I told you before I sailed for Europe I expected to take an active interest in the Beauharnois proposition, this I am doing, but naturally do not want it to drag, and I would like if you would make it possible to have actual construction work started this fall. I am anxious to see this water go through the turbines and industries using the power generated. I may be impetuous, but I have always found that while impetuosity may be a drawback to an individual, it is very often good for the community.

I have the honour to be,
Your obedient servant,
F. P. Jones.

I arranged for the interview with Mr. Jones and at the interview made to him the representations to which I have already referred. The next communication I received from him was dated at Ottawa, November 28, 1928, from the Chateau Laurier, and is as follows:

Right Hon. W. L. M. King, P.C.,
Ottawa.
Dear Sir:

At the last interview you were kind enough to give me, re Beauharnois Light, Heat and Power Company, it was suggested that I might procure some evidence as to the attitude of the government of Ontario towards the proposed power development. This I have done and therefore would like, if it is possible, to have you grant me a short interview in which I could submit the evidence to you.

I have the honour to be,
Sir,
Your obedient servant,
F. P. Jones.

Unfortunately Mr. Jones did not receive an interview. He, however, sent me another communication. This one was dated from the Chateau Laurier, Ottawa, November 30, 1928, and is as follows:

Rt. Hon. W. L. Mackenzie King, P.C., M.P.,
Prime Minister of Canada,
Ottawa.
Sir:

You will recall that when I saw you a few months ago regarding the application of the Beauharnois Light, Heat and Power Company for the approval of its plans under the Navigable Waters Protection Act, you asked me regarding the attitude of the premiers of Quebec and Ontario regarding this project.

I was in a position to assure you that not only the premier but the entire government of Quebec was practically unanimously in favour of it and anxious to see the development go ahead. I could not, however, state definitely the precise attitude of the premier of Ontario.

I now take the liberty of enclosing a copy of a letter from the Hon. Mr. Ferguson, dated November 19, to the Hon. Mr. Taschereau, by which you will see that Hon. Mr. Ferguson considers that the matter is one which should be dealt with according to the wishes of the province of Quebec. Mr. Ferguson appreciates the spirit of cooperation shown by the province of Quebec, and evidently feels that this development will be beneficial to Ontario, inasmuch as it will be an additional source of supply of power to help satisfy Ontario's rapidly increasing demand.

I think the letter of the Hon. Mr. Ferguson justifies my stating to you that Ontario, as well as Quebec, is in favour of the project.

I wish to state that the copy of this letter which I enclose was sent to me by Mr. Taschereau, and I have his permission to give it to you.

I have the honour to be,
Sir,
Your obedient servant,
F. P. Jones.

The letter which was enclosed is before me. I shall not read the whole of it, because it deals with two subjects but shall read that part dealing with the Beauharnois canal project. It is from the Hon. Howard Ferguson, at the time Prime Minister of Ontario, and is addressed to Mr. Taschereau the Prime Minister of Quebec. It is as follows:

I note you say that the Beauharnois people are about to press the Dominion authorities to give effect to the legislation passed by your legislature at the last session. I fully realize that this development is entirely within the boundaries of the province of Quebec and this province has no voice in the matter. We do, however, greatly appreciate the spirit of co-operation in the development of these two great old provinces which you have so frequently shown, and which is again evidenced by the provision you have made that a portion of this power may be made available to this province should we need it and are able to negotiate a favourable contract, so long as it is not directly or indirectly exported to the United States.

Owing to the undoubted delay there will be in regard to the settlement of the development of the St. Lawrence and Ottawa river powers, and the rapidly increasing demand for power in Ontario, I feel that we will probably again in the near future have to take advantage of your good-will and secure a further supply from some point in your province.

I am sure I need not assure you again, as I have done in the past, of our appreciation of your attitude towards Ontario and her power problems by voluntarily making such generous provision a condition of your approval of the Beauharnois undertaking. If I am right in my view as to our early requirements of power, Beauharnois would seem to me to be a very convenient and favourable point from which to procure our requirements.

Yours faithfully,
G. H. Ferguson.

I believe the correspondence I have read is sufficient to make clear the fact that in November, or the beginning of December 1928, the administration of the day was in this position: They had before them an application from a company which had been organized in the province of Quebec, had received its charter from the province of Quebec, had been given a lease of power from the province of Quebec, had been given the right to divert certain waters from the province of Quebec, that the Premier of Ontario knew of the particulars of the lease granted and the conditions attached to it, and had stated in a written communication which I assume was intended to be brought to the attention of the federal government, that he approved of the project, that he would be in need of additional power for his own province and that he would probably have to make a contract at an early date with the government of Quebec in order to get the power he needed for the province of Ontario. That was the position as it presented itself to the cabinet. Our first consideration was whether we could afford to ignore the wishes of the two provinces most vitally affected in this power development, provided that all requirements with respect to the federal obligation of approving the plans were fully met.

Now, may I pause at this point to remind hon. members what was the obligation, the duty and the power of the federal government in this particular. We were not required to pass upon the organization of a company, in the application before us we had nothing to do with leasing the power, we had nothing to do with the diversion of water; all this belonged to the government of the province of Quebec—a government just as sovereign within its jurisdiction as the Dominion government within its jurisdiction. We had to consider whether, when the government of Quebec, and I might add the government of Ontario, were urging that these plans should be approved, we were justified in refusing approval. We had to consider, when the government of the province of Ontario was asserting its needs for more power, whether we were justified by refusing such approval, thereby to prevent the Ontario government from getting that extra power from the source with which it said it was going to make a contract. Our obligation was limited to the approval of the plans from the point of view of the protection of navigation. The protection of navigation comes within the jurisdiction of this federal parliament. Our obligation was in the nature of an administrative act certifying that the grant made by the province of Quebec with respect to water powers within its own jurisdiction would not in any way interfere with navigation on the St. Lawrence.

But we had a larger question to consider—and this, let me repeat, was the thought mostly in the minds of the administration, because it was a question that we had been dealing with for four or five years,—namely, the question of the ultimate development of the St. Lawrence deep seaway project. We had to make perfectly sure not only that any project we were going to approve would not interfere with navigation, but that it would

be so carried out that it would not interfere with but rather further the development of the St. Lawrence deep sea waterway. It was to that question that we had to direct our attention particularly.

In that connection we had to take into account all outstanding considerations of importance. First of all we had to consider whether, in constructing works for the protection of navigation, power developed from those particular works would belong to the Dominion or to the province. There never was any question about the power in the St. Lawrence river within the province of Quebec itself belonging to that province. The question for our consideration was whether once the works necessary for the protection of navigation, were constructed, and power developed therefrom, that power should belong to the province of Quebec or to the dominion. That was a legal question that we were not in a position to pronounce upon except through the advice of the law officers of the crown.

Here again may I revert to the original setting of this matter. As I have said, the question of the settlement of the differences with respect to the St. Lawrence development was the outstanding question with Ontario and Quebec. When the Dominion-provincial conference met in 1927, the year of the diamond jubilee of confederation, the premiers of Ontario and Quebec asked that this question of the relative jurisdiction and rights of the dominion and the provinces respectively with regard to power on the St. Lawrence should be submitted to the Supreme Court of Canada. As a result of that request a series of questions was prepared and after amendment submitted to the Supreme Court of Canada. Those questions were before the court when the application of the Beauharnois Power Company came before our government, but no decision upon them was given until the eve of the meeting of parliament in February, 1929. I ask hon. members to keep that fact also in mind—that the question of the respective rights of the Dominion and the provinces with regard to power developments in all their phases was before the supreme court at that time.

When the opinion of the supreme court on the question submitted to it was delivered, I confess that not being a lawyer I could not make head or tail of it, and much to my relief I found that even members of the legal profession were in the same quandary that is in so far as the opinion being of a character which would settle the question of legal rights. In a word, as I recollect it, the supreme court said it could not decide a hypothetical case, that the question of legal rights could only be finally determined when a concrete case was before the court.

We had then to consider whether or not all this power development should be held up indefinitely simply because we had not a definite finding on the points submitted to the supreme court. However, the court laid down very definitely certain principles, and those principles were a guide of the administration. What we eventually decided to do was this. So far as the province of Quebec was concerned, there seemed to be no doubt whatever that the power developed within the provincial area belonged to that province. We undertook to say that any power resulting from the works that were constructed for the purpose of protecting navigation should be treated as though it belonged to the province of Quebec, even although the legal decision to that effect had not been given. But in order to be fair with all concerned, we took precisely the same position with regard to the province of Ontario. We said to Ontario: while we cannot give you a legal right in respect to these matters, we will treat you as though you had that legal right. In other words, in dealing with Ontario power rights we were prepared to treat the province of Ontario in precisely the same way as we were prepared to treat the province of Quebec.

At the time that we were awaiting the decision of the supreme court we were in conference with Premier Ferguson of Ontario and Premier Taschereau of Quebec, and members of the Dominion government, with a view to seeing if we could not mutually agree upon terms that would be acceptable to the provinces as well as to ourselves. We had two conferences. After the first conference we believed we had everything satisfactorily settled. Apparently the premiers of the two provinces went away feeling that we had said we would concede what they contended were their legal rights, whereas our contention was that we could not say what their legal rights were but we would treat them as though they had the legal rights they asserted though we were not in a position to give them legal rights. The whole purpose of the conference was to enable us to meet the situation by way of conference rather than as a matter of law.

We had a second conference which was held, if I recollect aright, on the day the decision of the supreme court was given out. At that conference I drew up and presented in the form of a definite memorandum the attitude the federal government was prepared to take in dealing with the provinces of Quebec and Ontario. By way of confirmation of what I

am now stating, may I refer to a file of correspondence which took place between Premier Ferguson of Ontario, Premier Taschereau of Quebec and myself in arranging for these conferences. Without going into the correspondence at any length may I quote the essential points from these communications. The first is under date of April 17, 1928, and is a communication relating to the St. Lawrence waterway development. I sent to Mr. Ferguson, Premier of Ontario, a letter having the following as its concluding paragraph:

In our view, as the correspondence indicates, the next step should be conferences with the governments of the provinces of Ontario and Quebec. I hope that it will prove convenient for you to take part in such a discussion, as to which I shall write you more definitely at the close of the session.

I must correct one statement I have made. After that communication which was dated April 17, 1928, Mr. Ferguson, owing to reasons which he outlined in subsequent corespondence, indicated that he was not able to come down for a conference at the time, and the conferences which I said had taken place in 1929 I should have said took place in 1930. In the meantime however there was correspondence, which I have under my hand, showing the extent to which we were proceeding with both provinces in the same way. For example, on May 3, 1928, Premier Ferguson wrote as follows:

Some four or five years ago this government, through its electrical agency, the Hydro-Electric Power Commission of Ontario, filed with the proper department at Ottawa plans for the development of power on the international section of the St. Lawrence river. We requested the approval of these plans and at intervals since that time have urged that early action be taken towards such approval. We still await a favourable reply. The government of Ontario feels that the power problem is the most pressing, and is quite separate and distinct from the question of international navigation project. No matter what may be the outcome of the negotiations for the canalization of the St. Lawrence, it would appear that many years must elapse before the project can be completed.

As I have explained, questions of power and of navigation were so inseparably intertwined with regard to the international section of the St. Lawrence that as a government we felt it impossible to conclude any negotiations relating to the international section of the St. Lawrence at the time Mr. Ferguson hoped they might be concluded. One of the causes of the delay was a certain difference of view between the engineers of the province of Ontario and those of the Dominion with respect to what would be the best route for a canal, and in that connection we asked that a conference should be held between the engineers, which conference was delayed for a time but finally took place, moving the project along a step further with regard to the St. Lawrence.

In a communication dated August 14, 1928, to Mr. Ferguson, among other things I pointed out the following:

This objective which you emphasize so strongly can be attained only through an adequate solution of the problems of engineering and finance, of constitutional authority and of international adjustments which are involved.

Consideration of the development of power from the St. Lawrence cannot be separated, you will agree, from consideration of the conservation and development of this great national asset for the paramount purposes of navigation and commerce.

Then again:

Nor can we overlook the difficulties as to jurisdiction involved by the division of authority under our federal system.

And a little further:

So marked has been the divergence of view as to legislative control and proprietary interest in connection with many phases of water-power development that the representatives of the province of Ontario at the recent Dominion-provincial conference joined in a request to the Dominion to submit a case to the Supreme Court of Canada. This has been done, after consultation with provincial representatives, and the case will be heard at an early date. While it is not necessary to postpone all further action until the respective rights of the Dominion and the provinces have been judicially determined, it is obvious that the results of this appeal to the courts, undertaken at the request of the provinces and the full cooperation of the federal government, may affect very materially the view of either authority as to the feasibility of the various methods of construction and finance.

That bears out what I said as to one of the causes of delay in not being able to meet the situation as far as Ontario was concerned. I concluded that communication by saying:

I trust that in the way indicated we may find it possible to cooperate effectively for the advancement of the interests of the province of Ontario and of the Dominion as a whole.

I shall not go further into this correspondence, because it deals more particularly with the St. Lawrence development, but at the conference which was held in Ottawa with Premier Taschereau and Premier Ferguson, in the early part of last year, after we had approved the Beauharnois plans, we made a statement of our policy with respect to approval of plans generally and with respect to powers on the St. Lawrence. That memorandum was as follows:

Mr. CAHAN: The date, please?

Mr. MACKENZIE KING: This was about March, 1930. The memorandum reads:

With due recognition of the paramount rights of navigation and subject to the observance of

any necessary international requirements, the Dominion government is prepared to adopt a practical policy for water-power development in navigable waters as follows:

(1) Where a province desires to undertake power development in navigable waters, its right to do so shall be recognized, conditional on the provision of the necessary navigation requirements.

(2) Should the Dominion government at any time undertake or authorize the construction of any canal or other work for the improvement of navigation, it would be prepared to make available to an approved provincial agency the surplus water-power developed beyond that needed for the operation of the locks and purposes of navigation, on a basis equivalent to that which would govern if the provincial agency had itself undertaken the work as a power development scheme.

(3) In either case, should the use of Dominion or provincial property be required or the riparian or other property rights of the Dominion or province be interfered with or affected, the acquisition of such property, or the authority to interfere with or affect such rights, could be made the subject of a special agreement in the particular circumstances of each case.

Mr. CAHAN: Was that carried into effect by any official order in council?

Mr. MACKENZIE KING: No, it was not. It was communicated to the premiers of Ontario and Quebec. I am reading the memorandum to make clear that with respect to whatever was done with regard to Beauharnois, was part of a general policy which applied to all parts of the St. Lawrence, and to all provinces; It was not something peculiar to the province of Quebec but, as I say, it was a matter of policy which was generally applicable. And this particular communication was sent both to Premier Taschereau and to Premier Ferguson as indicating our point of view, with the hope that it would be acceptable to them.

Mr. BENNETT: Their replies were not in that sense.

Mr. MACKENZIE KING: No, they would not accept what we suggested. As a matter of fact the provinces have always contended that they had full legal rights and they would not accept anything which would not accord them those full rights. Our view was that we were not in a position to say that they had full legal rights. though we were in a position to treat them as though they had. As I remember, they claimed that they were entitled to even better treatment than the terms we required of the Beauharnois canal people because of certain conditions which we had imposed in the contract made with them.

Mr. BENNETT: It was a year after the Beauharnois order in council.

Mr. MACKENZIE KING: Yes; but what I am trying to point out at the moment is that when we dealt with the Beauharnois matter we were trying to settle it in the light of what would apply to the whole of the St. Lawrence development. We were endeavouring to lay down principles which would govern with respect to any similar situation that might arise at any time. And I think I made that quite clear in this House of Commons when parliament met in February 1929.

I wish to touch briefly upon other important features which have a bearing on the matter. I need not say anything with respect to the different meetings of the cabinet beyond the fact that the application came before us first of all in the month of November. To safeguard our action, particularly with respect to the question of the diversion of water and our rights in that particular, we obtained from the law officers of the crown a written opinion on the subject. That written opinion appears in the records of the proceedings before the committee and I need not quote it at the moment. But I mention it to indicate that we were seeking the best legal opinion that we could obtain to guide us in our decision. After the Department of Justice had given its opinion the whole Beauharnois situation was considered in the light of that opinion. Later, when the supreme court gave its decision, the matter had again to be reviewed in the light of the opinion of that body, and it was not until after the supreme court had given its decision that it was possible to begin work on the final drafting of the order in council which contained the conditions that were imposed upon the canal people.

Now, parliament opened in 1929 on the 7th of February. And here I wish to speak particularly of what I regard as all important. In the course of the inquiry before the committee an effort was made, it seemed to me, to have it appear that there had been great delays in the granting of approval of this application. As far as I can gather from a reading of the evidence, questions were asked in a way which sought to have it appear that this matter was being dragged on over a considerable period of time.

Mr. CAHAN: For just a little over a year. The application is dated January 17, 1928, and the order in council, P.C. 422, is dated March 8, 1929.

Mr. MACKENZIE KING: It never came before council for consideration until the month of November. Up to that time it had been a departmental matter, and Mr. Jones's letter makes it pretty plain that until he

spoke to me I had no knowledge that any application was in the department. However, the point I am making now is that an effort has been made to have it appear that action was being delayed. The fact of the matter is that at the time the press of the country was asking—Why this haste? Why this hurry? All the while the course the cabinet was taking was one which would insure every possible safeguard. The promoters saw no reason why they should not get their approval before the supreme court gave its decision; and while waiting for that, they saw no reason why approval should not be given before parliament met. There were two very important considerations which the cabinet had to take into account. The position we took in council was that we would not grant approval of the application until we had before us the opinion of the supreme court. If the opinion of the supreme court had been adverse to what was being contemplated, that would have settled the matter; we should then have known definitely that our powers were restricted in the way indicated by the court. But when the opinion of the court came, it did not afford us very much light or guidance. The other consideration was the meeting of parliament. If we had approved the plans before parliament met, there is not a member on either side of the house who would not have said, "Why all this hurry? Why did the government approve the plans before parliament met? Why could they not have waited? They knew we were meeting in February and they could have put it off until parliament met." Well, we did put it off, and I took care to let parliament know as soon as it assembled that we had this very matter under consideration. I did so deliberately in order that every hon. member of the house might be on his guard with respect to what was being done in the consideration of this particular project. I sought to indicate to parliament at that time what the considerations were of which we had to take account.

May I add this further point. There has been a good deal of talk about political considerations and influence in this matter. So far as I knew—and I think I am right—Mr. Jones, who was the prime mover in seeking to get the plans approved, was a strong Conservative, having been one all his life. I believed, in dealing with this matter, that the government was dealing with a Conservative corporation. That did not make any difference in our obligation; we had to view the question on its merits. But far from considering that we were approving any plans with which any political friends of the administration were concerned, our conception, certainly mine, was that the main factors in the company were Mr. Jones and those who were associated with him. As regards Mr. Sweezey, I did not know what his politics were. I have never met him; I should not know him if he were to come into this room at this moment. That may be an unfortunate circumstance, but nevertheless it is true. I know nothing about his politics. My right hon. friend the Prime Minister told me last night the he understood Mr. Sweezey was thought of as a Liberal candidate in the last election.

Mr. BENNETT: In Kingston.

Mr. MACKENZIE KING: This is the first I have heard of it; my right hon. friend has more information in this regard than I have. That is the position with respect to the company.

Senator McDougald's name has been brought into the discussion. At this point let me say that up to and until after the time of the approval of the application, I had no knowledge that Doctor McDougald had an interest in or was concerned, directly or indirectly, with this company. He had never spoken to me with regard to these plans at any time prior to or for a considerable period after the application had been approved. I refused to discuss with Doctor McDougald at any time any matters with respect to the Beauharnois situation. I said at all times to him and every one else that the project would be considered only on its merits. That was the position both before and after these plans were approved.

I want to make these three statements most emphatic. Let me repeat them. I believed, and I think the cabinet believed, that the company which had been granted this charter was in the main a Conservative organization.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: That is the truth.

Mr. MOTHERWELL: Wasn't Jones a Tory?

Mr. BENNETT: They would have been apt to get a charter in Quebec.

Mr. MACKENZIE KING: Mr. Jones was the only man with whom I had discussed this matter. He surely had not the authority to negotiate in the way he did unless he was the prime mover in the matter. I knew Mr. Jones as a very able business man, one who was generally successful in what he was undertaking in the way of business and industrial

organization. I had reason from what I had known of him to feel that if a great project of this kind were undertaken it would if entrusted to him be in successful hands. That is the first point.

The second point, as I have said, is that I had no knowledge in the world that Doctor McDougald had any connection, direct or indirect, with the Beauharnois project, nor had I ever spoken to him on the subject when this matter came up before the cabinet and was decided upon.

In the third place, may I say that any delay that occurred was due to the endeavour of the government to safeguard all interests of navigation, to protect the public interest in every particular, and to ensure as far as possible that parliament should have immediate knowledge of and be fully prepared to deal with the situation.

In order to bear out what I have said with respect to the opinion prevailing at the time being that we were in haste rather than delaying the matter, may I read an editorial which appeared in the Toronto Globe of January 14, 1929. If hon. members will look as well at the Toronto Globe of January 25 they will be met with the glaring headlines: "Why all this haste? Why should this Beauharnois matter be allowed to go through until parliament meets? Why should it be allowed to go through until the supreme court has given its decision?" Those and similar headlines were the ones with which by the Toronto star and numerous other papers we were also confronted. The press throughout the country were complaining of the haste with which we were seeking to put through this matter, and all at a time when the cabinet was doing its utmost to hold back everything until parliament met in order before any order in council was signed that parliament might be advised in advance of what we were contemplating. The following is the Globe editorial of January 14, which is headed, "Why the hurry?":

> The manner in which the federal government is rushing the application of the Beauharnois Light and Power Company for a concession on the St. Lawrence is not calculated to win the confidence of the voters for the administration or the company. A public hearing is scheduled for to-morrow, but the public has not had an opportunity to learn the terms of the application or to organize its representation. It will not be a public hearing. Opposing companies will probably be present, but they will speak for themselves.

I had forgotten to mention that we had arranged for a public hearing to be held on January 15, so that all parties could make their voices heard in public with respect to this matter before it was finally decided upon. The editorial continues:

> It is well known that the rich prize in the St. Lawrence current is eagerly sought. There are various corporations anxious to secure the concessions worth many millions of dollars. The government may be anxious to escape further importunities by handing over the property without delay. This, however, is no way to handle a responsibility in which the entire country is interested.
>
> For, although the territory involved is wholly within Quebec and the Quebec government have granted a licence to the Beauharnois company, the project is not one in which Quebec alone is concerned. The St. Lawrence enterprise in its entirety is before the country and the government, and the country expects the government to handle it from a national point of view.
>
> It will not be known until the decision of the privy council is received whether the federal government has the right to grant a licence to the Beauharnois company or any other company. Why, then, the hurry?
>
> The government has not decided, as far as the public is aware, how, when or whether it intends to proceed with the creation of the St. Lawrence seaway and the development of power. How, then, does it expect the public to make intelligent representations regarding the merits of any plan or partial plan having to do with the general scheme?
>
> No progress has been made, apparently, in cooperation with the United States for the development of the international section, without which the seaway cannot be built, and without which the benefits of the new Welland canal cannot be gained. Still the public is asked to make an intelligent appraisal of a proposition which has a vital bearing on the whole undertaking.
>
> Why the hurry?

When parliament met I took the earliest occasion that presented itself to advise hon. members of this house of what we were doing and why we were doing it. I will ask the house to bear with me while I read a few paragraphs from Hansard of February 25, 1929, at page 418. This will disclose the situation not as I am seeking to present it at the moment, but as I presented it to parliament at the time the government approved the plans of the Beauharnois company. On that occasion, I said:

> From the opinion of the supreme court it would seem that we might wait from now to the day of judgment, if I may use that expression, to get from any court an opinion conclusive enough to settle as between the Dominion and the provinces all of the questions with respect to their relative rights in the matter of power. So far as we can be guided by the opinion of the supreme court, it would appear that if an appeal from the answers which they have given were taken to the privy council, we could expect nothing more from the privy council in the way of definiteness than what we have already obtained from the supreme court.

In the circumstances, having sought in the first instance a solution of the constitutional question by an appeal to the courts, and having received the replies which we have received, the government is of opinion that it is in the interests of all concerned, of the provinces and of the Dominion in their relations to each other, as well as of the Dominion in its relation to the United States in dealing with this question of international waterways, that we should not seek for the present at least to settle this matter by any further reference to the courts, but that we should endeavour to seek a solution by direct conference between the provinces immediately concerned and ourselves. Accordingly the government has decided, as we advised the United States government we would decide when we received the replies from the supreme court, to ask the governments of Ontario and Quebec to meet us in conference, to see if it is not possible to arrive by agreement between us at some settlement which will secure the provinces in their full rights with respect to power, and secure the Dominion with respect to all national interests involved. We are at the present time sending communications to the premier of Ontario and to the premier of Quebec asking that, as soon after this session of parliament is over as may be convenient to them, they meet us in conference that we may see as a result of direct conference whether it is not possible for us to come to an agreement which, as I have said, will permit without further question the development of the power in which the provinces are interested, and which will secure the Dominion in all its rights in respect to navigation and power, and which will enable the St. Lawrence development to go forward on such lines as may be agreed upon between the provinces and ourselves; in other words, to see if it is not possible to work out a plan of St. Lawrence development which will safeguard any interests of the provinces in the development of power as well as the national interests.

And further on:

But we see no reason why, speaking for the federal government, it should not now be possible for the Premier of Ontario and the Premier of Quebec, with a group of their colleagues, to meet with members of the federal government and, actuated by a desire to remove those differences and uncertainties which make for friction and create doubt as between the provinces and the Dominion, to work out some sort of settlement which will be satisfactory to all concerned. In other words, we are following in regard to Ontario and Quebec the method which we have followed in our dealings with the other provinces of Canada. We have attempted, for instance, to deal with the problems which were uppermost in the minds of our friends in the maritimes by going carefully by direct negotiation into the questions which are of greatest concern to them. We are taking up by direct negotiation with members of the western governments the questions of the transfer of the natural resources which are the outstanding and immediate questions so far as they are concerned. So far as the two old provinces of Ontario and Quebec are concerned the question of power development, and the question of the development of the St. Lawrence channel as an ocean shipway, are the matters which are of prime importance, and it is our hope, indeed, it is our expectation, that meeting together with a sincere desire to work out a solution of these problems, we shall be able to find a satisfactory solution.

And again:

As indicated, we have been seeking to cooperate with Ontario in its power problems, and we have been doing the same with respect to Quebec. The province of Quebec, like the province of Ontario, is interested in power development. The province has certain rights with respect to power developments; we have certain rights with respect to the protection of navigation. In any negotiations with the province of Quebec, and with respect to the approval of any plans which may be submitted by any company holding a charter from that province we shall take, and are taking great care to see that nothing shall be granted to a company or to a province which in any way will impede or interfere with the St. Lawrence development project, or the full rights of the Dominion in navigation on the St. Lawrence. Viewing the matter broadly, therefore, it would appear as though it required only the goodwill of all parties interested to work out some agreement as between the provinces and the Dominion which would settle this vexed constitutional problem in a manner satisfactory to all concerned, and which in addition would enable the provinces and ourselves to take a course which in their interest and the interest of Canada as a whole would be considered most advantageous in negotiating with the United States with respect to further development of the St. Lawrence shipway.

Then this further word—and this, hon. members will notice made clear to the House of Commons that the minute the approval was given, this parliament would have the right, if it so desired, to annul altogether the approval. I want hon. members to grasp the significance of that statement. I made that statement in this house on February 25, the approval was not granted until March 8. I was doing all in my power at the time to have every hon. member of this house made fully aware of the magnitude of this transaction, and all that was involved in it, and I was putting them on their guard in case by any chance there might be an error in any way. I was not merely putting them on their guard, but I was advising them even before the order was signed that they had full power if they so desired to annul. That surely was maintaining the supremacy of parliament. With respect to the approval of the Beauharnois plans, it only required a resolution of this house to annul anything that the government had done. May I say that we went through that session, and no motion was made to annul the approval we had given. We went through another session of parliament and no motion was made in this house to annul the approval. How, then, can hon. members say to-day that

the government at the time had been moved by political influences or by any consideration of the kind with respect to what it did? The government acted wholly and solely on the merits of the case, seeking to be perfectly fair and perfectly impartial, and the government advised this House of Commons in advance of what their full power of control over the situation would be. May I read the words? This was on February 25, 1929:

Further with respect to the portion of the St. Lawrence which is wholly within Canada and indeed in respect to all navigable waters, this parliament is already secured in its powers of supervision under the Navigable Waters Protection Act, which gives to parliament the right not merely to review but to annul whatever may be done by the governor in council should it be shown that in any particular the action taken is unwise.

I ask hon. members to contemplate the significance of that statement at that time. That was not a statement made after there had been an investigation. That was not a statement made after approval had been given. That was a statement made a week or two in advance when this whole matter was being finally considered and the drafting of the clauses that were to protect the country and protect the rights of the people and the provinces were being most carefully considered and weighed. I continued:

Let me give to the house the sections of the Navigable Waters Protection Act bearing on this question. Section 4 reads:

"No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the governor in council nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the governor in council."

Section 10 provides:

"The governor in council may make such orders or regulations as he deems expedient for navigation purposes respecting any work to which this part applies or of which the plan and site are approved under any act of the parliament of Canada.

2. The local authority, company or person constructing, owning or in possession of any work shall be subject to such orders or regulations."

I come now to section 12, which is the important provision. This is the section which I wish hon. members to note particularly:

"Parliament may, at any time, annul or vary any order of the governor in council made under this part."

Mr. Adshead: Parliament?

Mr. Mackenzie King: Yes, parliament. Subsection 2 goes on:

"Any action of parliament in that behalf shall not be deemed an infringement of the rights of the local authority, company or person concerned."

Then I went on:

Where, then, is the need for adding anything to this particular act?

[Mr. Mackenzie King.]

That had reference to something that the hon. member for North Winnipeg (Mr. Heaps) had been discussing, I brought in the Beauharnois matter in that discussion. Someone asked me at the time, "Why did you bring the Beauharnois matter into something that has to do with natural resources?" That I believe was the question that was then under consideration. I replied that I was deliberately availing myself of my earliest opportunity to let hon. members know the exact position in regard to matters that were under consideration in the cabinet. I continued:

My hon. friend the member for North Winnipeg (Mr. Heaps) asked me the other day as to whether parliament would have the right to review certain matters which might be in contemplation. He has no need for concern as to the powers of parliament with respect to the possible acts of the government he had in mind whether they were of to-day or of six months ago or are still of the future; because parliament, with respect to the protection of navigable matters under the act as it stands, has the power not only to review but to annul whatever may be done by the governor in council. Words cannot be stronger.

A little later I said:

I am merely seeking to make plain the points that bear particularly upon the St. Lawrence water development. I am not dealing with the other question. To that I have referred only incidentally. But this is very material to the question of the St. Lawrence development with respect to the rights of this parliament touching any act of the government by order in council or otherwise.

Mr. Garland (Bow River): Would it not be better, sometimes not to pass an order in council than to have to annul it afterwards?

Mr. Mackenzie King: My hon. friend has asked a reasonable question, and I am glad that he has done so. There are some matters which are administrative in character, and others which are legislative; there are some questions which are technical and which can be dealt with only by experts, and other questions which are suitable for discussion in a deliberative assembly. When one comes to such questions as sites for water-power, the volume or rapidity of water passing over a particular point, the question of the effect of obstructions upon the levels of waters, the effect of the ice flow in certain localities, all of which are important questions when we are dealing with navigation, these questions can be settled, and settled only by expert engineers. They cannot be settled in a deliberative assembly. Most questions that relate to public works are of that character. They are questions for the experts of the government departments, and parliament in its wisdom has made clear that it is not advisable to prevent development by requiring in the first instance that parliament shall perform functions or duties which it is not at all fitted to perform. That is the reason this section is worded in the way it is. In other words, so far as provincial rights may be concerned, what is sought by the Navigable Waters Protection

Act is to allow the full development which provinces may seek with respect to power but where navigation is likely to be affected to assure at the same time that the general interest will be wholly and adequately secured.

That was on February 25. I am not going to weary the house much longer with citations, but I wish to give one more, and this is from what I said in the house two days later, on February 27, which bears on this matter. The citation is from the revised Hansard, page 525:

I think it is apparent that most of the problems respecting resources relate to the provinces. The provinces are primarily concerned with the natural resources, whether they be lands, mines, timber, waterpowers or other resources. I can conceive of nothing easier than to raise in this country the old issue of provincial rights if the federal government were to go beyond its jurisdiction and seek to perform in dealing with resources that belong to provinces acts which parliament never intended should be performed by a federal government. We have to be particularly careful in this Dominion, which is composed of provinces as well as a federal authority, to see that powers given to the Dominion for one purpose are not used to frustrate the rights of provinces as regards other matters which have been entrusted to them.

A good deal of discussion has taken place in connection with power resources, and I want to say a word in that connection, in order to make perfectly clear wherein the administration of water-powers within a province may belong to the province and not to the Dominion, and wherein there may be a difference of views as to powers generated in navigable waters. The question has arisen whether, under the rights which the Dominion has, with respect to the protection of navigable waters, the power that results from works constructed in a river for the purpose of improving navigation, would belong to the Dominion or the province. That question has been referred to the Supreme Court of Canada, and the answer that we have received, as I made clear the other day, is, to say the least, indecisive as to what, in that regard, are the rights of the respective parties.

Some persons reading the judgment may say that the emphasis inclines in one direction, while others may say that it inclines in the other. I think the judges have indicated fairly clearly that they must have a concrete case before them before they will attempt to give any real decision as to the respective rights of the Dominion and the provinces. What I wish at the moment to make clear is that, as regards navigable waters, the authority given to parliament to protect navigation and the means taken by parliament to exercise that authority enables the government, with respect to any applications that come before it for approval of plans of any company generating power in navigable waters, to impose such conditions as, in the opinion of its experts, are necessary to safeguard navigation. But it was never intended by any legislation of which I am aware, that the power which was given to the Dominion to protect navigation, was a power to be exercised to frustrate provinces in the legitimate development of their own natural resources. That is an aspect of its rights and obligations which the government has to consider pretty carefully.

We have had placed before us by a company in the province of Quebec an application for the approval of certain plans that are essential in the development of power under a charter which has given to that company by the province of Quebec. From much of the discussion in the public prints, one would think that the Dominion government was giving a charter for the right to develop water-power in the province of Quebec. The government has neither the power nor the authority to give a charter such as the one I refer to. The legislature of Quebec protects its own water-powers; that legislature gives its charters to companies in the light of its administration of its resources and what it may wish to have done with them, all that this government is called upon to do under the legislation which has been passed by parliament to protect navigable waters—navigable waters being a subject which by the British North America Act, is assigned to the Dominion parliament for protection and development—is to say whether or not those plans prejudice in any way or will injure the needs of navigation in the waters in which the works are to be placed or to which they may be related. When plans are submitted they do not go before a body of ministers; they go to expert engineers who examine them to see whether or not, they would be an obstruction to navigation. If they are, then the Dominion has no right to approve them. If they are not, the Dominion has then to consider whether there are other obligations of a general character of which account has to be taken? Where the river St. Lawrence is concerned, I submit there is a very real obligation of which the Dominion must take account: the Dominion is obliged to see that any step which is taken under a provincial charter shall not be of a character which in any way will, in the first place, interfere with navigation, or, in the second place, prejudice any possible scheme of development of navigation of which account ought to be taken because of the important national interests involved or to be considered. In other words, in regard to the St. Lawrence, the government would not only be justified in refusing but ought to refuse to approve any power plans that would have the effect of prejudicing the development of the St. Lawrence as a great ocean shipway. But if engineers and experts, whose business it is to look into these matters, advise the administration that not only do plans submitted not obstruct or appear in any way as an obstruction, but that they may also be made to serve to help the larger object, then the government has to ask itself whether it is justified in preventing an industrial development in the matter of water-power in a province where it finds navigation fully safeguarded simply because under an act of parliament, it has been given the duty of safeguarding navigation? I am bringing this up at the moment because it also bears on the resolution of my hon. friend.

In matters of government certain acts are legislative; others administrative; while parliament has given to the executive power to approve plans, has parliament thereby parted with its power of controlling any situation, should it be found that the executive in the exercise of its duty and authority has made

a mistake, has gone too far? Not a bit of it. The other evening I read to the house a section of the Navigable Waters Protection Act which provides wtih respect to any approval given by the Dominion to any works or other construction in navigable waters that parliament may at any time annul all that has been done. My hon. friend the leader of the opposition says: But would parliament think of annulling any act of the executive. He said if this were done it would destroy the credit of the country, that it would never do to make a contract and then subsequently to annul it. Well, that is something which the parties who apply for approval of their plans, under the Navigable Waters Protection Act, have to take into account and have always had to take into account. That is how parliament protects itself. That is how the country's interest is protected. All a company gets when its plans are submitted is approval of its plans subject to the right of parliament to annul all that the executive may do in granting approval.

There is a definite statement of the considerations the cabinet had in mind at the time this approval was given. May I direct the attention of hon. members to this feature: We had a responsibility not only with respect to giving approval, but we had an equally great responsibility in the matter of refusing approval. This was a Quebec project; the government of Quebec had given a charter to a company, had leased power rights and had granted a certain diversion with respect to waters within the borders of that province. The legislature of the province of Quebec was just as anxious to develop its industries through hydro-electric power as was the province of Ontario to develop its industries by hydro-electric power. If approval had not been given within a year the parties interested would have had to go back to the legislature for renewal of the charter. We had to ask ourselves the question: What is there that justifies us in refusing the approval of these plans? That was the question we were considering. The obligation on us was to see that we protected navigation, and once our engineers and experts assured us that navigation had been fully taken care of, we had to say: Is there any reason why this approval should not now be granted? I venture to say if we had refused to grant the approval we would have raised a much greater issue in Canada than any which had been raised up to that time, namely, whether the Dominion through the exercise of its powers to protect navigation had a right to prevent a province from developing its own resources. That was the serious nature of the situation. Let hon. members ask themselves whether, if they had been seized with that responsibility, in the light of these circumstances as known to them at the time they would have acted in a manner different from that in which we acted. I was perfectly conscious that in a great undertaking of this nature many questions would arise during the course of its development which it would be almost impossible for any government in every particular fully to safeguard. For that very reason, as far as I could, I was putting the responsibility upon parliament. Once we had decided to discharge our responsibility, I was serving notice upon parliament in those two public speeches made in this House of Commons, before any approval was granted, that it would be up to hon. members in the house, if when approval was given they thought anything was wrong in the approval, immediately to introduce a resolution. No resolution has been introduced in this house at any time. This is July 30, 1931. That approval was given in March of 1929.

May I say that the order in council passed council and was signed by His Excellency about ten minutes to three on March 8, 1929. Immediately after the house met my colleague, the Minister of Public Works of the day, informed the house that the approval had just been given. He laid on the table a copy of the order in council and gave to the house the particulars contained therein. Those particulars may be found in the address delivered in this house by my hon. friend the then Minister of Public Works on Friday, March 8, 1929.

I ask hon. members this question: Can they in those circumstances think of any course other than that which with regard to its responsibilities to the provinces a government of Canada could have adopted? Our duties were all set forth in the Navigable Waters Protection Act, and those duties I submit we fulfilled not only in spirit but to the letter.

So much for the approval of the plans of the company on March 8, 1929. From that time on, as I have said, parliament had the right to review the whole situation. Was there anyone who believed at the time that political influence had played its part in the approval of these plans? If so, why have we had to wait for over two years for a statement to be made to that effect?

As I have remarked, in the investigation a great deal was said about political influence, and every effort was made to bring together pieces of the evidence to make it appear as though political influence had been exerted. In particular, reference was made to the Sterling Industrial Corporation which had applied

to the government some years before with respect to some water powers. That application, according to the evidence, was made to one of the government departments.

Mr. BENNETT: Two.

Mr. MACKENZIE KING: Two, was it? I thought it was one.

Mr. BENNETT: Public works and railways.

Mr. MACKENZIE KING: But no action was taken upon it. So far as the application was concerned, the government's part consisted in turning it down. Now, if some action had been taken on it, I suppose it would have been said that that was the result of political influence. I ask hon. members to be just in this matter, and see how every question has its two sides. I say if the government had approved of that application we would have been told that it was due to political influence. As it was turned down, I suppose the insinuation is that this action was also because of political influence being exerted somewhere.

At any rate the Sterling Industrial Corporation disposed of its interests, whatever they were, real or unreal—I think from what I have read in the evidence they were unreal—about the time at which these plans were approved. Because of that fact and other facts that have been brought out in evidence, it is assumed that some political influence was being exerted. May I say with respect to the Sterling Industrial Corporation that I never knew of the existence of that corporation until this committee of inquiry held its sessions, I had never known there was such a corporation in existence, and I doubt very much if any of my colleagues other than possibly those of the department, to which the application went had any knowledge of the existence of any corporation of the kind.

Mr. MOTHERWELL: I never heard of it.

Mr. MACKENZIE KING: I never heard of it, knew nothing about it, had no conception in the world that anybody associated with me in a friendly way, in a political way, or in any other way had anything to do with any corporation by the name of the Sterling Industrial Corporation. All my knowledge of that particular concern has come since this inquiry—and I must say it has come as a very great and a very sad surprise.

Now, just a word as to political influence. I agree with what the hon. the Minister of Immigration said when he drew attention to the fact that Mr. Sweezey had curious notions as to how progress was to be made with respect to industrial enterprises through the exercise of political influence. As the minister says, either he or those associated with him retained members of different legal firms, some that could not possibly have had any influence, some that might be presumed to have influence, but evidently on the theory with respect to all that if there were enough of them sooner or later their influence would make itself felt. Now, may I ask this question, and I ask hon. members to think of it carefully: Is it any reflection upon the government of the day that a company paid those legal fees, unless it can be shown that in some way the result of those payments had its effect and influence upon the government? Remember this, it is stated in the evidence that some of these payments were contingent upon the plans being approved. Let me pause for a moment at this pointt. There was before the Supreme Court of Canada at the time certain questions as to the right of the government to grant approval of the plans. Is there not just as much ground for saying that legal influence was bought in order that it might be exerted against the Supreme Court of Canada as that it might be exerted against the government of the day? My right hon. friend the Prime Minister shrinks back in horror. May I ask him, as Prime Minister of this country, does he not feel his honour to be as great as the Chief Justice of Canada feels his honour to be? Why should anyone who is the head of the administration, why should any member of the government, feel that a government composed of honourable men is any more venal than any court of judges in this country? I say that in the circumstances anyone who was so ill-minded as to take the view that those legal firms were financed for the purpose of bringing influence to bear, are bound to say that that influence would have had to operate on the supreme court just as much as on the government. It is no reflection on the supreme court to say that, because everybody knows that the supreme court would never yield to any influence of the kind. It is equally no reflection on the government of the day. After this committee of the house has done its best with respect to every witness to find some way in which it could be shown that political influence was brought to bear upon the government, there is not a

single statement in all the evidence that will bear out such a suggestion.

Now, may I go a step further. Will he say it was a reflection upon the legal profession? Will members of the legal profession say it was?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: My right hon. friend says "yes." No, I do not think so.

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: I do not think it was.

Mr. BENNETT: Contingent fees are forbidden by the ethics of the profession, and by statute in Quebec.

Mr. MACKENZIE KING: My point is this: does he feel it was a reflection upon himself as a member of the legal profession that these moneys were paid to members of his profession in order to bring influence to bear? That is my point.

Mr. BENNETT: Indirectly, certainly.

Mr. MACKENZIE KING: I do not hold that view. I say there are in the legal profession honourable men, and in the main they constitute the profession. There is no more reason to feel they are reflected upon by anything dishonourable done by a few members of the profession than there is reason to feel that the government of the day or the Supreme Court of Canada is reflected upon because of some supposed influence that has been proven never to have been brought to bear upon either.

I feel, Mr. Speaker, that in justice to the government of the day, that is one factor which should have been brought out very prominently. When I speak of the government of the day, I am speaking of the government of Canada. After all, as hon. members of this House of Commons, this parliament, each of us who are its members has something at stake with respect to the government of Canada. Why should any hon. member wish to have it appear throughout Canada and throughout other countries that governments in this country are venal? Surely our politics do not need to be carried that far. We ought to rejoice that this parliamentary committee, sitting as it has been for weeks and examining witnesses under pressure, has been unable to show anything in the way of direct influence, or any influence at all of a political kind that had a bearing upon the situation. Instead of innuendo, instead of insinuation, as there is in many of the questions that were put,—and I am afraid as there is with respect to some of the evidence as quoted in the committee's report—I think there should have been a direct statement by the committee that, having gone into this whole matter very fully and very carefully, they could say that any political influence that had been paid for in any way by this company had not been brought to bear at all upon the administration. I say if that statement had been made I would find it much easier to support the report of the committee. But when the report is so drafted that there is insinuation and innuendo in the absence of statement of matter of fact, I confess that notwithstanding as the minister has said, that all the members of the committee subscribed to a draft report, I shall have to think twice before I can feel that concurrence in that report, might not be construed in the country as an endorsation of its innuendos and its insinuations.

Mr. MOTHERWELL: Here is one who won't approve of it anyway.

An hon. MEMBER: There are lots of others, too.

Mr. MACKENZIE KING: Now may I quote just two or three lines from an article written by one of the ablest Canadian journalists who has followed this investigation very closely and who gave at its close a brief review of the entire inquiry. I quote from an article by Mr. Paul Reading, special correspondent for the Ottawa Citizen, copyright by the Southam Publishing Company. The article is dated July 23, 1931. It was written as I have said at the conclusion of the inquiry. This is what Mr. Reading says after having followed the proceedings of the inquiry from day to day:

> It has not been actually shown that political influence was bought in any quarter, though it may have been generously paid for.

That is the opinion of a keen and very able journalist who was watching the evidence day by day in order to see what would be the outcome of this all-important question of whether political influence had been brought to bear on the government when it was approving these plans. He says, and I believe every journalist, and every person who attended the sittings of the committe will endorse these words:

> It has not been actually shown that political influence was bought in any quarter, though it may have been generously paid for.

May I say this also: We all have our friendships. Are we to understand that every man is responsible for every act of his friends? Unless every hon. member is prepared to say

that this is his view, and that such a law should apply to himself, then I say he owes it to others to apply his own view to them, as he would expect it to be applied to himself. The fact that certain friends of the administration, or of individual members of the administration, may have done things which probably no one regrets more deeply than they do, is not even circumstantial evidence that those with whom they shared friendship have been in any way associated with them in transactions of the kind.

I ask this honourable house: Is there any relationship closer than that of father and son? Will hon. members opposite, or will any member of this parliament or anyone in this country say that because a son commits indiscretions and does things which will not bear the light of day his father is responsible for those acts, that as a result of them his father has been corrupted. He may break his father's heart but he will not break his father's character. He may even help to reveal something of the beauty and the strength of a father's character, and what is true of that very intimate relationship of life is true also of the less intimate but hardly less sacred relationship of human friendship. I say that any hon. member who would seek to imply by insinuation or innuendo that any act of a friend reflects upon the one who has been sharing his friendship is playing a role unworthy of anyone who regards himself as a man in the true sense of the word.

Now may I come to the significant statement which has been made during this inquiry? It was brought out during the investigation that very large sums of money were paid to two members of the party who were acting as its treasurers in the recent political campaign. I refer in this regard to the evidence given before the committee. Mr. Sweezey was being examined by Mr. White, as follows:

Q. Then you spoke of contributions to the Conservative party. By the way, during what period were those contributions of which you have spoken made?—A. Oh, they were sometime prior to the last election, the last federal election, not very long before.

Q. That was July 28th last?—A. Well, it was sometime previous to that.

I ask hon. members to fix that fact firmly in their minds. Approval was given these plans on March 8, 1929, and Mr. Sweezey says the money he gave was contributed during the campaign in the summer of 1930. There is no evidence that a single dollar was given by that corporation to anyone until the campaign of last year. The evidence is that the money was contributed in the thick of the campaign. I say, Mr. Speaker, that in view of the evidence being what it was in that particular, the report which was brought in by the committee should have disclosed that fact prominently. It should have been clearly stated that there was nothing to show that the government as a whole or a single member of the government, was influenced, directly or indirectly, by any monied influence or political influence of any kind in the approval of the plans; that it was not until the general election of last year that moneys were paid as a political contribution.

Why were those moneys paid? Perhaps the best way to answer that question is to take the evidence of the witness himself, the one who made the contributions. Here is what Mr. Sweezey says, at page 823 of the evidence:

By Mr. White:

Q. Inasmuch as it has been suggested that we go into the matter of provincial campaign funds, was any political contribution made to the Ontario Conservative party?—A. Yes; again Mr. Griffith can give you particulars on that. I know we made contributions to someone who represented himself as standing up for an Ontario fund of this kind.

Q. To whom did he make those representations?—A. To me.

Q. To you?—A. Yes, sir.

Q. And what did he say to you in that regard?—A. That he thought that a contribution would be in order to the Ontario Conservative party because we would probably be having a lot more dealings with the Ontario people, and that gratefulness was always regarded as an important factor in dealing with democratic governments.

Let me hasten to say that I have not selected that passage because mention is made of the Conservative party.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. members opposite may laugh, but I have selected it because it is the one statement in Mr. Sweezey's evidence which gives his conception of what political campaign funds are for, and discloses what Mr. Sweezey had in mind when he was making contributions to campaign funds. Mr. Sweezey makes it very apparent there that he is not thinking of something that has taken place in the past; he has in mind what he hopes will take place in the future.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Nothing could be more plain. Hon members say, "hear, hear;" I hear my hon. friend, from East Algoma, who is a bit of an authority, saying

"hear, hear." Perhaps he knows. I repeat: Here are Mr. Sweezey's own words:

> . . . . because we would probably be having a lot more dealings with the Ontario people, and that gratefulness was always regarded as an important factor in dealing with democratic governments.

I can say that if Mr. Sweezey took that view I am very sorry for him.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: I hope hon. gentlemen opposite do not agree with him; I hear some saying "hear, hear." Remember that this remark of Mr. Sweezey's applies as much to the government of my right hon. friend as it does to the government of which I was the head; his is a democratic government, just as ours was a democratic government. That is not a statement limited to Liberal governments; that statement applies to all governments in the country. That was the view Mr. Sweezey entertained as promoter, and my hon. friend the Minister of Immigration and Colonization (Mr. Gordon), who moved concurrence in the report, touched on that very point himself. He said he could not understand how a man could believe that governments were moved in that way. I agree with the minister in that. I say that any man who thinks that he can sway governments by the size of his contributions to political funds has not the first knowledge or understanding of human nature—perhaps I should say character—worthy of the name. What evidence is there on which to condemn an administration because of the fact that some man makes a very large contribution to a political campaign fund? All would depend upon what as a result was done. That company was undoubtedly looking for something in the way of consideration from governments. They are looking for something more from my right hon. friend to-day.

We provided in the order in council that if the company failed in any particular to do what was expected of them the government should always have the right to take over the whole concern. We have protected the public rights in every respect, where it appeared that the company might fall short in anything it was doing. Had we left out that consideration, had we not put in a clause in the order in council, with a view to safeguarding the government of the day, whatever might be its complexion, in the event of the company's failing to fulfil its obligations, then certainly we should have been at fault. I am sorry I have not the time to put on record all the safeguards that were provided. They are in the order in council, and they show that in every particular we have protected the rights of the public. And having so protected the public rights, I say that in the event of the company coming for further consideration, its application should receive that consideration on its merits and on its merits only.

I hope I have made that as clear and emphatic as it is possible to make any statement. I say if he was thinking of the late Liberal administration, that Mr. Sweezey little knew the character of the men with whom he was dealing if he supposed that any contribution of his, however large, would influence in the slightest the consideration of any question he or those associated with him at any time might bring before the cabinet. I say he little understood the character of the men who were handling the affairs of the country at that time if that was his view.

Now I come to another point. Unfortunately this report contains very much in the way of innuendo and insinuation. I regret to have to say that, but no one can read the report without seeing that certain things appear in it which can only be there with a view to conveying a certain implication. The minister said to-night that the members of the committee had had an opportunity to read over the report clause by clause and then subscribe to it. I gather from his words that this was all the opportunity they had. I think I am right when I say that no member of the committee ever saw the report in its final form, nor had a chance to read it through in its final form. The minister states that it was drafted—

Mr. GORDON: I wonder whether I might interrupt the right hon. gentleman, so that there may be no misunderstanding. As chairman I prepared the draft report. The committee started at nine thirty in the morning, going over that draft report, taking up paragraph after paragraph, page after page. I signed at the foot of each page after the committee had subscribed to the correctness of what was disclosed on each page. The whole day was spent in assembling the facts. Whatever inferences are contained in the report, that report was the unanimous report of the committee.

Mr. MACKENZIE (Vancouver): May I have the same indulgence as the minister—

Mr. SPEAKER: Has the leader of the opposition concluded?

Mr. MACKENZIE (Vancouver): This is on a point of order.

Mr. SPEAKER: The hon. gentleman is not in order at the moment.

Mr. MACKENZIE (Vancouver): It is a point of order with reference to the interruption of the Minister of Immigration.

Mr. MACKENZIE KING: If the hon. gentleman is not in order I will refer to the statement of the minister. I do not think—

Mr. MACKENZIE (Vancouver): And I wish to challenge that statement.

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): Mr. Speaker—

Mr. SPEAKER: The hon. member has said that he is rising to a point of order. What is the point of order?

Mr. MACKENZIE (Vancouver): I wish to challenge the statement of the hon. gentleman—

Mr. SPEAKER: That is not in any respect a point of order. Unless the leader of the opposition has concluded his speech the hon. member may not speak now.

Mr. MACKENZIE KING: Perhaps the point can be raised when I am through. Let me take what the minister has said. I do not think I misrepresented him when I said that the members of the committee, as I understood it, had not had an opportunity to read through the report in its final form after the committee had gone over it section by section. The minister tells us now that the report was gone over section by section, which is a procedure very similar to that followed when a bill is in committee. The bill is taken up clause by clause, an O.K. is put on each clause, and then the bill is moved on another stage. But the point I am making at this moment is that after the clauses of the report had been gone over in this manner there was no opportunity for the committee to read through the document in its final typewritten form to see whether modifications were required in the phraseology or in its details. Very often, as my hon. friend knows, when one is running through a document clause by clause, the general purport of each clause may be assented to, or agreed to if you like; but when one comes to view the document as a whole one sees it in a certain perspective which it is not possible to see when it is being considered clause by clause. I honestly believe that if the committee had been given an opportunity to read the whole report carefully and to reflect upon it after the first draft had been prepared—and I do not say that my hon. friend was wrong in exercising haste—because we were all anxious to get the report as soon as possible—there are many things in it that might have been changed or altered. I will speak of one of them.

Mr. GORDON: May I interject—

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: I wish to have the hon. member make his statement.

Mr. LAPOINTE: Why not Mackenzie?

Mr. BENNETT: Because the minister is chairman.

Mr. GORDON: I regret having to interrupt, but I wish to make the position clear. I take full responsibility for the drafting of the report which was submitted to the committee. Rightly or wrongly, I conceived it to be my duty to see that that report should not go out to the public until it was tabled in this house for the information of the members. We went over the report paragraph by paragraph, page by page. There were deletions and there were additions. The original has been preserved by the clerk of the committee, to be seen by any member. Every change in the draft report was initialled by me, and the bottom of the page signed by me. Great discussion took place on every paragraph of the report, and at the conclusion, when all members were agreed and satisfied—

Mr. MACKENZIE (Vancouver): No.

Mr. GORDON: Well, read the proceedings of the committee and see.

Mr. MACKENZIE (Vancouver): I want to ask the minister a question. Is it not a fact that at the conclusion of the proceedings in camera, at about half past five, I asked whether the Liberal members of the committee might have permission to adjourn and consider their attitude to the report as a whole? I protested against the minister submitting the report to parliament as a unanimous report without giving us an opportunity to consider it.

Some hon. MEMBERS: Hear, hear.

Mr. GORDON: Hon. members may applaud that statement, but what I have said I have said with a full consciousness of the seriousness of it. When the report was finally revised, the hon. member for Vancouver Centre (Mr. Mackenzie) asked me whether he could have a copy to submit to his leader.

Mr. MACKENZIE (Vancouver): That is right.

Mr. GORDON: I said to the hon. member that the report had not been in any way referred to the Prime Minister; not a thing had been referred to him.

Some hon. MEMBERS: Oh, oh.

Mr. GORDON: Laugh if you will.

An hon. MEMBER: Answer the question.

Mr. MACKENZIE (Vancouver): Is it not a fact that I asked for an adjournment?

Some hon. MEMBERS: Sit down.

Mr. MACKENZIE (Vancouver): I will not sit down.

Some hon. MEMBERS: Sit down.

Mr. MACKENZIE (Vancouver): Is it not a fact that I asked for an adjournment of the committee and to have the committee reconvene?

Mr. GORDON: I will leave it to hon. members of the committee as to whether my recollection is correct or incorrect. The clerk of the committee says it was unanimous, and so does the report. I made it abundantly plain that I considered it to be my duty to see that the report was a report from this select committee and not one influenced by any advice which might come from the leader of the opposition or others.

Mr. MACKENZIE KING: My point was that if hon. members had had a chance to read over the report, possibly many of the phrases would have been altered before the report finally came down. There are in the report what might be regarded as insinuations carrying very serious reflections. Reference, for example, has been made to the appointment of Mr. Henry as Deputy Minister of Railways and Canals, and in this connection the report says:

(4) Mr. Henry joined the Department of Railways and Canals in 1912 as inspecting engineer of railways and structures. He remained in various capacities with that department until 1923 when he joined the Canadian National Railways on the 1st March of that year as Director of Bureau of Economics. He remained with the railways until the 14th February, 1929, when he was appointed Deputy Minister of Railways and Canals, on the recommendation of the Prime Minister, by Order in Council, P.C. 192 (Exhibit 76). He held this position until the 10th March, 1930.

Why were the words "on the recommendation of the Prime Minister, by order in council, P.C. 192 (Exhibit 76)" put in the report, unless it was an effort to connect the Prime Minister of the day with the appointment of Mr. Henry? My hon. friend states that he wrote this report with his own hand, but I would refer him to a statement made in this house a short time ago by one of his own colleagues and to the answer which was made. A question was asked on May 21, 1931, of the Minister of Marine (Mr. Duranleau) as to the appointment of a deputy minister, as follows:

Mr. Power: May I ask the minister if the rumour which has been circulated is true, that Mr. Lucien Dansereau is to be appointed deputy minister?

Hon. Alfred Duranleau (Minister of Marine): I suppose my hon. friend knows that these appointments are in the hands of the Prime Minister. According to law and practice, the heads of the various departments are appointed by the Prime Minister, so the question will have to be directed to him.

It is quite clear from this reply that hon. gentlemen of the administration had considered the question of who made the appointments of deputy ministers, and they knew that the practice was for the Prime Minister to make such appointments.

Mr. GORDON: The committee was in doubt as to who made the appointments, so they sent out for a copy of that order in council.

Mr. MACKENZIE KING: The minister's reply was made on May 21. In the light of that knowledge on the part of one member of the ministry, which I assume was equal on the part of all, was there any necessity for adding the words "on the recommendation of the Prime Minister, by order in council, P.C. 192 (Exhibit 76)"?

Mr. MOTHERWELL: They are not looking so good now; they are getting a little white behind the gills.

Mr. MACKENZIE KING: Hon. gentlemen opposite knew that there was an order in council which governed this matter. I have in my hand order in council, P.C. 1639, approved July 19, 1920, at a time when the Right Hon. Arthur Meighen, head of the previous Conservative administration, was Prime Minister of this country. This order in council was passed upon the recommendation of the Right Hon. Arthur Meighen. It deals with the functions of the Prime Minister, with the question of quorum, with the dissolution and convocation of parliament, and in connection with appointments, it reads:

Privy Councillors;
Cabinet Ministers;
Lieutenant-Governors;
Provincial Administrators;
Speaker of the Senate;

Chief Justices of all courts;
Senators;
Sub-committees of council;
Treasury Board;
Committee of Internal Economy, House of Commons;
Deputy heads of departments;
Librarians of parliament;
Crown appointments in both houses of parliament;
Governor General's secretary's staff.

This order in council made it a function of the Prime Minister to appoint deputy ministers. I must say that when I came into office I had no knowledge of that particular order in council, and I permitted my colleagues who were ministers of departments to make their own recommendation to the cabinet. This particular order was brought to my attention by the Clerk of the Privy Council after we had been in office some years, and after that time I held still to the practice of permitting my colleagues to choose whom they wished as their deputy ministers, I making the appointment as was my duty in accordance with the order in council of the day. To show that I alone in the case of Mr. Henry, was not the only one to make the appointment of a deputy minister, I will quote from an order in council passed July 14, 1919. This particular order was passed at a time when Mr. Meighen was Prime Minister. It reads:

The committee of the privy council on the recommendation of the president of the privy council advise that Lieut.-Col. John A. Amyot, M.B., C.M.G., of the city of Toronto, be appointed Deputy Minister of Health under the provisions of the act passed at the recent session of parliament, intituled "An act respecting the Department of Health."

Mr. Meighen was president of the Council. Does any hon. member suppose that Mr. Meighen had any ulterior motive in making that particular appointment? He was just carryin out the provisions of his own order in council with respect to the powers of the Prime Minister.

Mr. BENNETT: Did not my right hon. friend find a copy of that order in council attached to his patent? A copy was attached to mine when I first took office.

Mr. MACKENZIE KING: I am sorry but it was not attached to mine. However, I told the Clerk of the House to see to it that a copy was attached to future patents. My right hon. friend is only bearing out what I have said, that he and his colleagues knew when they came into office that deputy ministers were the appointees of the Prime Minister.

I notice it is eleven o'clock. I wonder if it would be agreeable to the house to permit me to continue a little longer so that I may conclude my remarks this evening. It would help to shorten matters as to the conclusion of the session if I might have unanimous consent. I should be glad indeed to rest until to-morrow and continue at that time, but I think the debate could be shortened by my concluding this evening. I am thinking mostly of the convenience of others.

Mr. BENNETT: The matter of adjournment is entirely in the competence of the chamber. If any hon. member desires that the house shall not continue, we will adjourn; if there is no voice to the contrary, we will not adjourn. I am quite willing that the right hon. gentleman be accommodated but I wish he had spoken to me so that I could have made a motion.

Mr. MACKENZIE KING: I am sorry to have taken as long as I have, but the reading of citations necessitated my doing so. I promise that I shall not be very long in concluding.

I have in my hand another order in council covering the appointment of a deputy minister. This order in council is dated December 11, 1924, which should be far enough removed from any Beauharnois relationship not to have any association with it. It reads as follows:

The committee of the privy council, on the recommendation of the Right Hon. W. L. Mackenzie King, the Prime Minister, advise that William Stuart Edwards, Assistant Deputy Minister of Justice, be appointed to be Deputy Minister of Justice vice Edmund Leslie Newcombe, appointed judge of the Supreme Court of Canada.

When that appointment of Mr. Edwards was made, I made it on the advice of my colleague, the then Minister of Justice. He was the proper person to advise me whom he wished to have as his deputy, and I put forward the order.

I have here the order under which I appointed the successor to Mr. Henry, Mr. Valentine Irving Smart. Then here is an order dated July 12, 1928, which reads:

The committee of the privy council, on the recommendation of the Right Hon. W. L. Mackenzie King, the Prime Minister, advise that Mr. William A. Found be appointed Deputy Minister of Fisheries under the authority of section 2, of chapter 62, of the statutes of 1926-27, at a salary—

And so forth. This was the regular way of proceeding. No one would say because I had appointed Mr. Found that there was something which necessitated the bringing of the name of the Prime Minister into the report of a select committee of the commons dealing with a

project such as the Beauharnois canal project. This kind of thing, I say, I believe would have been somewhat altered in any careful revision of the report.

May I say in regard to the appointment of Mr. Henry that it would be just as true to say that Major Graham Bell's death, which was the occasion of filling the vacancy of deputy minister was due to some circumstance connected with Beauharnois, as it would be to say that Mr. Henry was appointed because of any association with the Beauharnois interests? I ask hon. members to be reasonable in these matters. Consider the circumstances in which an administration is sometimes faced when very critical questions have to be dealt with. The late Mr. Graham Bell had a knowledge of Canadian railway conditions second to no other man in this country. There were very few who had any intimate knowledge of the railway business generally, of the work of the Department of Railways and Canals, and particularly of the work of the Canadian National Railways. When Mr. Graham Bell died, the Hon. Mr. Dunning, the then Minister of Railways and Canals, was at his wit's end to know where he could get a deputy minister who would be of any help to him when the session come on. It was a session during which a large program with respect to the Canadian National Railways was if possible to be put through parliament, and Mr. Dunning was filled with anxiety as to what he could do to fill that office so as to enable him to go on with that particular program. Mr. Henry had been for years in the Department of Railways and Canals, and was familiar with the general railway organization. He was at the time the economic expert on the Canadian National Railways, and as such knew about the Canadian National Railway system generally. The deputy minister had always been a member of the board of directors of the Canadian National Railways. He was the link between the two. Mr. Henry helped to fill that particular role as no one else could possibly have filled it at the time it was necessary to fill the vacancy created by Major Bell's death It was for that reason that Mr. Dunning sought to get the services of Mr. Henry.

Mr. Henry has given his own evidence. He has stated that he did not wish to accept the office, that he did not want it, but that Mr. Dunning pressed him and Sir Henry Thornton pressed him in the railway interests. He says that he told Mr. Dunning that he was interested in Beauharnois. Mr. Dunning had said to him: If Beauharnois was going to come before the Department of Railways and Canals in any shape or form he would not allow him to come in, but that the Beauharnois application was before the Department of Public Works and that he would not be asked to have anything to do with the Beauharnois matter. The very day the evidence came out that Mr. Henry was associated with the Sterling Industrial Corporation I asked Mr. Dunning whether that fact had been disclosed to him and whether he had had any knowledge of it, and he said to me that he had no knowledge of it whatsoever, that he did not know of the existence of the Sterling Industrial Corporation when he spoke to Mr. Henry, that until he read the evidence given before the commission he never had had any knowledge of its existence any more than I or, I imagine, any other members of the cabinet had. If he had had the knowledge of what has since been disclosed, I am quite sure he would not have asked, pressing as the circumstances were, to have Mr. Henry fill the position for that time. Mr. Henry had to be persuaded against his own will and wish. He did what he did to oblige the government of the day and to render a much needed public service. He was at the time, as he said himself in giving his evidence, not in a condition physically where he felt he should take on extra burdens, and indeed he had to go into hospital for an operation very shortly after he took the appointment. All the circumstances, to anyone with an unbiased and free mind, make it perfectly clear that Mr. Henry's association with the Department of Railways and Canals was only because of the interests of this country, generously given with regard to its railway problems. It was for a temporary period only, until Mr. Dunning had had time to look around and obtain a successor. Mr. Dunning a little later was transferred to the Department of Finance, upon the death of Mr. Robb, which rendered necessary the keeping on of Mr. Henry for a little longer than would otherwise have been the case. He stayed only to oblige the administration in a critical situation.

Those are the facts. Why unless there is an ulterior political motive, this reference to Mr. Henry's appointment should be brought into the report in a way to appear to reflect upon the head of the government of Canada, I am at a loss to understand. As I say, I would like to support this report in its entirety if it were not for things of this kind, but when one encounters paragraphs of that sort one has to ask oneself: What view is the public going to take of the attitude of anyone who supports a report that contains that kind of insinuation and that kind of reflection?

May I say that the same kind of thing is true with respect to some other of the personal references in the report. Here I feel I come to tread on rather delicate ground. The report makes mention of several persons, some of whom are in public life, some of whom are in the civil service, others of whom are citizens engaged in industrial and other concerns. I have always understood with respect to this parliament that where matters concerned members of the other house it was for that house to concern itself with those particular individuals, that is was not for the members of this House of Commons to pass judgment upon any member of the honourable body of the Senate, any more than it is within the jurisdiction of the Senate to pass judgment upon an honourable member of this house. I do not want it to be assumed that I am trying to shield anyone, or to avoid any discussion, but I have the same responsibility as the Prime Minister has in seeking to maintain the traditions of parliament, traditions that are fundamental, that are based on principle and that may operate in one way to-day as respects hon. members on this side and to-morrow may be operating in the same way as respects hon. members on the other side of the house. For that reason I say I was surprised when I found the report did refer in condemnatory terms to hon. members of the Senate. I would take no exception whatever to the committee taking all of the evidence that it wished to take, bringing it together in its report and making it as pointed and direct and as strong as you please, and saying that this evidence should be submitted to the Senate of Canada—I am speaking now of the evidence that relates to the senators—for that honourable body to deal with. Indeed one of the recommendations of the report is that a copy of the report and the evidence shall be sent officially from this house to the Senate so that the Senate may take cognizance of it. I submit that the Senate is the body that must deal with senators, and that we in this House of Commons have not the right to pass judgment on any member of the other house. I ask, Mr. Speaker, if I am not right in that view. Perhaps it is unnecessary to make an appeal offhand. I will leave it to the sense of the house. All that I want to make perfectly clear is this: I think a mistake is made in the report in presenting the matter in the way it is. Let me repeat, I would not have asked the committee to refrain from making a single statement about anything done by any senator that came out before the committee, but I do say that when they had brought out the evidence, no matter how condemnatory in their opinion it may have been, it was their duty where the evidence reflected upon honourable members of that body to recommend that the evidence be transmitted to the Senate for the Senate itself to deal with. Similarly in the House of Commons I believe we have here to maintain the rule and the tradition in that particular regard. If therefore I do not go into the question of any actions of the senators as referred to in the report it is because I am respecting what I believe to be the rules and the traditions of this parliament. Let me say most emphatically however that with respect to much set forth in the report concerning some of the things which have been done, I believe they are wholly unjustifiable and cannot be defended at any cost. However with the matters contained in the report which pertain to senators it is for the Senate itself to deal.

There is one reference in the report, however to an honourable senator which I believe I should not allow to pass without comment, because it seems to cast a reflection on a hon. member of parliament which the evidence does not justify. I have before me that portion of the report which refers to Senator Raymond. It is to be found at page 638 of the votes and proceedings. Referring specially to subsection 2 of section 15, I quote the following:

> At the conclusion of his evidence one of the members of the committee expressed the view that he ought to be commended for his frankness in giving his evidence.

This is referring to Senator Raymond. Then, a little farther on I find the following:

> It transpired when Mr. Sweezey returned to give further evidence that Senator Raymond had received from Mr. Sweezey some $200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the committee if he wished the committee to understand that he was stating fairly his connection between the government and the Beauharnois promoters.

I say that is not the evidence, and not even the inference to be drawn from the evidence. There are in those paragraphs insinuations and implications which under the circumstances are not at all justified. May I direct the attention of hon. members to the fact that Senator Raymond was never asked the question whether or not he received money for campaign funds. Senator Raymond offered to appear before the committee, came of his own volition, was present at the sittings and allowed members of the committee to examine him and ask any questions they wished. He answered every question. I am told that in fact he came back a second time.

May I say to the house that there were other witnesses who had appeared before the committee and had been questioned, but to whom no questions were put concerning campaign funds. Mr. Sweezey himself had been on the stand more than one day. At a later time he was recalled and asked concerning campaign funds, but this was at a time subsequent to that at which Senator Raymond had given his evidence. When Senator Raymond gave his evidence the matter of campaign funds had not been discussed in the committee. Under those circumstances I ask: Was it fair for a committee wishing to be perfectly impartial and judicial to inject this reference into the report:

At the conclusion of his evidence one of the members of the committee expressed the view that he ought to be commended for his frankness in giving his evidence.

There was no need to insert that sentence in the report. It was put in to form an excuse for inserting the following paragraph:

It transpired when Mr. Sweezey returned to give further evidence—

Those are the words, "when Mr. Sweezey returned to give further evidence." Why was that evidence not brought out at the beginning? Hon. members in the committee had knowledge during the several meetings of the facts that they were going to bring out with respect to campaign funds, and with respect to everything else. They had that knowledge before the committee ever met. Why did they not ask Mr. Sweezey about campaign funds when he was questioned at the start?

Mr. BENNETT: The right hon. gentleman realizes that he has omitted the intervening ten lines.

Mr. MACKENZIE KING: I did it because I felt they were not relative to the point I was making.

Mr. BENNETT: On the contrary, they explain what follows.

Mr. MACKENZIE KING: Very well, I shall read it all. To my mind they disclose a further reason why this particular part of the report is not at all justified. I shall read the whole thing:

At the conclusion of his evidence one of the members of the committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion and Prud'homme, counsel for the Beauharnois syndicate (exhibit 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Hon. Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

(3) On page 391, Mr. Frank P. Jones states: "I certainly asked Senator Raymond over and over again if he could not do something to get action."

Mr. BENNETT: To get "some" action.

Mr. MACKENZIE KING: Yes, to get some action. To continue reading:

(4) It transpired when Mr. Sweezey returned to give further evidence that Senator Raymond had received from Mr. Sweezey some $200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the committee if he wished the committee to understand that he was stating fairly his connection between the government and the Beauharnois promoters.

I say that Senator Raymond was perfectly frank when he appeared before the committee. He answered all questions asked him and he was never asked any question about campaign funds. Had he been asked he would I believe have made then exactly the same answer as he would give to-day. He would have answered in the same straightforward manner in which he gave his evidence before the committee on other matters. I am informed that he came a second time to Ottawa in order to continue his evidence. I really believe there are many hon. members on this side who would like to support the report and make it as nearly unanimous as possible, but how can hon. members on this side support a report with that particular statement in it concerning Senator Raymond, which is in the nature of a reflection, without its being broadcast from coast to coast that the Liberal party this day condemns Senator Raymond for his action? The evidence does not disclose anything which would afford reason for an attitude of that kind.

I should like now to pass on to further matters. I do not wish to take up too much time in a discussion of individual names, but reference has been made to two civil servants and in that connection I think I should speak briefly. The report contains a reference to Mr. J. B. Hunter, Deputy Minister of Public Works, and to Mr. K. M. Cameron, chief engineer of that department. True, the report does not say very much about these gentlemen, but refers to the manner in which they gave their evidence. I feel the statement ought to be made that at all times, civil servants are in a very difficult position. They are in the public service under the direction of ministers, but they are not in positions where they can speak for themselves. A reflection may be cast, in a report such as this, upon two members of the public service,

and yet they are not at liberty to so much as come out in the press the next day and make an explanation of their conduct.

I gather that in the committee there was a good deal of questioning of witnesses and it may have been that there was something in the manner of these gentlemen that was not altogether pleasing to members of the committee. But let anyone go through the ordeal of appearing before a parliamentary committee to give evidence, and I should be rather surprised if his manner would be all that one might expect from a person expert in the matter of giving evidence. In this case I submit if these gentlemen gave their evidence in a manner which was not satisfactory the whole purpose would have been served had the minister in charge, the chairman of the committee, spoken to his colleague, the Minister of Public Works, about the manner in which the evidence was being given, and requested the Minister of Public Works to speak to those particular civil servants concerning the manner in which their evidence had been given. That would I believe have been a fair way to deal with public servants, but I do not think it is fair that the names of these two very worthy men who have been in the service of Canada for a long time and who have given excellent service, should be broadcast across Canada, coupled with the kind of thing contained in this report, thereby carrying the inference that in some way they too were connected with what there may be in the way of scandal revealed therein.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: That is another reason why I should hesitate to approve fully of the report in its present form, strongly as I am prepared to endorse most of what it contains.

That concludes about all I wish to say at the moment with respect to individuals whose names are mentioned. I come now to the concluding portion of my remarks which deal with the matter of political organization and campaign funds. At this point I shall ask hon. members to allow me to review the situation, as did the Minister of Immigration, in its true perspective. I wish to state my own position as head of the party I have the honour to lead, and from the standpoint of my relation to the whole question of political organization.

I was chosen leader of the Liberal party at the national convention in 1919—chosen by the votes of the majority present at the convention, which happily included a majority of the then members of the Liberal party in the House of Commons. On some previous occasions leaders have been chosen only from the parliamentary group. My right hon. friend was chosen at a great convention of his party. I think he is the first leader of his party who has been chosen in that way. I mention this matter simply because it has some bearing upon the question of the organization of a political party. The proceedings of that convention have been published, and are available to all hon. members of this house. In the proceedings are given the two-fold purpose of the convention: (1) to choose a leader; (2) to arrange for party organization. Page 12 reads as follows:

> In the official call for the national Liberal convention it is stated that the second purpose for which the convention is to be held will be to deal with the question of party organization. The importance of party organization was, therefore, present to the minds of those who prepared the official call, and it should not occupy a lesser place in the minds of those who may be given an opportunity to deal with the subject either as members of a committee or in the convention as a whole.

The convention took up the question of party organization, and it was decided that there should be a national committee of which the leader of the party would be the president or honorary president, there were to be vice-presidents from the different provinces, and a committee of fifty odd in number. There was to be a national Liberal organization office to be established in the city of Ottawa, which would have charge of organization and information. Mr. Haydon had been secretary of the national convention. He generously consented to act as secretary of this office. Probably I am wrong in saying he acted as secretary; I think he was to be general counsel, although he assumed in large part the obligations of secretary. That was in 1919. The work of carrying on such publicity as was issued on behalf of the party was centred in this office, and when political campaigns came on those who were associated with the office had to do with those campaigns.

There were by-elections prior to the general election of 1921. With regard to those by-elections, as leader of the party I had no knowledge whatsoever of the organization of the campaigns, I did not regard it as part of my duty as leader of the party to have to do with the work of organizing political campaigns. I could never have hoped to fill the position of leader of my party in this house had I, in addition to the duties of preparing for the subjects of debate here and the obligation of speaking publicly throughout the country, to take charge of political campaigns

I simply could not have done it even if it had been expected of me as a political leader, which it was not. I had nothing to do with the organization of the by-elections prior to 1921. When the general election of 1921 came on, I had no knowledge whatever of how that campaign was managed—I went where I was told to go to speak by those who had direction of the campaign. I had just about all I could do to get together the material that was needed for speaking in that campaign from one end of the country to the other.

How could I, as leader of the Liberal party at that time, having had very little experience in public life, have taken charge of such organization work? I was returned to parliament in 1908, and during the greater part of that year I was in the orient. When I arrived back in Ottawa before the end of the session the Right Hon. Sir Wilfrid Laurier honoured me by taking me into his cabinet, and I continued as Minister of Labour until 1911. I was busy with my departmental work during that time and was not dealing with questions of political organization. While I was out of parliament after 1911, I had for a time to do with some of the publicity work of the party, writing pamphlets, and also editing the Liberal monthly publication. But during the time I held the position no election campaigns took place, and I had no knowledge of the organization of political campaigns. When I came back into parliament in 1919, I had had very little in the way of political experience. With such ability as I had it required just about all the time and resource I could command to master the questions that presented themselves for debate and discussion without attempting in addition to deal with election campaigns. So during the campaign of 1921 I had no knowledge whatever of who contributed to the campaign funds or how the campaign was conducted.

Now, what was true of the by-elections prior to 1921 was equally true of all by-elections which took place subsequent to 1921; what was true of the general election of 1921 was equally true of the general election of 1925, the general election of 1926 and the general election of 1930—the position was exactly the same. With respect to the political organization of the party or the knowledge of its affairs in 1930 my attitude was no different from that which it had been in previous years. There was no reason why it should be. I held to the position which I hold to at this moment, and which I say is the only true position that a political leader can take—that there must be a division of labour in a political party, that it is the duty of the political head of the party to see to matters of policy, to be able to discuss questions on the floor of parliament and throughout the country; but that it is not his business to get out the literature of the party, nor is it his business to organize political campaigns. Such work belongs to the rank and file of the party and to those who will act on their behalf.

In that particular may I say that I believe I am following the tradition which has always been followed in British politics. Will anyone say—I will not speak of those who are in active politics to-day, and I will not speak of those who have been politically active in this country, but I will speak of some of the great political leaders in Great Britain who have passed away. Will anyone say that Mr. Gladstone had supervision of the organization of the Liberal party and its campaigns in England during the time he was Prime Minister and leader of the party?

Mr. BENNETT: The records show that he had a most intimate knowledge of it.

Mr. MACKENZIE KING: My right hon. friend says that Mr. Gladstone had the most intimate knowledge of the organization of his party. That is a surprise. However it helps bring us to the point that I wish to develop. Will anyone say that Lord Salisbury had a most intimate knowledge of the organization of the Conservative party, that he knew who contributed to the funds of the party, that he knew about all the contributions that were being made to the political funds of his party? Will anyone say that Mr. Asquith had that intimate knowledge?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Will anyone say that Mr. Bonar Law had that intimate knowledge?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Will anyone say that Lord Balfour had that intimate knowledge?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: The Prime Minister says, "Yes"?

Mr. BENNETT: I am saying that all the Prime Ministers of Great Britain since Lord Salisbury—I am not speaking in relation to him—had the most intimate knowledge of the matters to which the right hon. gentleman refers.

Mr. MACKENZIE KING: Well, that is a surprise to me.

Mr. LAPOINTE: It is to everybody.

Mr. MACKENZIE KING: I cannot speak for the organization of the Conservative party, in Great Britain, but I can speak of the Liberal organization in that country because I know a little of how it is carried on. I took care at the time I became leader, to ascertain what was the practice followed in Great Britain.

Mr. BENNETT: Surely my right hon. friend knows that Mr. Lloyd George has control of it.

Mr. MACKENZIE KING: Yes, and I am glad my right hon. friend has spoken of that. I will have a word to say in that regard, because it brings out the essential difference between our points of view. In England the organization of the Liberal party was a development of the national federation. Its secretary was Mr. Robert Hudson, a gentleman who subsequently became Sir Robert Hudson. For a third of a century he was secretary of the national Liberal federation, an organization of the party as a whole whose affairs were controlled by representatives of the party from all parts of England. He was also secretary of another special council which had to do with political matters, the Liberal Central Association. This national federation carried on the work of the Liberal party throughout the country and in the constituencies; it had to do with the sending out of literature, the placing of speakers and the organizing of political campaigns. In parliament the whips of the party had their own organization in association with the Prime Minister, but that organization had nothing to do with political campaigns. The whole work of political campaigning, as I have said, was kept separate and distinct from the Prime Minister and his associates; they may have been in touch with it but it would have been impossible for any prime minister to attempt to grasp all the details.

I do not ask hon. members to accept my word for this. I hold in my hand a volume which is a memoir of Sir Robert Hudson, published by Mr. J. A. Spender, who for many years was editor of the Westminster Gazette and who is well known as the distinguished author amongst many other works of the Life and Times of Campbell-Bannerman and other volumes entitled "The Public Life." This memoir of Sir Robert Hudson contains a statement of the organization of the Liberal party in England over a period of forty years. If hon. members wish to know about the organizer and his work they will find in chapter 3 a full account of how the organizing is carried on, under the following headings:

Appointment as secretary to the N.L.F.; A dual office; The Liberal central association and its functions; A working partnership; Robert's friendships and their value; The duties of the secretary; Visitors to the office; Supplying candidates; Arranging public meetings; Difficulties with the star performers; Providing "literature;" The Liberal publication department; The Liberal magazine.

That chapter contains a complete statement of the organizer and his work in connection with the Liberal party in England. Then there is another chapter which goes even more fully into the matter we are now considering. It has to do with the Liberal party and its finances. This subject is discussed under the following headings:

Asquith at Dean's Yard; Work at Abingdon Street; Anxiety and hope; The financial storm-centre; The 1923 election; The Lloyd George fund; Negotiations with Mr. Lloyd George; The disaster of 1924; The million fund; Its difficulties; The general strike and Lord Oxford's resignation; Renewed negotiations with Mr. Lloyd George; Their outcome; Resignation of officers.

This chapter makes clear that the split in the Liberal party of England, which is more or less irretrievable, was the result of the introduction into Liberal politics of a plan of organization by one of the political heads of that party which had never existed previously. Mr. Lloyd George, who had been head of the Union government, acquired control of a campaign fund which, as is generally known, was largely derived from the sale of titles. They get their campaign funds in one way or another in the old country as well as in this country. Over there they got them largely from the sale of titles, and when Mr. Lloyd George had this fund he carried it with him away from his position as head of the Union government to his position as leader of the Liberal party. The Liberals who were of the old school, and who believed in the party itself looking after its own organization, were not satisfied with that sort of dictatorship. It shocked their sense of independence, they felt that it gave a political leader who had all the power in his own hands, the right to dictate policies, to control constituencies and to make conditions in a dozen and one ways with respect to the general business of the party. They thought no political leader should have any such power, at least in the Liberal party, so they

decided to issue a call asking the Liberals of England to subscribe to a million pound fund.

What was the result of that call? The Liberals of England asked, "What about this fund Mr. Lloyd George has? They said: We do not intend to subscribe a million pounds while the party has a fund as large as that in the possession of Mr. Lloyd George." The leaders of the party could not very well explain that Mr. Lloyd George was attaching all sorts of conditions to the use of that fund, and through their inability to give any explanation of the kind they were unable to gather in subscriptions to any appreciable amount. The result has been that large numbers of Liberals have left Mr. Lloyd George altogether simply because they do not wish to have at the head of their party anyone who has complete control of the party purse.

This is where the difference and a complete divergence arises between my right hon. friend and myself in connection with what has been said to-night. He is perfectly sincere in his point of view; I am equally sincere in mine, and this house and this country will have to judge as to which holds the correct view. My right hon. friend says that as political head of his party he should have full knowledge of all the funds of the party, that he should know—

Mr. BENNETT: When has he said that, and where?

Mr. MACKENZIE KING: But is not that what I am to gather?

Mr. BENNETT: I ask the right hon. gentleman where and when he said it.

Mr. MACKENZIE KING: If the remarks of my right hon. friend to-night meant anything they were to the effect that he blamed me for not having a knowledge—

Mr. BENNETT: I did not blame my right hon. friend for anything.

Mr. MACKENZIE KING: I thought so.

Mr. BENNETT: I have not yet blamed the right hon. gentleman for anything.

Mr. MACKENZIE KING: Then let us understand each other; that is what I want to get at. Does my right hon. friend hold a view different from mine? I take the position that it is not part of the duty or obligation of a leader of a political party to have to do with the organization of political campaigns or to possess an inventory of those who make contributions to party funds. That is my view; does my right hon. friend hold a different view?

[Mr. Mackenzie King.]

Mr. BENNETT: I have always held that the receiver of stolen goods was a criminal.

Mr. MACKENZIE KING: Well, I notice that whenever my right hon. friend is asked a direct question, the reply to which is of importance, he usually evades it by some very smart remark such as the one to which we have just listened. I do not think the country will find in my hon. friend's answer anything that will satisfy it with respect to his views as to the obligation of the leader of a political party with respect to its funds and its organization for party purposes.

I want to explain, as I think I have explained, wherein there certainly is a difference in point of view with respect to the ownership or control of a fund by the political head of a party and the funds of a party being controlled by the party itself. The view I hold is that with respect to any funds relating to campaign purposes it is not the duty of the leader of the political party to have to do with these matters. It is for the party organization formed expressly for the purpose by the party itself.

Now may I go a step further. This memoir of Sir Robert Hudson contain appreciations of the work done by the secretary of the Liberal organization, and I want to read a few words from these appreciations because they confirm what I have all along held to be the relationship between the secretary of the national organization and whoever might hold the office of Prime Minister or leader of the party. I quote from page 187:

> In his dual capacity of secretary of the national Liberal federation and secretary of the Liberal central association, Robert at the time of his death had had a longer continuous association with the intimate affairs of a great political party than any man then living. His service stretched back to the days when Mr. Gladstone was in the plenitude of his power, and Mr. Chamberlain the enthusiastic leader of the Radical left-wing; he was appointed to the highest place in the administration of the Liberal party when Mr. Gladstone was still on the scene, and remained at his post for thirty-three years in intimate relations with three prime ministers and a succession of leaders and whips, by all of whom he was trusted and respected. Though he died in the prime of life, the years in which he lived were crowded with events of overwhelming importance, and he had an inner vision of them and of the chief actors in them vouchsafed to very few men of his generation.

There is a true picture of one who holds the office of chief organizer of a political party formed on the lines I have indicated. Here is a further word that throws a little light on the relations of an organizer to his party:

> So far as Robert was concerned, life behind the scenes was one of cheerful and loyal com-

radeship between men who honestly believed in the policy and principles of their party, and were convinced that in serving it they were serving their country.

In this report that has been brought down there are many references to Senator Haydon, and over and over again, in what has appeared in the public press, reference has been made to the fact that Senator Haydon was a close personal friend of my own. It would be strange indeed if Senator Haydon had not been a close personal friend of my own. He was a close personal friend and is a close personal friend of mine; he was a friend throughout the years that he held the position of secretary of the national office and before that time. And may I say that if I were asked to describe the relationship between us, as I have believed it to be all the time, I would do so in the words which are used here by Mr. Spender in reference to the one who held the office of chief organizer of the Liberal party in Britain. So far as Senator Haydon's relationship and my own was concerned—

—life behind the scenes was one of cheerful and loyal comradeship between men who honestly believed in the policy and principles of their party, and were convinced that in serving it they were serving their country.

What else is said in this volume by way of appreciation of this man who was chief organizer of his party?

The confidence that Hudson at once inspired in men, even rich men, wary of their pockets, was extraordinary. Rich men would give him thousands when they would not have given prime ministers a penny piece, and yet Hudson had nothing to offer them in return save his good-will, for the federation possessed neither patronage nor power, and never attempted, or would have been allowed, to interfere with the arrangements of the whips' room.

That is the position in England. The chief organizer of the party had to do with the obtaining of party funds and he obtained them from different persons. Mr. Spender, who has perhaps a more intimate knowledge of the politics of Great Britain than any other living man, certainly than any other Liberal in Great Britain, says that there were men who gave the chief organizer thousands when they would not have given a prime minister a cent. And yet so scrupulously careful were they in Britain, or have been so far as I can judge, to prevent political leaders from being placed in a position of embarrassment through knowledge of what contributions may be made to party funds, that, as the writer says here, the organizer—

—had nothing to offer them in return save his good will; for the confederation possessed neither patronage nor power, and never attempted, or would have been allowed, to interfere with the arrangements of the whips' room.

May I say with regard to Senator Haydon that he possessed neither patronage nor power, nor would he have been permitted to interfere nor would he have thought of interfering in any way with the duty of the Prime Minister and his colleagues. That is the position; and I cannot make it too clear that, so far as the Prime Minister and his colleagues in the late administration were concerned, they were attending to the business of government, attending to their duties as ministers of the crown, and were not concerning themselves with the question of raising party funds or of working out party campaigns. They may have assisted. But the fact that contributions were made to a party campaign fund, no matter what their amount, cannot possibly carry with it, except to those who are inclined to think in that way, the inference that these funds were going to influence at any time either the present or any future action of the administration of the day.

I was struck, in reading this book, with a remark about the way Sir Robert Hudson felt in regard to this obnoxious and thankless business of collecting political campaign funds, and obtaining moneys wherewith to run the organization. It discloses how difficult it is in England or elsewhere to obtain funds. Here is a paragraph which appears at page 174:

Robert felt his position as treasurer of the federation to be becoming intolerable and more than once in 1925 and 1926 he warned the federation that he would be unable to go on unless the response was more generous. "As for money," he told Maclean at the end of 1926, "the answer is simple, there ain't none."

I speak in the presence of members of my party who were members in the last session of the last parliament. I wish to tell this house what I said to them when I spoke in caucus in the spring of 1930. I had asked Senator Haydon why it was that, despite the fact that we were labouring night and day in this parliament to make our policies known, we could not get a leaflet published which we could distribute among the electorate. We had the Dunning budget which we were bringing in and we wanted to have the electors acquainted with the details of that budget and the policies that underlay it. So far as the Liberal information office was concerned, there was no money for the purpose of getting out any publications. I confess that if there is one thing above another that has been a heartbreak in the task of leadership of the political party which I have led in these last few years, it has been that, labour as some of us would in this House of Commons, and on the platform and elsewhere, the great body of men and women throughout the country

who call themselves Liberals have not seen their way to send into the organization contributions in amount sufficient to enable us to issue our literature.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: My hon. friends opposite laugh. Perhaps they find it easy to get political party funds. They have on their side many interests which unfortunately, because of our policies, we are obliged to oppose, and we do not find it so easy. Indeed, we find it as difficult to get pennies as they do to get dollar bills. They may laugh, but that is the position. We have had great difficulty. What did I say to my own followers in parliament at the caucus to which I refer? I said that I felt my responsibility as leader of the party to let the members of the parliamentary party know that in the event of a campaign at some future date we might find that we would not be as successful as we believed our cause entitled us to be, for no other reason than that nothing was going out to the country in the form of literature. I directed their attention to the Victoria building across the way, in which my right hon. friend and his friends, for months, had offices with a staff of some fifteen clerks, if I am not incorrectly informed. They had offices from which there issued literature not by the pound but by the ton, which they sent out broadcast. I called attention to the fact that while our political opponents were spreading broadcast their political ideas and aims, and misrepresenting ours, nothing was being done by our own party to further a knowledge of its purposes and aims; and I pointed out to the members of the party how necessary it was that they should all do what they could to arouse public interest, that we might secure at least something to enable us to carry on

Does that look like a political party under obligations to power companies or other concerns? That was more than a year after the approval of the Beauharnois company's plans. That was the position of the party at that time. If mistakes have been made in accepting funds which never should have been accepted in a political campaign, it has been a very serious error in judgment, but this error has grown out of the fact that things have been done in the heat of a campaign possibly through a feeling of desperation brought about by the competition with which the party was faced which would never have been thought of or dreamed of at any other time. I do not say that to mitigate what has been done; I do not mitigate it in the least, but there is a reason for everything, and that I submit was the reason in this case.

May I say to my right hon. friend that I have stated quite frankly my point of view as to the organization of political campaigns and the duty of a leader with respect to political campaign funds. I hold the view I do for two reasons. The first one is the one which I have already given, namely, that it would be humanly impossible for me as the leader of the Liberal party to attempt to do my duty in this House of Commons and deal with the questions which are before us if I were to be continually harassed through having to do with questions of party organization and political campaigns. I could not have done it in the past, I cannot do it now, and I will not do it in the future. Unless the party of which I am the head can find some means of having the work of publicity and organization carried on without my being responsible for it, and for the organization of political campaigns then all I can say is that they will have to find someone else to lead the party. It would be an impossible task for any man who is in this particular position and I have always so indicated to members of the party ever since I have been its leader.

But I have another reason. I think I have some faith in my own integrity and in my purpose in public life. I would not care to have to deal with the questions with which this house has to deal and be possessed of an inventory of those who had contributed to the party funds. I would not care to know who the men were or what the amounts were which they had given for purposes of political campaigns. I want to make a distinction with respect to the issuing of literature and for the work of the Liberal information office from month to month and from year to year. I have time and again asked leading members of the party if they would not make some small contribution in order to help out with our literature, and a very few friends of the party have been generous in that regard. I felt that that was a perfectly legitimate thing to do. These names and amounts can be made public at any time; these contributions have been made in order to help the party publish what literature it has been in a position to get out. All the time that I have been the leader of the party I have never asked a single individual to make a contribution to a political campaign. I have had no knowledge of what the political campaign funds were. As I have said, I cannot see how a political leader could have in his pocket an inventory of the contributions made by those who have

to do with one interest or another interest and at the same time hope to be free from any kind of influence in his dealing with many of the questions which might come up in the house.

The following statement is made in the report, as appears on page 634 of votes and proceedings. I read this to bring out the difference between my hon. friend and myself in the way in which I think it should be understood. The report reads:

There was also a suggestion with reference to a proposed contribution to the Conservative federal campaign fund through its organizer General McRae. This, however, was not made. Asked if the reason for its not having been made was that Mr. Bennett would not accept it, Mr. Sweezey in his reply said "I do not know that but I presume that may be so."

The evidence upon which that statement in the report is based will be found at page 823. The following are questions asked of Mr. Sweezey:

Q. Was there any proposal indicating a contribution to the federal campaign fund through its organizer, General McRae?—A. Yes, a proposal came to me at one time to make a contribution.

Q. Of how much?—A. Of $200,000.

Q. Was it made?—A. No.

Q. Why?—A. I do not know what happened.

Q. I understand that Mr. Bennett would not accept it?

How did Mr. White get that information? How did he know in advance of the witness? Had Mr. Bennett told him that he would not accept it? Had he asked him to ask that question? The answer given is as follows:

A. I do not know that, but I presume that may be so.

Mr. BENNETT: Mr. Lennox and not Mr. White appears to have asked those questions.

Mr. MACKENZIE KING: I thank my right hon. friend. My right hon. friend had knowledge of the contribution that was made or at least of the fact that this Beauharnois company had been asked for a contribution of $200,000, and it is intimated he said that it was not to be accepted. Was there an exception in the case of Beauharnois with regard to political contributions? Was Beauharnois the one case that my right hon. friend knew about or did he know about all contributions to the party fund? I hope he will tell us this when he speaks on this subject. Did he ask his organizer to tell him who were contributing and how much they were contributing? Did anyone come to him to find out whether or not a contribution should be received? He may have had this information, but if he had I do not know what view he himself or the country will take of the fact that these contributions must have come in a large part from those engaged in industry in this country. I have implicit faith in the integrity of my right hon. friend. I do not say for any reason other than this, I honour him in his position. I honour him as a man and I have faith in his integrity, but I think he renders himself open to very serious misunderstanding from one end of this country to the other if he tells the people of Canada that he has an inventory of those who contributed during the last elections to the funds of the Conservative party; that he knows the amounts which were received, that he said they were to be received from this person or from that and were not to be received from other persons. We have been dealing with many matters during the present parliament. Both at the special session and the present session the tariff has been raised—raised very high indeed. It will be remembered that Mr. Sweezey told the committee that contributions were made to political parties not for favours which were past but for favours to come. Having that thought in mind, I ask hon. members to ask themselves this question: If it be true that my right hon. friend had knowledge of all who were contributors to his party fund, what will the country be thinking to-day of the changes which have been made in the tariff in connection with cottons, in connection with woollens, in connection with rayon and silk? What about iron and steel, boots and shoes, gasoline, magazines, sugar refining; what about income taxes, what about agricultural manufacturers, what about motor car manufacturers and what about electrical goods manufacturers?

Let me hasten to add that my right hon. friend—

Mr. BENNETT: That is disgraceful.

Mr. MACKENZIE KING: I say that I do not believe my right hon. friend—

Mr. BENNETT: My right hon. friend has been talking all evening about insinuations.

Mr. MACKENZIE KING: I am speaking directly; there are no insinuations in this.

Mr. BENNETT: It is full of them.

Mr. MACKENZIE KING: The extent to which there can possibly be insinuation depends on whether or not my right hon. friend has gained from everyone who has contributed to his party exact knowledge of how much they contributed. There is not

an insinuation of that on my part. I am speaking of how the country may view matters however upright and good my right hon. friend's intentions may be. The difference between him and me is this, he may feel that as Prime Minister he can have a knowledge of how much has been contributed to the party funds by the different members of his party and yet keep free from any kind of direct or indirect feeling, conscious or unconscious, with respect to the matters in which those who have made contributions may be interested. Perhaps he is able so to do. Perhaps he can hold that position, but I say to him that I think the country would feel in a much happier frame of mind if it believed that my right hon. friend did not know what contributions had been made by the textile industries, did not know what contributions had been made by wealthy men with large incomes, did not know what contributions had been made by some of those concerns getting subsidies and other benefits at the present time. I repeat, I am not reflecting on the integrity of my right hon. friend.

Mr. BENNETT: What are you saying it for, then, if not for that purpose?

Mr. MACKENZIE KING: I am trying my best to make clear the difference between my right hon. friend's point of view with regard to political funds and my own. Either he knows what contributions were made to his party, or he does not. I say that the view that I take of a prime minister's obligation is that it is not part of his duty, and it must not be expected of him, to know what contributions have been made to political campaign funds. I may be wrong in that, but that is the position I take.

May I add this? I do not see how anyone could possibly be expected to know what contributions are being made to party funds. After all, is the Prime Minister going to be told everything? Some things come from one source, others from another source, some in direct ways, others in indirect ways. How can he possibly know? I think any doctrine that the Prime Minister should know is as unfair to those who make political contributions as to those who ask for them. Many a man might wish to contribute to his party and the policies it advocates, but if he knew that the leader was going to know what his contribution was he might hesitate to make a contribution, feeling that it would be embarrassing both to him and to the head of the government. I just want to say apart from all else that during the years I was Prime Minister I had not the time to keep myself familiar with these matters of organization, There is no use pretending or being hypocritical in the matter. The truth is it could not have been done and was an impossibility.

I want to answer a question or two that come concretely to the point in this matter. In the Ottawa Journal of Thursday, July 23, 1931, there is an article which is headed, "Mr. Mackenzie King and Beauharnois." The first part of that article has reference to my own personal honour as leader of the opposition. I should like to thank the Ottawa Journal for what it has said in regard to myself personally, as I do thank as well other publications both on the Conservative and the Liberal side which have been generous enough to say a word at this time with respect to what they believed to be the personal honour of one who has held the office of Prime Minister in this country for nearly ten years. However, I have not referred to the article for that purpose. I have referred to it for the purpose of answering four questions which it asks in the editorial and which it says I should answer. The article in this particular reads:

> In the matter of campaign funds, and in the particular matter of that $700,000 which Mr. Sweezey handed over to Senators Haydon and Raymond, Mr. King's position is not so happy. Here, we think, the country will want to know the answer to those questions:
>
> 1. Upon whose credentials did Senators Raymond and Haydon obtain Mr. Sweezey's money?

My answer to that is that I do not know. Senator Haydon was known to be and had been known to be for years the organizer and treasurer of the party, so far as Ottawa and the general work was concerned. I assume that he would naturally be thought of as the one to whom contributions should be made. As hon. members well know, in political campaigns a great many are only too anxious to be the collectors of political funds, and I think it is fortunate for a political party when it is known that only one or two men have the right to receive contributions. The province of Quebec, so far as the Liberal party is concerned, whether it relates to the Dominion or the province, has always preferred to manage its own affairs, and in that province Senator Raymond acted as treasurer for the party—a very difficult task, a very obnoxious task in many ways, but assumed by him as his share of the party's work in a political campaign, and generously assumed.

> 2. Did Mr. King authorize them to go to Mr. Sweezey?

My answer to that is no, I did not, nor did I know they had gone to Mr. Sweezey.

3. If not, did Mr. King know that they were going to Mr. Sweezey and did he know that they got the $700,000, and that his party was using it?

My answer to that has already been given, and it is an emphatic no.

4. Whether Mr. King, assuming that he did not know anything about the Beauharnois contribution, should not have considered it his duty to find out from what sources his party was being financed?

I think I have answered that last question. I may be in the wrong in my answer. The country will have to judge, and this house will have to judge, but my answer is this, and it will continue to be this as long as I have to do with the Liberal party: I simply cannot undertake to assume responsibility for the organization of political campaigns and to pretend to have a knowledge of who are making contributions to them. I agree that some way will have to be found to help make more effective the supervision of such funds, and I shall gladly cooperate with anyone towards that end, but so far as I am concerned there will have to be someone else take on the task of leadership if that particular job is expected of the leader of the party, particularly during the time one might be holding the office of Prime Minister.

May I just say a further word in regard to this matter? Some of the papers of the country have been saying that the Liberal party has been brought into disgrace by what has taken place. After all, it is an unfortunate fact with regard to most things in human life, that no matter how good the cause may be, no matter how true and honourable and honest the great body of men and women are who are supporting a cause, every now and then something happens which is not creditable, and the party as a whole or the group as a whole have to suffer as a consequence. During the period of the great war when men were fighting for liberty and giving their lives for the cause, things happened to the commissariat which were most discreditable. There were scandals in connection with the food that was supplied, in connection with the boots and shoes supplied, even in connection with the munitions supplied, scandals which everyone deplored, and I am sure no one more than those who belonged to the great army in the fighting forces. But will anyone say that because some of the army organization or those connected with it did things that were not creditable, that their actions brought the whole army into disgrace or that the great cause for which they were fighting had suffered thereby. No one could deplore more than I do what has been revealed in this inquiry. I am glad if it was there to bring out, that everything has come out that has come out. I would much rather have everything known than that anything should be concealed with no end of rumours and suspicions continually afloat. What I want to say is this. Individual members of the Liberal party may have done what they should not have done, But the whole party is not thereby disgraced. The party is not disgraced, but it is in the valley of humiliation. I tell the people of this country today that as its leader I feel humiliated, and I know my following feel humiliated. I have told them so in caucus, that we are in the valley of humiliation. But we are going to come out of that valley, not in any boasting way, but with a determination to see to it that so far as the cause of Liberalism in this country is concerned, it will advance forward to higher and stronger and better ground than it has ever occupied in the past.

The report concludes with certain recommendations. There is no time to go into them in detail; but may I say I am quite prepared to accept them with the qualification that their final acceptance will depend upon the legislation to be based upon them. As they stand, the recommendations of the committee are:

1. That the parliament of Canada take such action as may be within its power, and without prejudicing the rights of the province of Quebec, to procure the development of this project in such a manner as will best serve the people of Canada.

2. That should the rights of the Dominion and the province of Quebec come in conflict, every effort be put forth to arrive at a satisfactory agreement, so that the project may not be imperilled by delay.

3. That definite action be taken to preserve the rights of navigation and the complete jurisdiction of parliament in respect thereto.

4. That the order of reference, the reports of the committee, the minutes of proceedings, the minutes of the evidence taken, and the exhibits filed, be printed as an appendix to the Journals of the house.

5. That a copy of this report be remitted to the Speaker of the Senate for the information of that house.

6. That such of the exhibits as have not been read into the record and are not on departmental files and were referred to be copied and the originals thereof be returned to the person producing the same.

I endorse all of those recommendations, but I will reserve to myself and to the members of my party the right to decide, when my hon. friend brings down his legislation, whether it comes within the lines of the recommendations here laid down.

I wish now to conclude, Mr. Speaker, what I have to say. A committee has been sitting which has revealed the source of the campaign funds of the Liberal party in the last general election. I believe the country feels and I know I feel, that as regards campaign funds only part of the story, and a very small part, has been told. The country is demanding to-day that this inquiry which has been started shall not be permitted to drop at the point it has now reached, but that it shall be continued, and continued in a more thorough and more impartial manner than it has thus far been conducted. What I believe the country wants, and what I ask my right hon. friend to grant, is a royal commission to go into the question of party campaign funds, the sources of those funds and the cost of conducting political campaigns, and to investigate not only the election of 1930, but the elections of 1925 and 1926 as well.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: In that connection I do not believe the country will be satisfied with a commission which would consist of one judge or one commissioner appoined by my right hon. friend himself. It will expect that there shall be a commission on which all parties in this house will feel they have a voice in the choice of the commissioners, and also that they have representation by way of counsel. What I recommend and ask the government to do is this: To appoint a royal commission of three judges. I would recommend that my right hon. friend as leader of the Conservative party name one of the commissioners; I would ask that as leader of the Liberal party I should be allowed to name another, and that the so-called independent group in this house should name the third commissioner. I would recommend that the right be given to each of the three groups to have its own solicitor who may act in an advisory capacity, and that such a commission should go into the whole question of the sources of campaign funds of the last general election and the elections of 1925 and 1926. I say nothing short of that will satisfy the people. If it is not done, the country will increasingly come to the conclusion that the purpose of the select committee has been not so much to gain information concerning the Beauharnois canal project as to bring out certain facts known in advance concerning what has been done by one or two members of the Liberal party in order that the Conservative party might be shielded with respect to what it has done in political campaigns.

I am not making any charges, but I think the country will be interested in knowing how large contributions have been, what individual contributions have been, what every member who has contributed to the party has given. After all, it is not merely the fact that individuals contribute but the amounts which are given which are of importance during election times. A contribution of half a million dollars—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: My hon. friends opposite laugh, but the contribution of half a million dollars, whether it comes from an individual who is a member of his party in the House of Commons or from a company outside of parliament, is still a contribution of half a million dollars, and serves exactly the same purposes.

An hon. MEMBER: Make it three-quarters of a million.

Mr. MACKENZIE KING: My hon. friends opposite probably know more about amounts than I do; I am not directing my remarks to particular amounts.

May I add that I believe it is a great mistake that the public should have the idea that because campaign funds are large, and large amounts are contributed, that they are used for the purposes of corrupting the electorate or for buying votes. I do not believe of late campaign funds have been used in that way by any of the political parties in this country.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. members opposite seem doubtful. Again I say that probably they know better than anybody else. I ask anyone to recall the last general election and consider what was spent for advertising, what was spent for radio broadcasting, what was spent for party literature, and just try to imagine its total cost. I ask anyone to think of the last election, to consider the expenditures visible to the eyes of anyone, and then ask whether for every dollar the Liberal party spent there were not ten dollars spent by the party opposite.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: We would be in a position to find those things out for ourselves if my right hon. friend would grant the commission I am now asking for in the name of the country.

I think that not only should there be a royal commission to go into the matter of party campaign funds from the ground up, so that if at all possible we may have the

matter cleared up once and for all, but as soon as the next session of parliament meets there should be appointed a select committee of the house to consider the Dominion Elections Act, and see if in some way it is not possible to have that act further amended so as to render unnecessary, to as large a degree as possible, the collection of moneys for campaign purposes. I make that suggestion in the interests of every hon. member in the house, in the interest of every future candidate, in the interests of every political party, and in the public interest. I would suggest the establishment of a permanent register which would record the name of every elector who is entitled to vote, such register to be kept up to date by the chief electoral officer so that when there is a by-election or a general election no money will have to be spent to make out voters' lists, or for other like purposes. May I add that when in office we considered the register idea, and had time permitted would have put it into force. I had consulted with Colonel Biggar, who had to do with the drafting of the elections act some years ago and he told me that two years at least would be required to put such legislation into effect. There was not time before the general election to bring it into effect, but the government now in office might have time to deal with the matter.

In addition to the suggestions I have made there should be a measure to make it the law of the land that voting shall be compulsory. Under such a law every voter would be expected to go to the polls and record his vote, whether he marked his ballot for one party or for another, or simply sent it in in blank. It is the duty of every one to vote, a first duty of citizenship; and if the last two measures I have mentioned were put into effect I believe they would go a long way towards putting an end to the necessity of campaign funds and everything associated with them. In the third place, if any way can be found of limiting the amounts of subscriptions to be given by individuals, companies or corporations, and any way of giving increased publicity to whatever is given, I believe such measures would be very much in the public interest.

It would be a grave mistake, after the inquiry has gone so far, if the matter were allowed to rest as it now stands. The public conscience in Canada has been aroused, and we should take advantage of that fact to see that as much information and as much light as possible is thrown on the whole matter of party organization and campaign funds, and that legislation be enacted to ensure at election time hereafter as little necessity as possible for campaign funds. If we do that, then possibly some great good will come of the inquiry which has been held, and which has been such a heartbreak to many of us on this side of the house.

On motion of Mr. Woodsworth the debate was adjourned.

On motion of Mr. Bennett the house adjourned at 12.20 a.m. (Friday).

Friday, July 31, 1931.

The house met at three o'clock.

THE GOVERNOR GENERAL

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, a question was raised by the former Minister of Justice (Mr. Lapointe) as to the instructions, commission, and letters patent issued to His Excellency the Governor General. The facts are that the commission appointing the Earl of Bessborough as Governor General of Canada was issued by His Majesty on March 20, 1931, and countersigned by the Prime Minister of Canada. It empowered the Governor General to exercise the powers contained in the letters patent issued on June 15, 1905, or in any other letters patent issued thereafter in accordance with such instructions as had already been given, or might hereafter be given.

On March 23, 1931, His Majesty, on the advice of His Majesty's government in Canada, issued new letters patent and instructions. The letters patent and instructions were gazetted on July 25. The commission has not hitherto been gazetted.

I lay on the table copies of the relevant documents.

QUESTION PASSED AS ORDER FOR RETURN

DISTRICT SUPERVISOR OF BEEF GRADING—CALGARY

Mr. BURY:

1. Was John W. Cahill, district supervisor of beef grading, Calgary, a naturalized British subject when he first made application for the position?
2. When was he appointed to this position?
3. When did he make application to the Civil Service Commission?
4. When was he naturalized?
5. How many applicants were there for this position?
6. How many were qualified and placed on the eligible list?

7. Give names and dates of appointments?
8. Who was the Department of Agriculture representative named to be a member of the examining board?
9. What officers of the Department of Agriculture signed the examining board report?
10. What other competitions have been held since that date for this position by the Civil Service Commission?
11. How many applications were received?
12. Give the names of the successful candidates, in the order in which they were placed by the Civil Service Commission?
13. Were either or both of these applicants in the first competition?
14. If so, why were they not placed on the eligible list?

Return tabled forthwith.

LIBRARY OF PARLIAMENT

Mr. GROTE STIRLING (Yale) moved concurrence in the first report of the joint committee on the library of parliament.

Motion agreed to.

WORLD WHEAT CONFERENCE

Right Hon. R. B. BENNETT (Prime Minister): A few days ago an hon. member asked if we had received any report in connection with the standing committee of the conference of the wheat exporting countries held in London recently. I now have three copies which I propose to table, and in doing so, I shall make a short statement as it has been received from London:

The first session of the standing committee of the conference of the wheat exporting countries was held in London at the office of the High Commissioner for Canada from the 6th to the 10th of July, 1931. Official representatives of the following countries were present: Argentina, Australia, Bulgaria, Canada, Hungary, India, Poland, Roumania, Union of Soviet Socialist Republics, and the United States of America.

It will be recalled that the standing committee was instructed by the wheat conference, which met in London on the 27th of May, 1931, to submit to the governments of the countries participating in that conference a definite proposal for establishing a clearing house of information to serve the wheat exporting countries.

Carrying out these instructions, the committee has presented a report on its first session which I shall lay before the house. The report outlines the plan for the creation of an International Wheat Information Service which the standing committee has prepared. The organization will consist of:

First, the standing committee of the conference of wheat exporting countries;

Second, a small secretariat.

The duties of this service will be informational and not advisory. It will operate as far as possible through existing official and unofficial, national and international agencies. Its scope will be international and its work will be carried out in the interests of all countries.

[Mr. Bury.]

The objects of the service will be:

(1) To foster collaboration between wheat exporting countries with a view to encouraging the effective distribution of wheat, and to facilitating the better understanding of the wheat problem.

(2) To increase the scope, reliability and timeliness of wheat statistics and other relevant information, in order to assist the international trade in, and the effective distribution of, wheat.

(3) To review and analyze all relevant information on the current international position and future outlook concerning the production, consumption, movement and stocks of wheat and wheat products.

(4) To promote, by investigation and education, the greater consumption and utilization of wheat and wheat products.

(5) To arrange for the timely distribution and publication of the information thus provided, utilizing as far as possible existing governmental and international services, and private publishing and distributing agencies.

It is estimated that the cost of the international wheat information service will be six thousand pounds sterling per annum. The standing committee recommended that contributions toward the establishment and maintenance of the service should be on the following basis, which corresponds to the relative importance of each country as an exporter of wheat and wheat products:

Country	Units of contribution	Total contribution at £150 per unit
Canada	10	£1,500
United States	10	1,500
Argentine	5	750
Australia	5	750
Union of Soviet Socialist Republics	5	750
Hungary	1	150
India	1	150
Jugoslavia	1	150
Roumania	1	150
Bulgaria	1	150
Poland	1	150
	41	£6,150

On this scale of assessment, the justice and fairness of which is obvious, Canada's annual contribution would be £1,500, or approximately $7,300 a year.

In endorsing the proposed wheat information service and providing the funds for Canadian contribution to its maintenance, it should be clearly understood that the Canadian acceptance of the plan put forward by the standing committee is contingent upon its acceptance by the other wheat exporting countries which took part in the London conference.

BEAUHARNOIS POWER PROJECT

MOTION FOR CONCURRENCE IN FOURTH REPORT OF SPECIAL COMMITTEE

The house resumed from Thursday, July 30, the adjourned debate on the motion of Mr. Gordon for the concurrence in the fourth report of the special committee appointed to investigate the Beauharnois project.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, as a member of one of the independent groups and as one who has supported the plea for an investigation I should like to call attention to certain aspects of the report. I shall not attempt to follow the apologia of the leader of the opposition (Mr. Mackenzie King). There were no charges made against him, and yet he made an elaborate defence which reveals, probably, his own personal integrity, rather than his political sagacity. In the early part of his speech he discussed Mr. Sweezey's cynical statement that "gratefulness was always regarded as an important factor in dealing with democratic governments." He repudiated the idea that the acceptance of campaign funds had any influence on the policies of politicians. However, later in his speech he insinuated that an investigation might show that tariff concessions were not unconnected with campaign funds, and insisted that large contributions are what tell at election times. He urged that a leader of a party could not very well have a knowledge of the campaign funds and of those who had contributed and still be free to decide questions on their merits. Again I would suggest that the moral standards of the leader of the opposition are high but rather unreal. I ask, would the majority of corporations continue to subscribe to campaign funds from purely altruistic motives? And I ask, would the leader of the opposition himself be very happy in his enjoyment of the position secured through doubtful means, even although he himself was personally ignorant of them? As a matter of fact we all know that every member of parliament is required to certify to the statement of his agent with regard to contributions and expenses, and thus if the contentions of the leader of the opposition were correct every private member must have moral difficulties as great as those which the leader would have.

I should like to congratulate the chairman of the committee, the Minister of Immigration (Mr. Gordon) on his statement. He enunciated a new code of financial morality—at least I have never heard it in this house put so clearly. I quote from page 4355 of Hansard. He was referring to the fact that the promoters of the company who are now in control have no money in it but had made a great profit out of it, and he said:

> —every time a dollar is added to the capital cost of any business the ultimate result is that those who have to transact business with that company or with that industry, must, all down through the future, just pay that much more for the product of that industry. Therefore it is very essential, particularly in the development of a resource such as this, that its initial capital cost be kept down to the lowest possible limit, in order that the benefits that will flow from its development will be reaped by the people of the country.

It seems to me that if we really incorporated that principle into our requirements with regard to big corporations, we would be far on the way to a much higher level of business morality than we have had in the past.

It is obviously very difficult for the ordinary member of parliament to study the evidence as contained in the report of over a thousand pages, covering highly technical engineering problems, and legal and constitutional questions and financial arrangements with wide ramifications. I have wondered as I have looked over this evidence, whether a hundred years from now, if somebody delving into the archives should discover the report of this inquiry he might not regard it as a farce displaying the political morals of the dark age of 1931. Look at the dramatis personae! Senators, financial promoters, deputy ministers and other government officials, bankers, parliamentary agents—otherwise known as "lobbyists"—barristers galore, engineers, investment brokers, chartered accountants, an ex-Prime Minister, a medical doctor. In the background, as a sort of chorus, political parties—and may I say not a single woman in the play.

Mr. BOURASSA: The directors of one of the corporations were all women.

Mr. WOODSWORTH: Yes. I had forgotten that at one time the directorate of one of the corporations was composed entirely of stenographers.

Mr. BOURASSA: Women stenographers.

Mr. WOODSWORTH: Yes, women stenographers—I stand corrected. I think the people of that future time might well consider that the author of such a play goes to incredible lengths and creates impossible situations. That a man could be a trusted member of a government advisory commission, the head of an important allied executive position, a senator, the confidant of the Prime Minister of

the day, and at the same time one of the gang engaged in looting the resources of the country—well, it might be considered that even in 1931 the people could not have been such fools as to be so hoodwinked. Or another illustration: that any man could be a responsible official of a government-owned road, a deputy minister of the Department of Railways and Canals, and at the same time a partner with the aforementioned senator in a fake company through which they milked the principal company. Well, really the plot transcends the bounds of poetical licence or legitimate fiction.

I would say that we have inherited from the classical economists the doctrine that capital is built up by means of frugality and savings. It seems to me that one of the outstanding results of the investigation ought to be to dispel that superstition. The wealthy, starting with little or nothing, to use the expressive phrase of the day—"financing on a shoe string," spending lavishly other people's money, using political influence to acquire what are called "rights," creating "nuisance" values, and building up a financial structure are enabled to exact tribute in perpetuity from the public.

Further than that, it seems to me that another result of the investigation ought to be the revelation of modern business methods. Men known to all of us, respectable, honoured, kindly men are yet engaged in a ruthless competitive system that recognizes no accepted moral standards, that is essentially a scramble for profits—rival concerns fighting one another, distrusting and overreaching one another, then joining hands the more effectively to loot the public. Sweezey, an engineer wanting to get things done—finding obstacles that had to be removed—bribery distasteful but necessary—outside his own field gullible as a child and the prey of unscrupulous adventurers! As I thought over the situation thus revealed, I recalled a book that I had been reading not long ago, James Truslow Adams on Our Business Civilization, wherein he remarks:

> If the leaders are not humanely rounded personalities, civilized rather than barbarous, what shall be expected of the mass which patterns itself upon them? In a word, can a great civilization be built up or maintained upon the philosophy of the counting house and the sole basic idea of a profit.

I think perhaps it is well that the general public should recognize very clearly that the special committee of investigation was not an impartial court. As we went in to the railway committee room we were impressed by the battery of lawyers representing various interests, and, curiously enough, the accuser and the rival political parties involved were sitting in judgment on their colleagues and upon the man who evidence showed confessed to attempting to bribe them. I would say that naturally men are apt to shield personal and political friends and to expose the shortcomings of their rivals. I do not know that that is altogether a reprehensible tendency; there is a good deal to be said for it; but I would point out that such a committee is not very well fitted to carry out an impartial investigation. That is the main point. I think I took that ground several years ago when the customs matter was under consideration, I then moved that there should be a judicial commission to complete the investigation.

It should be remembered that this Beauharnois probe was the result of the action of the independent members of this house. It has been claimed that a good deal of political capital is being made out of this discussion, so perhaps I might be permitted to make that statement from our standpoint as independent members. May I say also that I am not claiming any superior virtue whatever for the members in our corner of the house, but I think I may claim that in a matter of this kind we are in a superior position in that we are free from some of those considerations which perhaps somewhat tie up members in other parts of the house. Last year the hon. member for Acadia—

Mr. VALLANCE: How do you know? Can you prove what you are saying?

Mr. WOODSWORTH: I do not know; I am merely expressing an opinion. I would say frankly that I think one of the reasons is that we are too few in number as yet to have come to the attention of some of the men who may be anxious to secure concessions. Let me be perfectly frank in the matter; I said I claimed no superior virtue in the matter but that possibly in a question of this kind we were in a position to criticize somewhat more freely than some others.

Mr. CHAPLIN: Barkis is willing; is that the idea?

Mr. WOODSWORTH: No, I am not making a bid at all; as a matter of fact most people could not be ten years in the house without having been made aware that people might be willing to do something if a certain attitude were made manifest.

Last year the hon. member for Acadia (Mr. Gardiner), backed up by the hon. member for Bow River (Mr. Garland), by

myself and by certain members from Toronto brought this matter to the attention of the house. The action of the government was defended by the then Minister of Public Works. This year the hon. member for Acadia, again backed up by several of the independent members, introduced the question in the house. I think it is not going too far to say that if this group had not brought the matter to the attention of the house we would have heard very little about Beauharnois, so we must assume some responsibility for whatever good or evil has come about in connection with this investigation. I might point out as well that it was really touch and go as to whether or not the matter should be discussed in the house at all. Hon. members may recall that at first only a handful of members voted in favour of considering the question, and then a roll call was asked for. In fact I am not quite sure that we were strictly entitled to a roll call, so small was the number of members who actually stood up. I might note also that the leader of the opposition (Mr. Mackenzie King) voted on that occasion only after the Prime Minister had voted, and at this point I may say that I believe very considerable credit should be given the Prime Minister for having permitted this matter to go to a committee.

Mr. MACKENZIE KING: My hon. friend knows that the reason for that occurrence is recorded in Hansard.

Mr. WOODSWORTH: Yes, I know the reasons are recorded in Hansard, and I think they might bear very careful reading. The scene was one of the most ludicrous I have witnessed in this house.

I do not intend to go further into that phase of the question except to say that in a general way the contentions of the hon. member for Acadia and those who supported him were substantiated, but I do submit that the outside public is far from satisfied with the results of the investigation. If I interpret outside public opinion aright as I learn of it through people who come to see me, through the letters I receive and from newspapers in all parts of the country I would say that to-day the public demand several outstanding things. First of all the punishment of (a) those who have defrauded the public; (b) those who have been guilty of bribery, and (c) those who have betrayed public trust. Second, I think the public demand a further investigation, and third at least a very large section of the people demand government control of the whole Beauharnois enterprise. Further, at least the more thoughtful part of the public demand legislation that will prevent similar occurrences in the future, and from my standpoint I think perhaps that would be the most desirable result of these unfortunate revelations.

Now let me very briefly speak of those three or four points. I suppose that with regard to punishment the public generally likes to find a scapegoat. Perhaps we all remember the ancient Hebrew ceremony by which the people sought to get rid of their sins by taking a goat, laying their hands upon him—thus symbolizing the laying of their sins upon him—and then driving the goat into the wilderness.

An hon. MEMBER: Ask Mr. Jacobs.

Mr. WOODSWORTH: Yes, perhaps my hon. friend from Cartier (Mr. Jacobs) will be able to say whether or not I am giving a correct interpretation. Some of us, too, may have seen that painting, by Holman Hunt, if I recollect aright, in which the scapegoat is shown as a very sorry and desolate figure wandering in the wilderness. Well, I confess that I have a good deal of sympathy with the scapegoat; I am not sure that these particular individuals whose actions are now before us are so much more to blame than a great many other individuals. I must insist on this though, that if a small man or a small criminal is to be punished—and I called attention to this a few days ago in connection with another matter—what about the man who takes millions without giving any return, the man who attemps to bribe political parties and to undermine responsible government, or the man who uses public position for personal gain? I would say that practices of this kind are much more dangerous to our morals than are nude parades.

After all, criminals big or little are not very different from ordinary people. I can remember shrinking away when I first met a criminal. I regarded him as a creature different from the rest of us. But as I came to know men of his class a little better, and as I came to understand their experiences a little more intimately I began to realize that they were very much like other men. Indeed, the greatest differences were that they had been harder pressed and that they had been caught. So I would suggest that our indignation really ought to be against the system rather than against the victims of that system. I think that ought to be kept in mind; we ought not simply to drive these men into obscurity and heap all sorts of blame on them when we know perfectly well that a great many of the things they have done are quite common in society to-day. Not only are they common, but let me say that with regard to the

morality of many of those transactions, we have not yet worked out very clearly a generally accepted standard, and the public as a whole are apt to condone a great many things in general which in a report such as this we condemn.

Then I would urge further investigation and in this suggestion I join with the leader of the opposition. I urge that the report of our committee of investigation should be followed up by the appointment of a royal commission to investigate just as far as can be done the whole question of corrupt practices. The probe is something like a drill. The committee bored down and struck oil; the disquieting probability is that had they drilled in other places they would also have struck oil. The surface indications are very much the same. The financing of Beauharnois was dependent, for example, on two power contracts, one to the Hydro Electric Power Commission of Ontario and one to Montreal Light, Heat & Power Consolidated. This will be seen at page 555 of the report. I would ask what were the circumstances connected with the securing of these contracts. I think that had these been investigated fully we should have a great deal more evidence than is now before us.

In this connection, with regard to the payment of $125,000 to John Aird, Jr., I note that the Ottawa Journal of July 30, has the following to say—and I commend the Journal for having taken this ground:

> The committee reports that there was no evidence before it that this money reached any political party. There was the evidence of Mr. Sweezey that he paid it to Aird with the understanding that it was to go to the Ontario Conservative party, and, this being so, it is difficult to understand why the committee did not probe the matter further; all the more so seeing that Mr. Aird's statement that Mr. Sweezey paid him $125,000 for doing nothing in particular places an impossible tax upon human credulity.

That coming from the Ottawa Journal is most significant and heartening, and it seems to me that if the Prime Minister could see his way to the appointment of a royal commission he would be simply carrying on the work which he had the courage to commence in allowing the matter to go to the committee.

With regard to campaign funds, again I should like to quote from the Ottawa Journal of July 22:

> No political party can enter an election in this country to-day without a central fund of at least $1,000,000—for perfectly proper purposes.

Perhaps the Ottawa Journal might have stretched that a little bit and made it $2,000,000. That is closer to the actual mark, from the information I have.

Mr. HANSON (York-Sunbury): What is your information?

Mr. WOODSWORTH: The general information which one secures in the course of a number of years around the lobbies of the House of Commons.

Mr. HANSON (York-Sunbury): Just hearsay.

Mr. WOODSWORTH: Just hearsay, that is all. But if the hon. member prefers I will take the estimate of the Ottawa Journal—$1,000,000. That is good enough. It may be that a great political party, in order to carry on a campaign under modern conditions, needs a million dollars "for perfectly proper purposes." But this means, I suggest, that the ordinary people across the country will not have very much opportunity to initiate policies with much hope of seeing them carried into legislation. Some of us in the independent groups feel very strongly on this point. We are making an effort to have adopted certain policies. I know that most members do not agree with us, and that is their right. But we as citizens, as groups of citizens, believe that we ought to be more largely represented in this house. A few of us only have as yet been returned to parliament. Now, we have no such funds as these, and if our groups are to extend their influence it is rather a serious thing if we have to contemplate in some way raising a great fund of a million dollars before we can hope to enter the field against the established and older parties.

In contrast with these large funds, I might point out that my own campaign last year cost less than $500. In fairness I should say that there came from what might be called the central committee of our little organization possibly $100 in value; that is to say, they financed one big meeting for us and financed some literature.

Mr. LAPOINTE: You were not using the radio?

Mr. WOODSWORTH: Yes, to some extent.

Mr. LAPOINTE: Out of the $500?

Mr. WOODSWORTH: No; that came out of the central committee fund. Our proportion of the general amount would be something like $100, but my election last year cost with this included, less than $600. I admit

that the situation was rather exceptional, because I did not have opposing me any official Liberal or Conservative candidate.

Mr. CHAPLIN: You could not have used the radio to any great extent at that rate.

Mr. WOODSWORTH: No; and that is the very point I am getting at. It is impossible for us to use the radio and other modern means of getting our point of view across to the general public. And that involves a very serious question. If corporation funds are the determining factor in an election, that means that the most wealthy people in the community are going to control and win elections.

Mr. CHAPLIN: Did you not do something last year to change the law?

Mr. WOODSWORTH: Yes.

Mr. CHAPLIN: Why did you do it?

Mr. WOODSWORTH: There was on the statute books a law which prevented corporations from contributing to campaign funds. We all know that this law was very largely a dead letter; it had never amounted to very much. But that legislation had the effect of prohibiting labour unions from contributing to campaign funds. We had tried our best to introduce an amendment to exempt labour unions from this clause as they contributed openly. That amendment was turned down on one or two occasions, but last year on the third reading, when there was no opportunity to go into the matter in detail, I introduced an amendment removing that particular clause from the criminal code, and the house accepted the amendment. I will not discuss the question whether, in view of the present situation, that was a good thing or not; but I do know that campaign funds came from corporations long before that amendment was adopted.

Mr. CHAPLIN: It was not in the criminal code but in the election act.

Mr. WOODSWORTH: I accept the correction; it was in the election act.

Mr. HANSON: (York-Sunbury): You weakened the law.

Mr. WOODSWORTH: Possibly. But I assert that it was generally recognized that the law as it stood, without punitive clauses, without provision for the disclosure of campaign funds to central committees, was practically useless. It seems to me that legislation along this line should provide first of all for the publication of central campaign funds. We all know that the individual member has to send in an account of his expenses in his own riding. But there is in the election act no regulation which insists that central campaign funds shall be reported. It is not for me to indicate the particular legislation needed, but I would urge that we might do away with a good many of these evils and make life a great deal easier for members of all parties if we insisted that campaign funds of central organizations should be published just as now are the expenses of individual candidates.

Mr. CHAPLIN: Why not have compulsory voting?

Mr. WOODSWORTH: Compulsory voting might be a good thing. But I have another suggestion to make, and that is that the necessary election expenses should be furnished by the government.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: I think, Mr. Speaker—

Mr. LAPOINTE: The report will be unanimous.

Mr. WOODSWORTH: I think this is the first suggestion which I have made in this house which has met with unanimous approval.

Mr. HANSON (York-Sunbury): It is most ridiculous.

Mr. WOODSWORTH: The hon. member for York-Sunbury (Mr. Hanson) suggests that this is a ridiculous suggestion, but I cannot see it in that light. If it is desirable that men should be selected to be sent to parliament, as is done under our parliamentary and democratic system, then it seems to me to be only reasonable that provision should be made for those expenses incident to such selection. That seems to me to be a common sense proposition.

Mr. MACKENZIE (Vancouver Centre): That is not original at all.

Mr. WOODSWORTH: I do not put it forward as being original; it has often been put forward in the past. I do not know whether the hon. member for York-Sunbury has ever come across it, but it has been advanced by those possessing more authority than I. I think it worth while to pass on to the house.

Mr. QUINN: The fellow who was defeated would be a total loss.

Mr. WOODSWORTH: That is incidental. It would be one of the greatest economies which this country could put into practice.

Mr. CHAPLIN: There would be a dozen candidates in each riding.

Mr. WOODSWORTH: That is possible, but members would be left free to vote on different measures without feeling that there were strings attached to them.

I come now to my third suggestion. I believe that a very large section of the public is in favour of expropriating the whole of this Beauharnois work. The Montreal Star of July 24, possibly speaking with its tongue in its cheek, nevertheless gives some very sound advice. It says:

> Private enterprise having failed so signally, having permitted so sickening a series of developments, we who have always been in favour of private enterprise and against public ownership feel that a colossal problem has been suddenly thrust into the face of the Canadian people for which they must find a solution, and the only solution we can imagine for the moment is for either the Dominion government or the provincial government—or both—to take the tragic business over and run it for the benefit of the citizens.

It seems to me that that is the soundest piece of teaching which has come from the Montreal Star for a long time.

Mr. LAVERGNE: Why expropriate what belongs to us?

Mr. WOODSWORTH: I suggest that perhaps the Star is speaking with mental reservation because in later editorials it contemplates taking over only the canal, which as a matter of fact, no one wants very badly. The canal would be rather expensive to maintain, and I am not so sure but that the canal comes over to the people anyway.

Mr. LAPOINTE: That is the only thing which is under Dominion control.

Mr. WOODSWORTH: I am not so sure of that. Without going into the constitutional question at any length I would say that the so-called provincial rights do not present a very serious problem. Mr. Sweezey's claims were based entirely on the Robert rights.

Mr. LAPOINTE: They were two years ago in the case of Manitoba, Saskatchewan and Alberta.

Mr. WOODSWORTH: This was confirmed by Arthur E. Dubuc, chief engineer, Department of Railways and Canals, who said:

> The Robert rights were the ones which I regarded as the basis upon which this whole development could take place.

Further there is not the slightest doubt that the Beauharnois as part of the development of the St. Lawrence is essentially a Dominion proposition and is necessary to fulfil our international obligations. As such it seems to me that it stands in a class by itself and I regret exceedingly that the late government took the position which it did. We all know that there are rival claims to rights but it seems to me that the Dominion government has yielded altogether too much to the viewpoint of the present administration in Quebec.

Mr. LAVERGNE: Hear, hear.

Mr. WOODSWORTH: I am glad the hon. member—

Mr. LAPOINTE: The hon. member must be wrong if the deputy speaker is with him.

Mr. WOODSWORTH: We should remember that parliament may at any time annul or vary any order of the governor in council under the Navigable Waters Protection Act.

Viewing the whole situation, an outstanding man has written me as follows. I quote it because he puts in good form that which many people are feeling. He says:

> The group which has been guilty of such corruption should not be permitted to retain the fruits of their corrupt acts or escape prosecution therefor. In the Teapot Dome scandal in the United States the government took steps to cancel the oil lease and succeeded, and they prosecuted the principal actors in the deal. We sometimes think we have more political virtue than they. This case will show whether we have as much.

There is a danger of this whole proposal falling into the hands of another group of promoters. Such a disaster would be a sorry outcome to the probe. The Financial Post of August 1, suggests that public ownership would involve more jabs and hence more political power; further more opportunities for the continuation of the graft which has been already exposed. It says:

> Graft or waste would pile up year after year by way of increased capital investment on which interest must be paid.

It seems to me that that is the most ludicrous argument which could be advanced. The graft in this case has come through private ownership, and I cannot imagine anything worse than the further suggestion of the Financial Post. They say:

> The association of Sir Herbert Holt—under whom Montreal Power has been built up—with some unsuccessful merger promotions should not blind us to his main achievement.

They then actually go so far as to suggest that this development should be handed over to Sir Herbert Holt. We are asked to overlook for the moment that Sir Herbert Holt is the one largely responsible for that

outrageous Canada Power and Paper Corporation affair which I think should be investigated just as thoroughly as the scandal now before us. Had it not been for this Beauharnois matter I was hoping to have an opportunity of impressing upon the government the necessity of such an investigation. It seems to me that the government has a responsibility at this time. The Montreal Star of July 28 has a timely editorial headed Parliament is on Trial. The Star says:

> They are shocked at the Beauharnois revelations. But that feeling is being fast submerged by another thought — What will parliament have the courage, the conscience, the public spirit finally to do about it?
>
> Parliament should represent and express the moral sentiment of the people. It is the highest court established in our land. It has full power to deal with even novel situations in which the property, the future prosperity and the moral standards of the people are involved. It is denied one easy alibi — the favourite alibi of the coward — "non possumus."

To use the wording of the last phrase, I would say that nevertheless "non possumus" is the alibi in this case. To translate that legal phrase into the language of the street, I suppose we might put it: we cannot do anything about it.

The recommendations of the committee are decidedly disappointing, in fact they mean practically nothing. It is suggested that we should do all that is necessary in a manner that will best serve the people of Canada. That is all right as a phrase but it does not mean anything. The report states further that the respective rights of the Dominion and the province should be preserved. Everybody accepts that, but it does not mean anything. Again it says that definite action should be taken to preserve the rights of the—

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. WOODSWORTH: My closing warning is that capitalism is on trial and that democratic institutions are on trial.

Some hon. MEMBERS: Order.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, on June 10 last this House of Commons appointed at my request nine of its members to conduct an investigation into the affairs of the Beauharnois power enterprise. That motion was adopted unanimously. The committee met, appointed a chairman and has made what purports to be a unanimous report; for on the last page of the minutes of proceedings the following words appear:

> It was unanimously agreed that the following be presented to the House of Commons as a fourth report.
>
> July 28, 1931.

After which follows the report, and at the end of the report, at page 30, appear these words:

> A unanimous vote of thanks was tendered by the other members to Hon. Mr. Gordon for the manner in which he discharged his duties as chairman of the committee.
>
> The committee adjourned sine die.
>
> John T. Dun,
> Clerk of the Committee.

That report, purporting to be a unanimous report made by at least three Liberal members, one Independent member and the remainder, or five in number, Conservative members or supporters of the administration, is now submitted to the house. It was presented to the house last evening by the chairman, who moved its adoption in a speech that all will regard as one of singular moderation, based entirely upon the findings of the committee as supported by the evidence adduced.

He was followed by the leader of the opposition (Mr. Mackenzie King) who for three hours and a half dealt with all possible means at his disposal for the purpose of creating a smoke screen to prevent this report being considered. I have listened to the right hon. gentleman for four hours, for three and a half and for two hours, but I confess I never before listened to so many irrelevancies with respect to the subject matter of a motion as I did last evening. In some houses of parliament I have no doubt he would have been called to order because his observations were wholly irrelevant.

The issue before the house to-day is concurrence or non-concurrence in the report of the committee. I do not know that I have ever before been more pleased at unanimity as expressed in a report than I have been with respect to this report. It has very properly been urged that where party strife runs high and men have strong political opinions and convictions, there is always a danger that the evidence and the value of it are sometimes obscured by reason of those opinions and convictions. But in this case the fact that unanimity was reached, at least indicates that in the mind of the committee there was a high sense of individual duty and a clear realization of obligation to the institution called parliament. The one criticism that I have to urge against the speech to which we listened last evening and this morning is that it was a speech in which there was an entire and utter forgetting of parliament, of its great traditions, of our

institutions and of what is involved in this inquiry, and one long continued effort on the part of the right hon. gentleman to vindicate himself at the expense of parliament. In entire forgetfulness of parliament and our obligations, it was a long effort to vindicate the position of the right hon. gentleman himself. That was not at issue; that was not what was being tried. The order of reference that was made by the house was to have an investigation into the Beauharnois undertaking, and I say this to the right hon. gentleman: Had he desired to give evidence, why did he not go down to the committee and give it under oath so that he could be cross-examined? What right has he to stand in his place now and state as facts mere conversations? Everyone who has anything to do with courts of law, with investigations before tribunals, knows you cannot get at the truth without recalling to the memory of the witness circumstances and fact, relating one thing to another and bringing to his attention circumstances that in the ordinary course of events he might and probably would have forgotten. The only way in which the truth can be arrived at is by relating those incidents one to another and carrying on a rigid cross-examination under oath. I shall not follow the course of the right hon. gentleman; I shall not state what I believe to be facts, because I was not before that tribunal. I was not called as a witness. I had at one time a very strong conviction that I should have gone before that tribunal because of the way in which my name was used in connection with it. I did not do so, however, and I do not yet understand why the right hon. gentleman, thinking as he does, did not go to the committee and say: I desire to be examined under oath, cross-examined, and to give my view of the matters under investigation in order that the truth may be known and justice be done. If there be any cause for complaint that it has not been done, he cannot complain; for the opportunity was there for him or any other man who so desired, to give evidence before that committee. It was a committee of this house of whose honour at one time he was the custodian, the former leader, who knew something of its traditions, who knew just what was expected from public men who occupy positions of that kind; and under those circumstances, as I have said, I shall not endeavour to follow the course which the right hon. gentleman pursued. I shall not read from the story of the life of Sir Robert Hudson, who could get money from rich men when the prime minister could not do so.

I shall content myself with dealing with the issue which is before the House of Commons this afternoon, and ask hon. members whether or not in their judgment the adoption of the report with the remedy suggested, will not go a long way towards meeting what was in the mind of the hon. member for Acadia (Mr. Gardiner) when he made his submission to the House of Commons. May I remind the house, as it has frequently been reminded before that a year ago I suggested a judicial tribunal should be appointed for the purpose of investigating this matter. When this question was raised by the hon. member for Acadia in 1930, before the last general election, I in my then place yonder pointed out that I regarded it as of so serious a character, in view of the statements that had been made, as to necessitate a judicial investigation. But I pointed out on the very evening when in May of this year the hon. member for Acadia renewed his attack, ill-advised as I think he was, in making the references which I am sure on sober reflection he would not have made, with respect to judges and the judiciary, it was obvious that a judicial inquiry was no longer possible and that the house must itself deal with the matter. I stated that frankly. I am only too pleased to say to-day that the efforts and the result have entirely justified the course I then took.

Another reason, and one that has been borne in upon my mind very strongly during the progress of this discussion is this: Our judges should not be selected to sit on matters of this kind; the statutes contemplate they shall not do so, for judges to a very great extent, dealing with questions of this nature, have once more recalled to them their ancient past, the memories of their old political prejudices and the glories of their political antagonisms. That, I think, would be most injurious to the interests of this country. May I point out further that when in 1899 the circumstances in connection with the elections of West Huron and Brockville were investigated by a committee of this house at the instance of Mr. R. L. Borden, now Sir Robert Borden, the committee made a report which I believe many people thought was not highly creditable to parliament, and it was suggested that the committee should be renewed the next year. But in June of the next year, Sir Wilfrid Laurier, from his seat as Prime Minister, stated that he had that day submitted an order in council to his colleagues appointing Chancellor Boyd, Chief Justice Falconbridge and Judge MacTavish a commission to inquire into election proceedings in the province of Ontario. That

commission never met; it never took a word of evidence. It was open to either party, but nothing was done under it. For reasons which are obvious I am not in a position to say whether or not the information I have received is absolutely correct; but the dominating reason, as I understand it, was that those judges realized fully that it would detract from their dignity and from the position judges should occupy if they were to sit as commissioners upon a matter of that character.

I have revised my opinion as to the functions of this house. I have greater faith in it to-day than I have ever had in my life, as I find it was able to arrive at what purports to be an unanimous opinion with respect to a matter in connection with which the most acute differences were possible. I agree with my right hon. friend that it is possible in a matter of this nature, where a report involves many pages, that a line here or there may constitute a line too many or a line too few, but the fact is that there was at least a semblance of unanimity.

I am free to say that once I sat on a committee of this house, not many long years ago, a committee on which there were representatives of the Liberal party, the Conservative party and the party to my right across the floor. I recall vividly that the committee, in terms stronger than any committee had ever made denunciations of wrong doing in departmental administration in Canada, submitted a report to this parliament, which report, amended to read stronger still, was adopted by this house by a small majority, as will be found in the journals I have under my hand. Yet in the succeeding election the people of Canada brought back to power the very men whom this parliament had condemned. That in itself is some reason why there is cause and justification for pride in the report of the committee before us to-day. At least it is a report which has reviewed the evidence at length, has about it some semblance of unanimity, and suggests remedies for the conditions which have been found to exist in connection with the enterprise.

I do not purpose to deal with the personal attacks which were made upon me last night. The right hon. gentleman spent hours complaining of insinuations and innuendos. Yet, for line after line he said, "If the right hon. gentleman does so and so; if the right hon. gentleman does so and so; if the hon. gentleman does so and so"—for which there is not a scintilla of evidence, or the memorandum of a single conversation. Do you call that right and fair and just? You call that a smoke screen which it was hoped would divert the minds of the Canadian people from the Beauharnois project in order that they might think of tariffs and income taxes. Is that the sense of decency that prevails in the mind of my right hon. friend who stands in this house and makes the sort of attack he made last night? I was amazed. What was that attack made for? What was it made for? There was not a single person within sound of the voice of the right hon. gentleman who did not know what it was made for. It was made to induce the Canadian people to try to forget Beauharnois. It was made to induce the Canadian people to forget that there had been an investigation. It was an effort, through that cunning which has characterized the discharge of my right hon. friend's public duties, as evidenced by that very report of the customs inquiry to which I referred—it was an endeavour, I say, by that cunning device, to insinuate hypothetical conditions and draw hypothetical conclusions, and then afford an opportunity for his political friends to go out into country and quote them as indicating the true position of the Prime Minister of Canada.

Do you call that decency? Do you call that high art? I suppose some will. Some will call it high technical art and skill. But that is not the idea of the Canadian people; I repeat, that is not the idea of the Canadian people. To insinuate—that is what it was—that if I carry in my pocket a list of the contributors to the funds of the Conservative party I have placed myself in a position where every legislative act I take must be influenced by that sordid consideration—and that from one who has been for nine years Prime Minister of Canada!

And then he complains, almost in sobs, about the innuendos against him in this house. Is that the sense of decency that should govern with respect to matters of this kind? I asked last night, and I ask now: Show me within the four corners of the evidence given in this instance anything which warrants such observations. All that appears there—and it is correct—is that I did decline to have anything to do with contributions from the Beauharnois people, so far as my party was concerned.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: And it is not a matter for which any great credit is to be accorded to me. I never have claimed such credit. I merely took the view any man should take, that as the matter had been raised in parliament, and I had said that I thought a judicial

investigation should be held, if I succeeded to power I was bound to provide that investigation. How could I do that if I had taken benefactions from them for the purpose of preventing my taking proper action? That is the question. That position is met by the whispered insinuation: "You raised the tariff on textiles, woollens and steel, and you raised the tariff on something else, and where is your list of contributions? I have no such list; that I desire to make perfectly clear.

I shall not enter into a further discussion of my position; for if this matter is further investigated—and I say right here and now if the right hon. gentleman and those who sit beside him think that the Beauharnois matter has not been adequately investigated I will give them an investigation, judicially or otherwise, if they require it.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: But if the right hon. gentleman had ended his remarks at that point one might have not been so greatly concerned; we expected that. I did not however expect that in three sentences he would explain the whole situation. Standing out here in the cool of a summer's evening looking at Victoria chambers we see the right hon. leader of the opposition, saying, "Behold, these Conservatives, how they work. See the literature they are sending out. Haydon, I have no money; we cannot do it." Haydon gets it; Why wouldn't he? Haydon gets it; why shouldn't he? Why wouldn't he?—why wouldn't any man who stood in relation to the Prime Minister as he stood? Let me read what my right hon. friend says the relationship was; just listen to this. Referring to page 4383 of Hansard I read a quotation from Mr. Spender's Life of Hudson, as quoted by the right hon. gentleman:

> The confidence that Hudson at once inspired in men, even rich men, wary of their pockets, was extraordinary. Rich men would give him thousands when they would not have given prime ministers a penny piece, and yet Hudson had nothing to offer them in return save his good-will, for the federation possessed neither patronage nor power, and never attempted, or would have been allowed, to interfere with the arrangements of the whip's room.

Then my right hon. friend, speaking of Haydon, said:

> I had asked Senator Haydon why it was that, despite the fact that we were labouring night and day in this parliament to make our policies known, we could not get a leaflet published which we could distribute among the electorate. We had the Dunning budget which we were bringing in and we wanted to have the electors acquainted with the details of that budget and the policies that underlay it. So far as the Liberal information office was concerned, there was no money for the purpose of getting out any publications.

There is the story. He said Senator Haydon occupied to him the relation that Sir Robert Hudson did to the leader of the Liberal party in England. Why would not Haydon do what he did do? When his chief, his fidus Achates, his inseparable friend said to him, "I have no money; we can publish no information; the beauties of the Dunning budget—cast iron and cut flowers—will not be known to the electorate unless we have money." And Haydon goes out and gets the money. The suggestion to him was a command, and he forgot everything else except Beauharnois and the getting of the money. And he gets it by the hundreds of thousands of dollars. That is the reason our constituencies were flooded with leaflets, that is the reason that there went all over western Canada the great volume of Liberal literature, some mimeographed, some prepared by Mr. Deachman of the consumers league—they too, are in it; this literature went all over western Canada and throughout other parts of the country. The Prime Minister said, "Why is it we have no money? Haydon said, "Here is the money." And Beauharnois provided it. That is the position the former Prime Minister occupies to this corporation. Did he think Haydon was going to make money? Did he think Haydon was going to pull it down from the stars, did he believe he was going to find it in the earth, or did he believe—as the facts are—that he found it in the water? Those are the facts, Mr. Speaker.

The former Prime Minister stated that the relationship that existed between Senator Haydon and himself is the relationship which he says Spender so splendidly mentioned as the relationship between himself and his chief; and he says: "You will observe that Sir Robert Hudson did not have any patronage; all he had was good will." Good will—that is what Spender said he had. And look at the good will that his friend Senator Haydon had! All Mr. Sweezey had to say to Senator Haydon was "$50,000, if you secure our order in council." And he got it. All Mr. Sweezey had to say to Senator McDougald was "Two thousand units, if you secure approval for our scheme." And he got it. That is the evidence of this inquiry, and that is the testimony of the right hon. leader of the opposition himself as indicated in his speech last night.

I put to every hon. member of this house, as I put to every citizen of this country, this simple, single question: Is there any organizer

of any party in the world who, confronted by his chief and told that the party had no money with which to make their virtues known, would not go out and get it—or try to? And so we have the right hon. leader of the opposition saying that he told the organizer that they hadn't any money. He must have seen that it was received from some source, and what source so likely? Just think of it! And then calling upon high heaven to witness to his virtues, to speak of the disinterested character of his services to the country, it resolves itself at last to the statement of his organizer, "We have no money."

But the results of money from some source soon became apparent. We have the circumstances under which Mr. Sweezey made his payments. I agree with what was said yesterday about Mr. Sweezey. I mentioned his position last year. He is an engineer of vision; he saw great industrial communities thriving where you and I saw but a stream flowing over rocks; he saw the possibilities of dams, he saw the possibilities of machinery, he saw energy created and industries grow. He is a promoter—some would say a dreamer. This simple-minded engineer was told, "The only thing to do is to get in touch with those who know how to do it." So there in his first letter, and hon. members will remember that when mentioning Mr. Jones he said, "He has no political value, he has just a business value." As to the rest of them, they had that value which belongs to those who "get things done." Not necessarily improperly—just "good will," according to Spender. "Get it done." And look at the efforts to get it done. I am not going to discuss how it was done; that is not a matter of importance at all at the moment. It was done. The promoter says it was done in that way because he understood that that was the way to do it. Now, whom did he learn that from? "We have no money."

Leaving that for the moment, behold the character of the influence that is used. These gentlemen do not deny in reality, although they clothe it in words of milk and honey, that they were interested in this matter. They bought shares in syndicates to make money. Surely men who contribute must recoup themselves some way if there is a chance to do it! that is the theory, and they did it. That is all. But that is not all for parliament. There is an Independence of Parliament Act, there are such things as the traditions that pertain and belong to parliament. Yesterday you saw the vindication of the law in England with respect to one of the proudest of the men who live in that country. But here—well, here it is sanctioned, here it gets the hallmark of ready approval, here men become apologists—or used to; they will not after this committee's report because this report marks a distinct advance in the public life of this country. I am perfectly certain of that.

I am not going to discuss any of the senators mentioned in the report. The conclusions of the committee are warranted by the evidence. That is all I have to say. But the right hon. gentleman is wrong there. This house has a perfect right to discuss the evidence given before the committee. When any senator is requested to give evidence, and is granted permission by the house of parliament to which he belongs to attend and appear, and does attend and appear, he attorns to the jurisdiction and must accept the inevitable result of his attendance. And it becomes no part of the procedure of this house to stand between him and the discussion that is raised by reason of the evidence that he has given. We may not in debate discuss members of the Senate. We discuss them now as witnesses, or as those whose position has become known by reason of the evidence given by witnesses before the commission. But I do not propose even to do that. We can leave that to the Senate and the government. The Senate must act first; it is the custodian of its own honour. It will receive this report when it is adopted by this house, and from what I know of the Senate of Canada—despite the reformation that has been made therein during the last few years—it will, I think, be worthy of its great traditions. The only thing the right hon. gentleman did not mention last night was reform of the Senate. I waited anxiously for a reference to that reform! I wanted to hear about those who when they went into the Senate had signed a document by which they were going to bring about its reform; at least that is what was told to a confiding public. Now, I suppose if we ask for the documents they will say they are lost. Peradventure there were not any. But I believe the Senate will take care of that part of the situation. Afterwards, it may be, the government of the country will have to put in operation certain laws and institute certain proceedings; which the government will do.

So far as restitution is concerned, I can only say to the hon. gentleman from Winnipeg North Centre (Mr. Woodsworth) and to other members of this house that that is not a matter over which this government has any jurisdiction. The lawyers who framed the report realized that is so. One of the cor-

porations was created by act of the Department of State, the others were created by statute of the province of Quebec. And we have no power to institute civil proceedings for the restitution of money. So far as our right to institute criminal proceedings is concerned, every hon. gentleman knows that such proceedings must be instituted by the provincial and not by the federal authorities. Inasmuch as the deputy attorney general of Quebec has been retained by Beauharnois I am satisfied that for his $1,500 a year he will take proceedings to that end.

Leaving that for the moment we will proceed to what I regard as the more important phase of this matter. As I said, I have no interest in discussing these senators or other witnesses; time will take care of them and the body to which they belong. But I have a very great interest in this further phase of the question, because of the unhappy position which I occcupy—for it is unhappy at times—and I desire now to indicate to this house, not as leader of a party but as leader of the House of Commons, what action this government propose to take in connection with this matter. I am dealing now with the second branch of this case. The first deals with the injury done to parliament, the injury done to our institutions and the fuel that it provides for bolshevists from one end of the country to the other to deride our country and its institutions. But the very fact that this House of Commons has done what it has will do much to still that criticism and make men realize that in the end the House of Commons will rise to a high sense of its own responsibilities.

Now, as I have said, I come to what I conceive to be the second branch of this inquiry. Sir, the real, fundamental criticism I have to urge against the conduct of this enterprise is that from its very inception it defied government. Will hon. gentlemen take the trouble to turn to the report and note the conditions which were imposed upon that company under the licence it was given to exercise its powers? If those who are interested will look at page 628 of the proceedings of the committee they will find certain matters set forth which will leave no doubt as to the conditions imposed. I will say this, that there were twenty-eight conditions imposed in the order in council, and the original slips by which little amendments were made here and there as the document was being prepared are still extant, in the handwriting of one who is still a member of this house. Those amendments introduced into the final licence, as settled on the recommendation of the former Minster of Public Works, indicated that if they were observed the public interest would be protected. What do you think they did, sir, with respect to them? Just let me direct your attention to the finding of the committee in that regard:

(7) Your committee finds as a fact that the work of construction is proceeding according to plans which have not received the approval of the governor in council or of the Minister of Public Works.

But that is not all; to show how supreme was their confidence in their own position let me tell you, sir, that they did not file any plans until fifteen days after this government came into power. They did not need to file any plans as long as the former government was here. Just look at the report in that regard. It says:

. . . . actual construction on the north embankment was commenced on the 7th August, 1929, in the vicinity of lake St. Francis, and on the south embankment on the 23rd April, 1930.

Then follows condition 11 of order in council 422:

The company shall not commence the construction of the works until detailed plans of construction . . . . have been submitted and approved of by the minister . . . .

They constructed something entirely different from what was provided for in the order in council; the remedial works have not been approved of either by order in council or by the minister; the Hungry bay dyke has been breached without consent or permission, and finally they are still proceeding without their plans having been in any sense ratified, approved or given even an acquiescent approval by the government.

Now let us see, for a moment, what they did when they found that situation confronting them, in agonized fear, I take it, seeing that a new government was in power. You can readily understand what would have been the significance of the position if the new government had been led by one who was under financial obligation to them. Certain other plans were substituted on the 22nd of August, 1930, as is indicated at page 623.

Mr. MACKENZIE (Vancouver): Those were substituted for the plans filed in 1929.

Mr. BENNETT: Quite so, but the plans of 1929 were never ratified or approved. I am just coming to that. The report says:

None of these has as yet received the approval of the Minister of Public Works, although the chief engineer of the department has recommended them for approval. Plans submitted on the 22nd August, 1930, did include

plans for the remedial works, but such plans were subsequently withdrawn and as the matter now stands there is now—

That should read "not now".

—before the department for approval any plan or plans of these remedial works.

I put this to every member of the house who happens to be a member of my profession. If a judge were charging a jury, as Mr. Justice Wright did the day before yesterday in England with respect to a matter not unlike this in some particulars, would he not say: "Gentlemen, is it not a significant fact that although order in council P.C. 422 provides that there shall be approval by order in council, and also by the minister, of plans of the undertaking and of remedial works which are to be carried out, until the defeat of the administration that was in power at the time the order in council was granted no such approval had been given, and fifteen days after a new government took office in Canada new plans were substituted?" Is that not a significant fact? Most men in this house have served on juries. Why was it that these people went on with their work week after week and month after month and paid no more attention to the government of Canada than they did to the government of China?

Mr. JACOBS: Would the right hon. gentleman permit me just one question? I do not wish to interrupt him.

Mr. BENNETT: Certainly.

Mr. JACOBS: What is the government engineer doing there now? What has he been doing from August 7 to the present day? He must be representing some person.

Mr. BENNETT: The government engineer is there to see what is going on, and he was not there on the 7th of August. I asked for a report myself, because I realized that action had to be taken. I had heard of these things; I sent an engineer there last fall before I went to England and I asked the Minister of Public Works and the Department of Railways and Canals to keep watch on that undertaking because of what I had heard. I received a report which I told the hon. member for Acadia (Mr. Gardiner) I thought I would have to treat as a confidential report made to a minister as to what was going on. I take it that the paragraph appearing in the report with respect to the chief engineer and deputy minister has some relation to these facts.

Now I ask this house to consider that significant fact. The government of this country was defied. These people got their order in council; they breached the Hungry bay dyke, which they had no right to do. They went on just as they pleased; they were so sure that the government would be returned that they thought they could afford to take almost any chance in the world.

Mr. EULER: I do not wish to interrupt, but would my right hon. friend permit a question?

Mr. BENNETT: Certainly.

Mr. EULER: If this company was forbidden, under the order in council, to go on with construction until the plan had been approved by the government, how is it they were permitted to go on for a year after the last election, under the present government?

Mr. BENNETT: That is a very proper question; it indicates that the hon. gentleman wants to know exactly what the terms of the order in council were. They were these:

(11) The company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the minister, provided that such plans and information shall be submitted within one year.

(14) The works shall be constructed by the company subject to the approval of an engineer or engineers authorized for such purpose by the minister and the decision of the said engineer or engineers shall be final and conclusive upon all questions that may arise in connection with such construction.

Now, no approval was given within the year, and the final plans were not filed within that time. The question of law is a simple one. Where a delegated power is being exercised by a minister, has he any authority to exercise that power after the expiration of the period of time fixed within which he must do it? There are clear authorities that he has not such power. No application was made, as a matter of fact, beyond the filing of the plans. I will give in a single sentence the answer to my hon. friend from North Waterloo (Mr. Euler), who is of a very inquiring mind: These gentlemen took the view before the committee that all they were doing was digging a ditch on their own land. That is the answer.

Mr. EULER: Was that a correct view?

Mr. BENNETT: Well, the committee had no power to be judge and jury and to pronounce on questions of law. They only had to find the facts. And the committee strove with the witnesses to ascertain those facts. But counsel took the position, "What have you to do with us? We are here, having

bought a piece of land and we are digging a hole in it. That is what we are doing;" although they had sold to the public securities on a hydro electric enterprise.

Mr. EULER: Was the company doing an illegal thing in continuing their works without having these plans certified or approved? If so, why were they allowed to go on for a year under the present government?

Mr. BENNETT: I will give the answer in a moment.

Mr. EULER: A legal technicality which I do not understand, not being a lawyer.

Mr. BENNETT: The hon. gentleman does not need to be a lawyer to understand this. He who runs may read. And the wayfaring man, though a fool, need not err therein. Let me put it this way to the hon. gentleman, who is neither. If their contention was right, that they were down there having bought a piece of land on which they were carrying on excavations, putting up some embarkments, and matters of that kind, this government had no power to interfere.

Mr. EULER: But were they right?

Mr. BENNETT: As a matter of fact, if they say that is what they were doing, they are right. And they sold debentures of a hydro electric enterprise with which this government had nothing to do. I hope I make myself clear.

Mr. EULER: I understand it.

Mr. BENNETT: Yes. Now, that is one of the difficulties.

Mr. JACOBS: They took the ground that the works referred to were remedial works in the river.

Mr. BENNETT: They took the ground that so far as the order in council was concerned, it did not touch anything except the remedial works. What the hon. gentleman says is perfectly clear. And so far as they were concerned, although they had sold debentures, nevertheless they had the right to dig holes, to put up walls and embankments, and to operate machinery, without any water at all.

Mr. EULER: And they are still doing it.

Mr. BENNETT: They have breached the Hungry bay dyke without consent. The fact is that they could not do that either. I will confess to my hon. friend that it is a matter that gave me great concern when I found what they were doing; and it gave me greater concern when I discovered the attitude they had taken, because it made our position so difficult. We could not launch injunction proceedings against them; they owned the land. They were not trespassers; this was their property. That is the position.

Mr. ELLIOTT: It is a fact, which I think my right hon. friend has overlooked, that before the work was started detailed plans were filed on July 29, 1929. The work was not started until August. May I refer to the statement of the chairman, that apparently it had been the custom to allow proceedings to go on after the filing of detailed plans.

Mr. BENNETT: Yes. But the former Minister of Public Works (Mr. Elliott) realizes that the plans filed had no relation to the work done. That is the difficulty.

Mr. ELLIOTT: That is why they were not approved.

Mr. BENNETT: My hon. friend says that is the reason they were not approved and I accept his word in that regard. They were not approved because they were not plans referable to the work they were doing, and they are not in any sense the detailed plans called for by the engineers in the department.

I have given these illustrations because, as I have said to the house, it does appear to me that the real gravamen of the charge against the company in the first instance is that it absolutely defied this government. And when I say this government, I mean the government of Canada, under whatever auspices it may be conducted. Why did they do so? Any judge addressing a jury would say, "It is for you gentlemen to say why." Well, there were at least 700,000 reasons each worth 100 cents on the dollar.

Mr. JACOBS: Is it not a fact that the plans have since been recommended for approval by the Department of Public Works, and have been waiting for the last eight months for the approval of the minister?

Mr. BENNETT: I mentioned that the engineer had recommended them. But the minister is met with this legal difficulty—and I put it to any legal member of the house: Can a minister, exercising a delegated power from the governor in council, legally exercise that power when the period of time has lapsed within which the plans are to be approved, without the plans having been filed?

Mr. JACOBS: The government had it before them—

Mr. BENNETT: No application was made until after the year had passed. Within that year no plans had been filed.

Mr. ELLIOTT: Will the Prime Minister permit me again—

Mr. BENNETT: No detailed plans, my hon. friend means. The plan of July 29 had nothing to do with the construction.

Mr. ELLIOTT: They were working on that.

Mr. BENNETT: No, not on that. Let us have no misunderstanding.

Mr. JACOBS: What plans have been approved by the department?

Mr. BENNETT: None.

Mr. JACOBS: But what plans are before the minister?

Mr. BENNETT: No plan has been approved.

Mr. JACOBS: No, the plans before the minister.

Mr. BENNETT: No plan has been approved.

Mr. JACOBS: No, but recommended for approval.

Mr. BENNETT: By the engineer whom the committee has censured?

Mr. JACOBS: Censured only for not having given evidence in a satisfactory manner.

Mr. BENNETT: Well, if that is not criticism I will say—whom the committee has not lauded for his frankness. Now, I am not competent to advise the Minister of Public Works. The Department of Justice says that this is a question of the greatest legal difficulty. It is a question whether or not, under these circumstances, the minister may, after the expiration of the time fixed for the filing of the plans, give his approval. It is a question whether or not he is functus officio after the expiration of the time; because there has not been filed within the year anything to which he might give approval under the terms of the order in council.

These are the circumstances that confront us. The committee has inquired why, and has given reasons which I think are ample. And in view of these findings the only other question which the government has to consider is what action shall be taken. First may I point out that the province of Quebec claims and has exercised certain jurisdiction over certain parts of the St. Lawrence. The privy council has decided that the bed of the harbour of Montreal belongs to the crown in right of the province in the first instance. The question as to the right of the province with respect to the water has for many reasons not yet been decided. The leader of the opposition (Mr. Mackenzie King) last evening indicated the difficulties so far as the decision of the Supreme Court of Canada was concerned on the stated case presented for its consideration. The Dominion has paramount right in respect of navigation; and for myself I never had any doubt in the world about the fact that there is no power under the Navigable Waters Protection Act to approve of plans such as these. The act itself is clear. It makes no more reference to the matter than it does to a river in China, so far as that is concerned. I feel perfectly confident that this is so, and hon. gentlemen may convince themselves if they will read the following words in chapter 140:

> No approval shall be given under this part of the site or plans of any bridge over the river St. Lawrence.

You cannot place piers in the river upon which to erect a bridge but you can dewater the river.

Mr. LAPOINTE: Does my right hon. friend claim that order in council, P.C. 422, has the effect of permitting the diversion of the whole St. Lawrence?

Mr. BENNETT: I say that the province of Quebec has added 30,000 second feet to the original 40,000 second feet and the effect will be to render no longer navigable the river St. Lawrence. It is only navigable in a limited way at any time and the governor in council is now being asked to practically dewater the river so that it would not be navigable.

Mr. LAPOINTE: Not under order in council, P.C. 422. Surely the government has the power to prevent that.

Mr. BENNETT: The governor in council granted only 40,000 second feet but the province of Quebec has granted an additional 30,000 second feet.

Mr. LAPOINTE: But not this government.

Mr. BENNETT: Application has been made to the government. If, under the Navigable Waters Protection Act they can grant one thing, they can grant the other. If they can cause the river not to be navigable, they can dewater it altogether. As a matter of fact the plans that have been prepared—this leads me to the other point—were to take the whole flow of the river St. Lawrence. In other words, what was the river St. Lawrence yesterday is now to be the Beauharnois canal. Yet it is said that this can

be done under the statute which will not permit the erection of a bridge across the river.

Mr. EULER: It cannot be done without the consent of the government.

Mr. BENNETT: Not the government, of parliament; that is my point.

Mr. LAPOINTE: That is not P.C. 422.

Mr. BENNETT: The former Minister of Justice (Mr. Lapointe) knows that I am not endeavouring to mis-state or confuse the issue. Order in council, P.C. 422 permitted the diversion of 40,000 second feet.

Mr. RALSTON: It did not permit the diversion, it approved only of the plans. My right hon. friend stated that the diversion was approved; it is not that, the plans were approved.

Mr. BENNETT: They have no power over navigation and they do not pretend to have any right to take the St. Lawrence river away from its course. What a beautiful argument to say that you do not permit the diversion although you approve of plans for a contemplated diversion.

Mr. LAPOINTE: If my right hon. friend admits that the bed of the river and the land adjacent are the property of the province of Quebec, is it not for that province to allow the diversion of the water and change the course of the river providing this government approves of the plans which create the diversion?

Mr. BENNETT: My hon. friend just overlooks one sentence. The paramount right of navigation is in the hands of the Dominion and the right of navigation is the navigation of the river as nature put it there, unless there is some power given to change it. That power is parliament and parliament alone. My right hon. friend referred to the section which reads:

> Parliament may, at any time, annul or vary any order of the governor in council made under this part.

It is abundantly clear that that is a recognition of the fact that no great undertaking such as this was contemplated. There is no provision there for the protection of investors or anything of that sort which always occurs in an act of parliament of this kind. This contemplates just the sort of thing one expects with respect to navigable rivers, such as booms and small matters of that kind and not a great national enterprise such as this.

Having said this much about the statute, the next question is what shall be done at the present moment. Subsection 10c of section 92 of the British North America Act provides that the province shall not have control 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.

We can only with the consent, or shall I say with the goodwill of the province of Quebec take that action. We have prepared a bill which if agreed to by the province of Quebec will declare that this work is a work for the general advantage of Canada. In order that there shall be no misunderstanding on that point, we will say:

> The canal now being constructed by the Beauharnois Light, Heat and Power Company Limited, a body corporate, incorporated under the laws of the province of Quebec, between lake St. Francis and lake St. Louis, on the south side of or in or along the St. Lawrence river, and the works on lands or lands covered with water, excavations, embankments, retaining structures, remedial works, dams, locks and other works appurtenant thereto, now executed or hereafter to be executed, are hereby declared to be works for the general advantage of Canada.

Counsel for the province of Quebec has cooperated with us with respect to this legislation and it is proposed to add a provision that nothing in the act shall in any sense be taken as interfering with any of the vested rights which the province of Quebec may have in hydro electric development as distinguished from the canalization of the river.

Mr. LAPOINTE: Would that mean that the canal is to be declared for the general advantage of Canada but that the power created by virtue of the works will be under the control of the province of Quebec?

Mr. BENNETT: We could not make a declaration of that kind. That is something which will have to be decided ultimately by the courts. We propose to have a decision based upon a concrete case and not upon the theories which unfortunately engaged the attention of the supreme court.

Mr. LAPOINTE: It is only that part which constitutes the canal which is declared to be for the general advantage of Canada.

Mr. BENNETT: In order that my hon. friend may understand it, I will read it again. It is as follows:

> The canal now being constructed by the Beauharnois Light, Heat and Power Company Limited, a body corporate, incorporated under the laws of the province of Quebec, between lake St. Francis and lake St. Louis, on the

south side of or in or along the St. Lawrence river, and the works on lands or lands covered with water, excavations, embankments, retaining structures, remedial works, dams, locks and other works appurtenant thereto, now executed or hereafter to be executed, are hereby declared to be works for the general advantage of Canada.

Mr. LAPOINTE: For the purposes of the canal?

Mr. BENNETT: That is a fact. I now proceed to the next point, and that is what is to happen with respect to the enterprise as at present constituted. With the approval of this house we propose to annul and cancel the order in council. Having regard to the circumstances under which it was obtained and the defiance of Canada and of the government, we propose to cancel it. The act will not become effective until proclamation of the governor in council is made to that effect.

We propose to ask parliament to authorize the diversion of water from the stream to the extent to which the order in council provided, namely, 40,000 second feet. We shall provide for those people who put their money bona fide into this proposition under the debentures of $30,000,000. This shall be carried out under such terms and conditions as the governor in council may approve. This statute also will come into effect upon proclamation of the governor in council.

The net result of the action which we propose to make will be, first, to declare that this canal is a work for the general advantage of Canada; second, we shall declare that the old order in council under which it operated is no longer operative; third, that no grants out of the river St. Lawrence shall be made by order in council, but only by parliament and we shall provide further that the order in council shall be on such terms and conditions that this undertaking, its successors or assigns shall be able to carry on. But one provision must be that protection is given to bona fide investors who have subscribed $30,000,000 to the enterprise and whose money has been there expended.

Mr. MACKENZIE KING: My hon. friend used the expression "grants will be made". I assume what he refers to is approval of plans.

Mr. BENNETT: No, a grant of water by parliament.

Mr. MACKENZIE KING: A grant of water.

Mr. BENNETT: A right to divert 53,000 cubic feet per second of water, being the 40,000 cubic feet per second authorized by the province of Quebec and the 13,000 cubic feet per second that belonged to the Robert interests, the cotton mill interests, making 53,000 cubic per second that this parliament has granted, and that belongs, so far as the Dominion is concerned, to all the people, supplementing the action of the province of Quebec which has already given a lease of its rights in that water to the Beauharnois company, and has reserved the right to determine its successors; that so far as our legislative power extends, without arrogating to ourselves a power which we do not possess, this parliament will grant.

Mr. MACKENZIE KING: That is the same as the order in council.

Mr. BENNETT: Exactly, but in the one case it is an order in council, and in the other it is parliament.

Mr. GARLAND (Bow River): Under what form of management will the work now proceed?

Mr. BENNETT: The hon. gentleman has asked a question to which I was just going to refer. I have indicated what we propose to do—assert the supremacy of parliament on the one hand and declare once and for all that the methods by which the undertaking was commenced are not the methods by which it will be ended. Thirdly, it is desirable to ensure the continuation of this undertaking and to hasten its completion, because I believe it to be one of the greatest undertakings that could be completed in the national interest. Then there arises the question as to the control of the enterprise. That is involved in the terms and conditions for which the order in council must provide, because there are four alternatives, and four only, as I see the matter: first, the present management might be able to secure financial backing to enable them to continue. That is their business. I do not think they can. Second, the property could be taken over by the province of Quebec, under a hydro or public commission. That I do not believe the province of Quebec will do.

Mr. LAPOINTE: And it is their own business.

Mr. BENNETT: Absolutely, and that of nobody else. I have made it clear that is their business absolutely and I have no comment or criticism to make in any way, shape or form as to what they do or do not do. I was privileged to have an opportunity of discussing the matter with one of their ministers the other day and I made it quite clear, as the hon. gentleman has said, that it would be as impertinent for me to suggest

what they should do as it would be to suggest to the government of the United States what it should do.

Third, the Dominion might take it over, although legal difficulties would arise, to which reference was made yesterday and in regard to which I wholly agree, of such a character that the inevitable result would be the stoppage of the enterprise. I say to the hon. member for Winnipeg North Centre (Mr. Woodsworth), who has just taken his seat: He must realize clearly we could not by any declaration of this parliament, unless Quebec acquiesced and became a partner with us, do what he suggests so far as the Dominion is concerned.

Mr. EULER: Would it not be competent for parliament or for the government of Canada, by purchase, to take the place of the shareholders of the Beauharnois company?

Mr. BENNETT: I had thought that question would be asked. The lease from the province of Quebec naturally provides that that province must concur in any alienation or transfer of that property and they would exercise their own discretion in that regard. But I have no reason to believe they desire the Dominion of Canada to undertake the operation of a hydro-electric plant in that province; neither have I any intention of asking the house for authority to do so.

Lastly, there might be complete reorganization of the enterprise under the circumstances to which I have alluded, namely, by the creation of a new corporation under the authority of an act of this parliament with the cooperation of the province of Quebec under such terms as will ensure the continued progress of the work and make it clear for all time that any concessions, that may have been obtained with the thought in the minds of those who received them that it was necessary to expend hundreds of thousands of dollars for that purpose, are negatived absolutely and positively, and that the honour of parliament and of this country cannot be bought and sold for any sum like $700,000, or any millions of dollars or any payment of that kind. I want to be fair about that. It has not been suggested that the honour of this parliament was bartered or sold, but it has been suggested by those who paid the money that they believed it could be secured in that way and that payment of money was the method to be adopted for the purpose of attaining the end they had in mind. This legislation will cure them of any such delusion.

One word more. The submission to the committee was broad. It has been suggested that a saw-off was arrived at with respect to some of the work of the committee. The committee was not investigating campaign funds, so called; the committee was investigating this undertaking. Last night the right hon. gentleman (Mr. Mackenzie King), once more trying to divert public attention from Beauharnois, began to talk about an investigation of campaign funds. For nine years the Liberal party was in power. Anyone who knows anything about campaign funds knows the party in power is always able to obtain them with readiness as compared with anybody else, for the contributions that are made, not for corrupt purposes, but for the purposes of enabling the organization of a party to be effective, are made on the assumption that the party in power is best able to attend to affairs because it has power to do great injury to those who are carrying on business in this country. I do not propose that there should be a roving commission going over Canada to ask every man that it meets whether he contributed money to help the Consumers' League or somebody else. I do not believe the people of Canada expect that a roving commission should be appointed to go around and ask everybody whether he made a contribution to a party fund or to help anyone to be elected or not. The people of this country are in the main honest, and many of them from profound conviction contribute even as small a sum as twenty-five cents to the fortunes of political parties. There is only one thing I want to say about the wellbeing of the party that sits across the way to my right, and it is this: Their organization ensures at the minimum of expenditure that the voice of the people may be recorded and the twenty-five cent contributions that are made by individual contributors to the funds of the party in the province in which I live have been of great use and have taught the people that they get just what they pay for, so far as that is concerned.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Some hon. gentlemen are pleased to put upon that a meaning that I had not intended, and one which I think is not warranted. The hon. member for Winnipeg North Centre spoke of the cost of his election being $500 or $600. The cost of election campaigns carried on by hon. gentlemen who sit opposite to me and to my right amount to only a few hundred dollars, for this reason: A candidate comes into one community and it is the bounden duty of the organization there to take care of him and to see that he gets his propaganda over until he goes to the next community. The same thing happens there, and

so on. When I said that the people got what they paid for in alluding to the contributions of twenty-five cents apiece, I meant that they get elections without corruption and an honest expression of public opinion at the polls through the efforts that their money made possible. I do not think hon. gentlemen will object to that being done. I only wish that more of it were done in this country.

Mr. HANBURY: We will accept the right hon. gentleman's first statement.

Mr. BENNETT: I should think the hon gentleman is a living illustration of just what that statement means in his opinion.

Mr. CHAPLIN: Now will the hon. member be good!

Mr. GARLAND (Bow River): Before the hon. gentleman proceeds to his peroration, I should like to ask him to revert for a moment to the question of management. He has not yet made it clear to me in what form the new management will be. How will it be handled?

Mr. BENNETT: I can assure the hon. member for Bow River of one thing, and that is that I am not going to manage the company or ask the people of this country to manage it. I look to the bankers interested in that enterprise to see that it receives such management as will ensure the terms and conditions of the order in council being those to which we may properly agree. It certainly must be changed, however, if that is what the hon. gentleman means. I could not undertake the management of that enterprise. When my hon. friend was asking the question, I could not help but think of the troubles which have been left on our doorstep. Here is one, and there is one down in Montreal harbour—I refer to the bridge. Those troubles are left on our doorstep. The auditors are there completing their report. These are the legacies left to us when we succeed to office; this is one of them, and that is another.

Now, may I complete what I have to say. I have said we have no intention of appointing any roving commission to run around the country and ask people what they are contributing to an election—not any. If my right hon. friend gets any comfort out of that, well and good. The reasons for it are obvious. Some of those who could give the most striking evidence with relation to campaign funds have passed to the beyond. There are others who, out of the goodness of their hearts, have made substantial contributions, just as the right hon. gentleman said last night, for the purpose of promoting the policies and principles in which they believe. The law as amended at the last session permitted corporations to make contributions, and that amendment was made at the instance of the gentleman from Winnipeg who has spoken to-day. That is the position. Contributions were made legal and proper, but in preceding elections that was not so.

We must always have regard to the morbid curiosity of people who desire to stick their noses into everybody else's business for the purpose of ascertaining just what their neighbours get, or do not get. How many men who listened last night were beneficiaries of the election funds in the last general election? How many of them will say no part of the election funds from the central fund was spent in their constituencies?

Mr. LAPOINTE: I will; that is one.

Mr. BENNETT: Well, all I can say is, my hon. friend has probably been overlooked.

Mr. MANION: One.

Mr. McMILLAN (Huron): I will say so.

Mr. BENNETT: Peradventure, if there be two righteous men the city may be saved,—peradventure.

Mr. LAPOINTE: How many on your side?

Mr. BENNETT: I am just putting that question to the whole house. But do not let those gentlemen go around arrogating to themselves virtues they do not possess, for the purpose of trying to get a mob to howl about campaign funds to cover up their delinquencies in regard to Beauharnois, to cover up the story that they themselves have spread upon Hansard about asking for money from their organizers, and then being reckless as to where it was obtained. Could anything be more reckless or indicate more utter disregard of the public interest than for a public man, at the end of a great inquiry before a committee of fellow members, to say, "I want a royal commission to investigate campaign funds of the years 1925, 1926 and 1930."

What about Beauharnois? That is the issue before us. If in the opinion of hon. members a royal commission or further inquiry is necessary at another session, so far as this government is concerned, it will give it to them. What is more. If, following the example of Blake and Huntington, those men who carried on the investigation with respect to the Pacific scandal, which was but a little drop in a river as compared to this, any hon. member will rise in this house, even at this late day in the session and make charges acquiesced in by a sufficient number of those

about him, he will get the investigation, this session or next. You will get a commission or an investigation before a committee.

In view of the spirit that sometimes is aroused concerning these matters, I do not think judges should be dragged into discussions in this house. But I repeat if, however, hon. members will rise in the house next session or at another session, so long as we are in power, make charges with respect to election funds, give us particulars and do not propose a roving commission to run around the country, and attempt the impossible, we will meet them. I repeat, we will meet them. Make the charges against me, if they like,—and I except nobody from that statement. Make your charges, but do not go about this country talking about your virtues and arrogating to yourselves a righteousness you do not possess—

Mr. LAPOINTE: Hear, hear.

Mr. BENNETT: That is what I say.

Mr. LAPOINTE: Hear, hear.

Mr. BENNETT: —and then expect that the attention of the people will for a moment, be diverted from what this investigation discloses, by the old red herring trick of trying to induce them to think of something else. The tactics of Napoleon were "Divide and rule." Apparently you think that all you need to do is to induce people to believe that something or somebody else is wrong, and thus you may be able to induce them to forget that you stood and said, "Look on yonder building . . .; but we have no money." No; rich in influence, with leaflets distributed everywhere, we come before the house and say, "The paragon of an organizer was Sir Robert Hudson, of England." His Canadian counterpart is, my friend and organizer who like him gets money from "rich men," having only "good will" to dispose of.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, hon. members will be glad to hear that if I had the time at my disposal I should not care to take so much as the leader of the opposition (Mr. Mackenzie King), or had I the righteousness I should not care to display it as did the Prime Minister (Mr. Bennett). I have often wished I had a wide vocabulary, but I never hear the leader of the opposition but I rejoice in my infirmity. I would say to the Prime Minister that there is nothing quite so hard to live with as self-righteousness, and if he intends to live with human beings—which we are, and which I proudly claim to be—it would be very well for him some time to be wrong. He is never wrong. He is not wrong when he brings down income tax legislation, and he is not wrong when he withdraws it; he never is wrong.

However, that is neither here nor there. I think if we needed proof of the fact that the party system is bankrupt we have certainly had it in the three and a half hour speech delivered last night, and in the speech we have heard to-day. While I do admire the despatch with which the Prime Minister acted, we must at least say for him that he does act. If he did so with a little less gusto, probably we would appreciate his actions still more. We are pleased with the stand he has taken; personally I rejoice in the thought that he intends to cancel the order in council and at least to go some distance in retaining for the people the power to be developed at Beauharnois. If it is to be managed by three bankers, however, I think I would have to know who they are and what they are before I could agree that the change is an improvement.

When one surveys the great fortunes which have been made in this country—and the fact is that great fortunes are being made in Canada—one traces them, always, to the natural resources. They have been made through the taking of the people's wealth. When one thinks of wealth in Ottawa, one thinks of lumber; when one thinks of wealth in Winnipeg, one thinks of wheat. Great wealth in any community has a close connection to the great natural resource of that particular locality. So again we have one bunch of exploiters—and we shall likely have others in the future—taking from the people the great natural resources that should belong to them, and taking it in a way that will cause those who use those resources when developed, for instance, the electric energy to be developed at Beauharnois, to pay more for it in perpetuity, while those who by their exploitation made an exorbitant profit quite likely will go scot free. I feel there should be a law—whether provincial or federal does not matter to me—to force those who so exploit our great natural resources to disgorge their dishonest gains or else go to jail like any ordinary Canadian citizen would have to do if found guilty of petty thievery. Why not? If a hungry person takes a loaf of bread or a bag of potatoes, or some other thing of practically no monetary value, he is sent to gaol. So why should not people who have taken wealth that certainly did not belong to them, whether they have given it to somebody else or retained it does not matter—why, I ask, should not such people be brought within the criminal code? Are we to do nothing about it? Are

people of that type to be honoured rather than condemned? I suppose one should apologize for not knowing the law, and I regret my lack of legal training, but most of us have an average mental endowment, and I think we should remember that we are passing through very difficult and very hard times, and that there is nothing quite so nauseating to the people of Canada, nothing that arouses a rebellious spirit so strongly as the fact that when they are striving to remain honest and cheerful and hard-working, at the same time they see a bunch of rogues making off with wealth that really belongs to the nation. Unless something definite is done to curb these so-called financiers and the senators who got some of the money through their supposed political value, then as a former teacher and as a woman I would ask: What are we going to teach the children of Canada? What is the use of saying to the boys and girls in our public schools "We must have high ideals, we must be honest and hard-working, we must respect our institutions, we must look up to our public men and have confidence in them," if such men are to be allowed to remain in the parliament of Canada? Here are three senators who appeared before the Beauharnois committee, and I suppose they will continue to bear the prefix "honourable." If there is to be any respect for the Senate—and there is precious little now—we ought to rid the Senate of their presence, and we should not be afraid or ashamed to say so. I read in the latest issue of Toronto Saturday Night this amusing little poem which pictures the case in the words of the people:

Behold Beauharnois
How happy is
The Senator!
He gets let in
On the ground floor,
And makes himself
A millionaire
For some concern
That isn't there.

The magnate has
A lot of fun—
He splits up stocks
At ten for one,
And think how he
Is tickled when
He sells them out
At one for ten.

How generous is
The financier!
He gives a hundred
Thousand clear
To any college
Chum he meets
And doesn't even
Ask receipts.

The witness prides
Himself a lot
On what he did
For what he got,
But on details—
He will be frank—
He finds his mind
A perfect blank.

O sweet to be
A politician
Whose acts are all
Above suspicion
But who can always
Find a way
To make his nuisance
Value pay.

That is the way the people are looking at the Beauharnois scandal, and unless everybody is to be smirched by the disclosures we had better take no uncertain stand in the matter.

The Beauharnois committee was also told something about campaign funds. It is interesting to know where some of the campaign funds came from. It would be equally interesting to know where the remainder came from for both parties; because I do not think campaign funds always go to one party, I fancy they go to both. It is not so long ago that we had the liquor scandal, when an investigation disclosed that huge sums were paid to both parties by the liquor interests; then we had the customs scandal, and now the Beauharnois scandal. These investigations have given us three little glimpses of how campaign funds are paid. This does not mean that we know where all the campaign funds come from, but in the latest disclosures John Aird, jr., put it very well indeed. He said: "Gratefulness was always regarded as an important factor in dealing with democratic governments."

An hon. MEMBER: Sweezey.

Miss MACPHAIL: Yes, but he was telling what Aird told him. Well, in one way I do not blame the parties, I blame the people for payment of campaign funds. As long as the people enjoy having corporations and bunches of rogues, or whatever you like to call them —I do not mean that all corporations are controlled by rogues, I am thinking of this particular gang—as long as the people enjoy being fooled by men of that type it is their own fault. During my own campaigns I have said this many times: If the people of Southeast Grey do not want to pay for the financing of a candidate, then don't have one; if they do want one, then pay for it. Suppose every family in Canada paid $1 to the candidate of his choice, that is money enough to carry on an honest campaign, to pay for radio broadcasts, newspaper advertisements, lectures, and any other decent method

of convincing the electorate of the virtues of the candidate. Until they do that we shall go on from the customs and the Beauharnois scandals to other scandals, on, on, on, endlessly, and sometimes it will be the Conservatives who are pure and holy, and sometimes—if they are careful and astute—it will be the Liberals.

Undoubtedly the methods of securing campaign funds for the support of the old parties throttles the whole idea of democratic government. The large sums which the old parties get—and they are not 25 cent pieces, I should judge—cause them to be "grateful," in the words of John Aird, jr., to those who give the money. However much those who require such campaign funds may try to be perfectly honest in their relation to the people of Canada, they can scarcely help being biased in favour of those who made their election possible by their bounty.

In the same issue of Saturday Night there is a very interesting cartoon, and I hope all hon. members will look at it. "The People" shown by a figure in the centre, very much bedraggled, a beaten little man, with a bump on his forehead, a black eye, hair dishevelled, deprived of his coat and in a state of impotent rage, his fists clenched, while on his right hand are two grinning, well-dressed, corpulent gentlemen representing the power interests, on his left two financiers emptying his coat pockets, in the background two politicians —there should be three—slinking off with a fat bag, seeming a bit ashamed. The cartoon is headed: They've Taken Everything but His Vote. And that is about where we are in democratic government. The people can vote, but they cannot do much else, for it does not matter a great deal which side they vote for. True, a change of government does help; we find out what the other party was doing, and that is always interesting. But certainly if there were no big campaign funds available to the old parties the number of independent members in this house would be much greater. They might not be sitting in this corner; they might not think as we do but they would be independent, free men, and how they would enjoy it. I am sure, during the last few weeks, many men in this house have gone through what the right hon. leader of the opposition last night called the valley of humiliation.

Then there is something else I should like to know. I should like to know why Sweezey gave John Aird that $125,000. The fact that it went to the province which supplied the contract which enabled the company to sell bonds is, to me, a suspicious circumstance.

Then take Aird's own words as given by Mr. Sweezey—we will go over them again. He testified that Aird said:

> That he thought that a contribution would be in order to the Ontario Conservative party because we would probably be having a lot more dealings with the Ontario people, and that gratefulness was always regarded as an important factor in dealing with democratic governments.

The matter is pretty clear to anyone who is not too credulous, but we ought to know more than we know about it as yet. One is almost led to suspect that long years of careful manoeuvring have taught certain people how to completely cover their tracks. I am not sure that the committee went into that question as far as they might have; I am not sure why it was not made clearer, though of course in the minds of the people it is quite clear. Mr. Aird was certainly a marvellous man to get that amount of money for a few words of advice, the nature of which he could not recall. Advice must be valuable.

Before I finish—and I have not taken very long, nor do I intend to do so—I must say that I think the people of Canada ought to take this lesson seriously in regard to campaign funds. If they do so this revelation will be worth while; a great lesson will have been learned by this investigation. I am sure I do not enjoy seeing people's characters besmirched, but there was one individual, Senator McDougald, about whom I feel it would not matter very much. A man who not only used his position of trust for his own enrichment but who betrayed his best friend seems to me beyond anything but our contempt. All the others, I suppose, are doing just what is being done in other corporations day after day and month after month, which goes to show how absolutely rotten is the social system under which we live. The Toronto Saturday Night, which is not a radical publication, or was not such, in P.M.R.'s column says the following:

> If the capitalistic system is to survive, there must not be scandals like the Beauharnois. Disclosures such as those which have shocked the country in recent weeks are just so much ammunition for the reds.

Mr. CAMPBELL: Are you sure that is not from the Worker?

Miss MACPHAIL: No, that is from the Toronto Saturday Night, and it is followed by a paragraph in which it is stated that the only argument in favour of the capitalistic system is that under it both overalled and white-collared workers have had the best opportunity for advancement, and that unless the capitalistic system proves that to be true it cannot last. There can be nothing more

sure than that; we are watching the old system totter to its fall. I am not particularly interested in it, but if those who are interested wish to save it, it is time they bestirred themselves, because unless that is done, it will hasten to its end.

Motion agreed to on division.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURAL DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 142, to confer certain powers upon the governor in council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada.

He said: I think I have made all the explanations I can make with respect to this legislation, except that I indicated yesterday that it might be desirable to add "as far as the legislative powers of the Parliament of Canada extend" or words to that effect. However, at the moment that has nothing to do with the second reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, since I have had an opportunity of seeing the bill I must confess that I feel it lends emphasis to the remarks I made in speaking on the resolution upon which the bill is based, and that it really would be impossible to express in too emphatic terms the objections to which the measure as proposed is open.

I should like to repeat that I believe it is a very great mistake to associate the relief of unemployment arising from economic causes, of which existing fiscal policies are one, and the relief required in rural areas because of distress occasioned by drought, failure of harvest and other like causes. It is an even greater and graver mistake to associate these relief measures with a measure concerned with peace, order and good government in Canada, which looks to me like a war measure applied to our country in times of peace. One would think that the possibility of a civil war were contemplated in this country by a measure of this kind, and that it was going to arise out of the extent of unemployment.

That is most unfortunate. The Prime Minister (Mr. Bennett) did say that he desired legislation with respect to peace, order and good government in order to deal more effectively with some noisy minority who might represent certain bolshevist or what he terms communist views which he did not think should be permitted to make headway in this country, but the public will not get that idea from this measure, nor will those who are suffering from unemployment and who are experiencing the great distress which is theirs in virtue of the fact that, seek as they will, they are unable at the present time to secure remunerative employment. That is my first objection.

There is another objection, which is perhaps even stronger. The bill gives to the governor in council power not only to spend money for certain purposes but to borrow money and spend it without limit. I confess, Mr. Speaker, that I do not believe there will be found on the statutes of this parliament any comparable measure in the whole history of Canadian legislation. As was pointed out the other evening by the hon. member for Labelle (Mr. Bourassa), when parliament was asked to vote huge sums to meet the emergencies and necessities of war, the Prime Minister of the day never thought of coming to this House of Commons and asking parliament to give him a blank cheque for the purpose. He fixed some amount. True he was unable to estimate within appreciable bounds what the amount might be that would ultimately be required, but, notwithstanding, he did have some regard for the rights of parliament. It seems to me this bill disregards parliament altogether; it is a complete usurpation of the rights of parliament. This afternoon my right hon. friend spoke with some force, some emphasis and feeling about having regard to the traditions and the institutions of government. Well, the fundamental tradition in all that pertains to responsible government is that the people's representatives in the House of Commons must exercise control over taxation and that that right must never be taken away from them. It cannot be too strongly emphasized that that is exactly what this bill does. It takes away from this House of Commons and this parliament control over taxation, because no amount is named. We have no knowledge whatever of how much will be borrowed and how much will be spent. All we know is that after the treasury has been depleted to a very considerable extent, and our public debt has been correspondingly increased, and not until then, will the people have any idea of what this particular measure involves. I do not think it is possible to emphasize too strongly how serious is the departure which the government is making in asking this house, no matter what the reason may be, to give it unlimited powers of the kind.

When one reads the measure and contemplates the possible uses of the moneys,

judging from the provisions with respect to what the governor in council may do once these powers are given, the situation will be seen to be more serious than ever. It becomes, I confess, extremely grave. In the first place, the measure gives the government power to aid in the relief of unemployment in a manner similar to that which characterized the legislation passed at the special session and which seemed at the time to be going pretty far. But it gives the government wider powers than were conferred at that time. Such relief as was given at the special session had relation to the needs of the provinces and the municipalities, and to a corresponding contribution on their part, which surrounded possible expenditures with some sort of limiting safeguard. But see what this measure does. It enables the governor in council to use any sum of money it may wish in order to—

(a) Provide for the construction, extension or improvement of public works, buildings, undertakings, railways, highways, subways, bridges and canals, harbours and wharves, and any other works and undertakings of any nature or kind whatsoever.

Why have a parliament at all? Why have estimates submitted to parliament for consideration if the governor in council is to be given authority to do without any control by parliament all these things which ought to be subject to the most careful scrutiny of this House of Commons? Take the next power given the ministry under this bill. They are empowered to:

(b) Assist in defraying the cost of the production, sale and distribution of the products of the field, farm, forest, sea, river and mine.

That gives the government power to do almost anything in the way of subsidizing any industry associated with the great natural resources of the country. They can give moneys to any extent to any enterprise to be used in any way. Why bring in a measure such as the one which passed this house a day or two ago, granting to the farmers a five cent bonus in connection with the production of their grain when under a measure of this kind the government without further sanction by parliament could give them 25? There was no necessity for that measure with this bill in view. All the powers required to grant that assistance and as much more as desired are being given in this bill to the governor in council without even the necessity of any supervision on the part of parliament. Take the next section, which empowers the government to:

(c) Assist provinces, cities, towns, municipalities and other bodies or associations, by loaning moneys thereto or guaranteeing repayment of moneys thereby, or in such other manner as may be deemed necessary or advisable.

Contemplate what that means. It gives the government the right to borrow to any extent, to assist in any way they please, for any purpose, the provinces, the cities and towns and municipalities, and other bodies or associations. That pretty nearly covers all important organizations that can be thought of which would require assistance for any reason whatever.

While the measure has reference to unemployment and farm relief and peace and order—that is the title of the bill—in reality it may be summed up in the first few words of the title: "An act to confer certain powers upon the governor in council." That is the whole purpose of the bill, to give additional powers to the governor in council to go to any length it wishes. Take the next section. This gives the government the power to:

(d) Take all such other measures as may be deemed necessary or advisable for carrying out the provisions of this act.

That leaves nothing that the government cannot do if it wishes to act under the terms of the bill now before us. I do not think that anything of this kind has ever been introduced in any parliament in any part of the world since there have been representative institutions and responsible government in the different countries. But the bill goes further. It not only contemplates the expenditure of moneys in this way; it gives the government power to make any orders or regulations it may wish to make by reason of the circumstances recited in the preamble. The preamble touches upon peace, order and good government—that covers pretty much everything; it touches specifically upon unemployment, rural distress and the like.

What this house is being asked to do now is to enable the government of Canada, without any supervision on the part of this parliament, to make any order or regulation whatsoever; this is equivalent to saying that the government may make any law whatsoever which can possibly have a bearing upon conditions in this country during the remainder of this year and until March, 1932. Never was power asked for by any government at any time of any parliament comparable to that which is asked for in this measure. Not only does the bill give the government power to make these various orders and regulations, but it gives power as well to enforce the orders and regulations. And in that connection it goes the length of providing that the govern-

ment may make any order it pleases or any regulations, and that they may therefore revoke those orders and regulations. If a mistake has been made in the original order no consideration is to be due those who may have suffered under the order. I cannot conceive of anything more arbitrary, which an autocratic government could seek to possess, than power such as that. Just imagine a responsible body of the people's representatives being asked to give the administration power to make any rules and regulations it pleases, to pass any orders in council, to revoke those orders in council, and even if it be shown that injury has been suffered by those affected, and that there has been loss and suffering from the government's action, there shall be no redress! But that is not all. The measure goes on further than that. It asks this parliament to part for the time being with its right of imposing fine and imprisonment and to hand over that power as well without reservation to the government. It asks parliament to give to the governor in council power to fine and imprison if it thinks with respect to the enforcement of any feature of this legislation that may be necessary. I do submit, Mr. Speaker—

Mr. HANSON (York-Sunbury): Where does it say that it gives the government power to fine and imprison?

Mr. MACKENZIE KING: Section 6 reads:

6. The governor in council may prescribe penalties that may be imposed for violation of the orders and regulations made under the authority of this act, but no such penalty shall exceed a fine of one thousand dollars or imprisonment for a term of more than three years, or both fine and imprisonment, and may also prescribe whether such penalty shall be imposed upon summary conviction or upon indictment.

Nothing could be more emphatic than that.

Mr. HANSON (York-Sunbury): That must be decided by a court of competent jurisdiction.

Mr. MACKENZIE KING: The government prescribes the fine and the penalty creates the offence where there was no offence before.

Mr. HANSON (York-Sunbury): It fixes the maximum penalty.

Mr. MACKENZIE KING: It creates new offences and new penalties.

Mr. HANSON (York-Sunbury): It does not impose them.

Mr. MACKENZIE KING: Surely parliament alone should have the right of saying what constitutes a criminal offence. Since when has parliament parted with its right to be the guardian of the people in the matter of liberties every citizen is entitled to possess? No citizen can escape being liable to fines and penalties which the governor in council may wish to prescribe if for any cause his actions may be held to come under the provisions of this section and if he does what the governor in council during the next nine months may say is a crime punishable by fine or imprisonment though no such offence exists at the present time. That is a most serious aspect of the whole measure.

If this measure were dealt with as it deserves to be, it would be the duty of this House of Commons to remain in session until the measure was withdrawn. That is the only way in which I believe a free parliament could in the circumstances be expected to maintain the rights of a free people. However, hon. gentlemen opposite have the majority; the government knows that it has at its back those who will support it through thick and thin. At this stage of the session we are forced to realize that no matter what we might do in the way of endless discussion the government would not alter this measure in any particular. Under these circumstances I am obliged to content myself with making as strong a protest as can be expressed in words. As I say, under ordinary circumstances it would have been our duty to fight this bill to the last ditch. Where a measure of this kind was in contemplation, it was the duty of the government not to have made it the last measure of the session, but rather the first of all measures that all hon. members might have had a full opportunity of disclosing before it was too late the grave seriousness of this taking away of powers from parliament to be given exclusively to the ministry.

I do not intend to move an amendment on the second reading. To do so might appear to be taking exception to what the ministry will say is the fundamental principle of the bill. I wish to avoid even the semblance of anything of that kind. So far as the bill is a measure for the relief of unemployment I am wholly and most heartily in accord with the principle of it. I shall go so far as to repeat what I said the other day, for I realize that we are reduced to that extremity in virtue of the power of hon. gentlemen opposite. If the government wishes to fix any amount it pleases —I do not care what the amount is as long as it will preserve at least the form, the appearance and the semblance of the authority of parliament—we on our part will be prepared in existing circumstances to subscribe without question to the measure. The min-

istry is doing something wholly indefensible, something which of itself will create more unrest in this country during the next few months than all that can ever be hoped for in the way of overtaking a very difficult situation.

When the bill reaches the committee stage, I will propose one or two amendments which touch the vital points to which I have just referred. I am going to ask that all the powers which are asked for shall be made subject to such appropriations as this parliament may vote. I believe that is the first duty of parliament with respect to the control of taxation and any added authority which it may give to the executive. I am going to move that we strike out of this measure the words which relate to peace, order and good government. I am going to do that not because I am opposed to the government taking all the powers which it may wish to have for purposes of the kind, but because any power of that sort should not be associated with unemployment relief in rural and urban areas. If the government will bring in another measure stating what it wishes to have in the way of additional authority to maintain peace, order and good government in Canada, I am almost prepared to say that for the sake of preserving the constitution and in appearance at least the authority of parliament I will give the measure ready support. I believe it is wrong, I believe it is cruel to associate with this measure, which relates to unemployment, to distressing economic conditions and to human suffering, anything which has to do with the semblance of riots and, possibly to a limited extent even of civil war.

This is all I desire to say at the moment. May I emphasize again that if this bill is passed in the form in which it has come before this parliament, it will be the beginning of the end of all that can be referred to as responsible government in Canada. It destroys the fundamental principle of control by the House of Commons over taxation. No measure at all comparable in its sinister possibilities and effect has ever been presented to parliament by this or I believe by any other responsible government, even in time of actual war.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, I do not intend to traverse the ground covered by my right hon. leader (Mr. Mackenzie King) except to say that I heartily concur in everything he has said. I shall not take the time to express my opinion of a government which proposes legislation of this kind in the parliament of Canada; I have no words at my command to condemn it strongly enough. I have known the Prime Minister (Mr. Bennett) for twenty-five years, and I cannot conceive why he should attempt to thwart the will of parliament as he is doing by this legislation. He is asking for money to construct public works over which he will have control. We are all alive to the necessity of doing something to relieve unemployment, but I cannot condemn too strongly the action which the government is taking in this regard.

What is parliament for? Why are we sent here? What is our duty to the people? This government with its majority is taking upon itself the responsibility of doing everything which parliament should instruct them to do. After all this or any other government are but the stewards of parliament to carry out its behests, but this measure reverses that procedure right about face. What are we here for? What is left for parliament to do? This government is asking for authority to do anything they wish, in whatever manner they wish, and anyone who objects will be liable to fine and imprisonment. I do not know of any country in the world possessing a democratic government which would propose a measure such as this for the relief of the unemployed and the destitute. To combine it with a situation that actually puts into the hands of the government the right to declare a state of war in the country—

Mr. BENNETT: Oh no.

Mr. STEWART (Edmonton): That is my interpretation.

Mr. BENNETT: There is no such power asked.

Mr. STEWART (Edmonton): Why insert the expression "for the peace, order and good government"?

Mr. BENNETT: When the bill gets into committee I shall explain it to the hon. member.

Mr. STEWART (Edmonton): I shall be glad to get the explanation. My right hon. friend has not left out a single thing that he may require and that parliament properly has the right to bestow. He is asking for a blank cheque without the semblance of a statement as to his intentions. I presume—and I have no quarrel with him on that score—that so far as relief work is concerned, he will carry out the program that was carried out under the legislation of last September. But he is going to carry on public works, controlled absolutely by the government of Canada, and parliament is not given the consideration of a mention of what shall be done, except that it is asked to give a general, blank order that the government may do thus and so.

I could not let this occasion pass without voicing in the strongest terms condemnation of this attempt to get such wide powers. Indeed it is not only an attempt but a reality, as the Prime Minister informed us on previous occasions, when for instance we were discussing the tariff board bill: I have the majority behind me, and the majority is a subservient one and will carry me through.

Mr. BENNETT: Will the hon. member say when that was said?

Mr. STEWART (Edmonton): It was said in a debate in the house by my right hon. friend.

Mr. BENNETT: When?

Mr. STEWART (Edmonton): That my right hon. friend had the power behind him to carry out his wishes.

Mr. ROSS: When?

Mr. STEWART (Edmonton): On a former occasion when we were discussing matters similar to this. I have not Hansard before me, but if my hon. friend will look it up he will find that my statement is correct.

Mr. COTNAM: My hon. friend was subservient to his leader.

Mr. STEWART (Edmonton): Not on all occasions, because I supported my hon. friend's party against the then government, on one occasion, and if a similar occasion arose, I would do it again.

Mr. COTNAM: Just once.

Mr. STEWART (Edmonton): Yes; that is more than my hon. friend can say, because he would not think of doing such a thing. I have it on my record on a certain occasion, but I doubt whether my hon. friend, who is so anxious to interrupt proceedings and annoy, would ever do such a thing. It is the last thing that would occur to him. Without delaying the house further, I want to put myself on record as being unalterably opposed to this method of carrying on the affairs of this country.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

STANDING ORDERS

Sixth report of the select standing committee on standing orders.—Mr. Bury.

Mr. BURY moved that the report be concurred in.

Motion agreed to.

Mr. SPEAKER: The business of the house under the order of private and public bills having been disposed of, the house will revert to the debate on the second reading of Bill No. 142.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURAL DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

The house resumed consideration of the motion of Right Hon. R. B. Bennett for the second reading of Bill No. 142, to confer certain powers upon the governor in council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada.

Mr. THOMAS McMILLAN (South Huron): When the house rose at six o'clock I had not intended to say anything on the bill now before us. Had it not been for the attitude of members of the cabinet I should not have spoken. We know the powers they seek to take out of the hands of parliament, and this is not the first time since the general election of July 28 last, they have endeavoured so to do. We know that at the special session the power of taxation was taken out of the hands of the people, a power which had rested with their representatives in parliament under the terms of the British constitution ever since the days of Magna Charta. The government took the power out of the hands of the representatives of the people and placed it in the hands of one man, the Minister of National Revenue, so that he could place upon goods a value for duty purposes without any respect whatever to their cost price. He could raise the value as high as he wished, reduce it as low as he wished or change it whenever he wished.

I desire to do nothing to delay the business of the house, but we had before us a few days ago a bill providing that members may be appointed to cabinet positions without asking the sanction of their constituents —just another instance of power being taken out of the hands of the people. The system of representative responsible government under which we live leads us to believe that the people constitute the great tribunal of last resort. That power has been kept in their hands, after having been fought for and won. and has been transmitted to us from the days when the heads of kings used to be tumbled into the wastebasket simply because they persisted in the imposing upon the people of their imperious wills, in the belief that the people were merely the serfs and chattels of the state and that the state and the high command must be all-supreme.

We have just emerged from the greatest conflict of the ages, and in it the very same principle was at stake, namely whether the common people would rule or whether they were to be serfs and chattels I have already described. In preparing for that great conflict the children of Germany were taken at a very tender age from their mothers and placed in the hands of the military command. So well did they succeed in this way, in building up a great military force that for four long years the freedom and liberty of humanity, the preservation of the liberties of the world, trembled in the balance. The measure which allows cabinet ministers to hold office without appealing to their constituents took away from the people a sacred right which should have been preserved. That is another instance in which the people lost the power and authority which should have been preserved to them.

Here again we have before us a blanket proposition through the medium of which the government can do anything they like with the finances of Canada, and where power is being taken from the representatives of the people and given to the custody of a few. I am not going to obstruct the measure, because I know it will pass, but I did not wish to see it pass without voicing my protest.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I do not wish to speak at great length on the bill, but I desire to endorse the remarks made in opposition to it and to the manner in which it has been presented to parliament. I support every objection raised by the right hon. leader of the opposition (Mr. Mackenzie King) and I am in full sympathy with every word uttered by my hon. friend from Labelle (Mr. Bourassa) in the speech he delivered, which I have read in Hansard.

By this measure the government takes from parliament matters which should be under its exclusive control. It wipes away parliamentary control and takes upon itself all conceivable powers. The terms of the bill I am sure are more general than most people have begun to realize. Referring to section 2, I find the words:

> There may be paid out of the consolidated revenue fund such moneys as the governor in council in his discretion may deem expedient to expend for relieving distress, providing employment and maintaining peace, order and good government.

"Peace, order and good government," may mean anything. As was said in committee the other day, the sky is the limit. They are borrowing the very terms used in the British North America Act to define what is the jurisdiction of the Dominion parliament. Section 91 provides:

> It shall be lawful for the queen, by and with the advice and consent of the Senate and the House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces;—

I draw the attention of the house to the following words:

> —and for greater certainty, but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated, that is to say,—
> 1. The public debt and property.
> 2. The regulation of trade and commerce.

And so forth. By this bill they borrow not only those words "peace, order and good government," which may mean anything under the sun by way of legislative jurisdiction, but they take the trouble to say in section 3:

> Without restricting the generality of the terms of the next preceding section hereof, and notwithstanding the provisions of any statute or law, the governor in council may,—

—do certain things mentioned in paragraphs (a), (b), (c) and (d). Under this bill as now drawn it will be within the power of the governor in council—of the Prime Minister of Canada—to take money from the consolidated revenue fund for the purpose of doing anything which under the British North America Act this parliament has the right to do. They may establish banks. We do not need any legislation for the completion of the Beauharnois canal—they will be able to build it under this proposed legislation. And they bring down this measure at the very end of the session, after members on both sides have for five or six months asked the government to define some policy for unemployment; they wait until the very last days of the session and then ask for this wholesale power without any restriction, without any control whatever on the part of parliament. I say that is a piece of despotism which has not had any parallel in the history of Canada, or, so far as I am aware, of any other democratic country enjoying responsible government. It is the establishment of a virtual dictatorship; there is no doubt about it. My hon. friend from Winnipeg North Centre (Mr. Woodsworth) said that it smacks of bolshevism, and my hon. friend from Labelle (Mr. Bourassa) said it was fascism. I do not know what term to use to describe it, but it is the worst piece of auto-

cratic power which a prime minister or a government in this country has ever tried to assume.

Only the other day, Mr. Speaker, when some hon. gentlemen raised the question of unemployment and besought the Prime Minister to define some policy, he said that he was hampered because of constitutional difficulties, because of the powers of the provinces in matters of property and civil rights, and he had his doubts as to the power of this parliament to intervene directly and not through the provinces. And I myself did say at the time that I thought there was a national emergency, and that if unemployment had become a matter of national emergency the parliament of Canada had the right to legislate with regard to it; but never did it enter my mind, and I do not think it did enter the mind of any hon. gentleman, that that meant that parliament itself would abdicate its control, its power, its jurisdiction, its authority, and entrust all of these into the hands of one man or one set of men, who after all are only a committee of this parliament.

Sir, in matters of national finance the vital principle is the full sovereignty of parliament, of the representatives of the people, in disposing of the burdens which eventually will be borne by their constituents. Parliament and the government must be kept within their respective spheres, or else the whole machinery cannot work. No public money can be taken out of the consolidated revenue fund except by a vote of parliament, either by way of a special statute for an expenditure of a permanent nature like the salaries of judges, members of parliament, or something of that kind, or by an item in the estimates which is voted annually. That is the basic principle of the control of parliament over national expenditures. In the time of the great war at the special session of 1914 I had the honour of a seat in parliament. That was a national emergency; it was war, and in time of war everything seems to be permitted. In all the countries engaged in the war the inevitable answer to every suggestion or criticism was "This is a war measure." But even so the then Prime Minister never thought of asking parliament to give to him what the right hon. gentleman is asking parliament now to entrust to his care. Even then the Prime Minister, Sir Robert Borden, although he asked for votes of money without their being subject to the ordinary measures of control, asked for a definite sum of $50,000,000 at the first session; and at every subsequent session another amount was voted by parliament, but always there was defined an amount which could not be exceeded, $100,000,000 or $150,000,000; and every time the Prime Minister thought it his duty to give to parliament, to the representatives of the people, a list of the destinations of the money which he was asking parliament to vote. We have nothing of that kind in the present bill. There is no detail; carte blanche is being asked without any control whatever. Even during the war, with the limitations which were then imposed, everybody knows that there were abuses, everybody knows that money was wasted, there were scandals, and a royal commission was appointed. My right hon. friend this afternoon spoke against judges sitting on royal commissions. That was not the idea of the Right Hon. Sir Robert Borden. At the most difficult time of the war when those questions of abuses, of wasted expenditures, of scandals were raised, he appointed two distinguished judges of the land, Right Hon. Mr. Justice Duff, of the Supreme Court of Canada, and Chief Justice Meredith, of Ontario. He thought that was the best way to act, and I quite agree. When there is a question of judicial importance; when judicial powers must be exercised, I agree that judges are the best men to carry on the work. I do not believe in justice being dispensed by majorities belonging to one or another party, and if I may be permitted to use the words of Burke, that is not where we can find the strict neutrality of impartial judges.

I say that even then there were abuses, but in this measure there is no limitation as far as amounts of money are concerned; there is no limitation as to the destination of those moneys or the use to which they may be put. I have been reading a book which my right hon. friend quoted many times when sitting on this side of the house but which he seems to have forgotten since he has been on the other side; I refer to that famous book written by Lord Hewart, chief justice of England, entitled The New Despotism. In that book Lord Hewart relates the story of an Anglo-Indian civil servant who returned to England on leave after an absence of many years. On arriving in London and while travelling between Victoria and Charing Cross stations he asked the man with him, "What are those buildings?" The man said, "Well, those are the parliament buildings; that is Westminster." The Anglo-Indian said, "What, does that rubbish still go on?" That was the attitude of mind of that gentleman, and if we agree to this bill in its present form I really believe we will be entering on a path fraught with grave danger. Surely someone will say, sometime, "Does this rubbish still go on at Ottawa, the parliament of Canada?"

Mr. DURANLEAU: What would the hon. member suggest?

Mr. LAPOINTE: I suggest that an amount should be fixed. I am quite prepared to be as generous as possible in order to relieve unemployment in Canada and give work to the people who are willing to work, but parliament should set the amount.

Some hon. MEMBERS: What amount?

Mr. LAPOINTE: Any amount the government thinks necessary provided they give some good reasons for it, but not a blank amount which will enable them to do anything at all with regard to peace, order and good government. Under this act anything may be done by the government without parliament having anything to say in the matter. In the days of the worst kings the custom was to defy parliament, but they failed.

Mr. LAVERGNE: What kings?

Mr. LAPOINTE: What does the deputy speaker have to say?

Mr. LAVERGNE: What kings? Name the worst kings.

Mr. LAPOINTE: Some of the kings my hon. friend is so fond of referring to—

Mr. LAVERGNE: May I ask—

Mr. LAPOINTE: If the hon. member for Montmagny, the deputy speaker of the house, will keep order, I shall be much obliged. I voted for his appointment as deputy speaker in order to keep him silent, and I hope he will not interrupt me when I speak in the house. I am willing to vote his salary, but I want him to keep quiet when I speak.

Mr. LAVERGNE: Once more—

Mr. LAPOINTE: We will talk about it.

Mr. LAVERGNE: Yes, in your county, any time you like.

Mr. LAPOINTE: Will you keep quiet? Mr. Speaker, may I ask you to ask this noble deputy of yours to keep quiet? I know my hon. friend is more often an embarrassment to the Prime Minister than to myself, but I will ask him to keep quiet when I have the floor.

Mr. LAVERGNE: My most humble apologies.

Mr. LAPOINTE: Who has the floor, Mr. Speaker, your deputy or myself?

Mr. LAVERGNE: Undoubtedly you have it.

Mr. LAPOINTE: I do not quite remember what argument I was presenting when I was interrupted by my hon. friend. That shows how unfair it is, on the part of the man who is in charge of order in the house, to act as he has acted under the circumstances.

Mr. BOURASSA: You were speaking of kings.

Mr. LAPOINTE: Yes, the kings who are so dear to the heart of my hon. friend. I was saying that some of those kings attempted to defy parliament but failed in the attempt. Apparently the ways of the new despots are different. They do not challenge parliament openly; they try to subordinate parliament, to supersede parliament, to render supreme their will or their caprice of those of the Prime Minister or governor in council, no matter what parliament may think; and they rely on a majority in the house to achieve that purpose. I repeat that this course is fraught with great danger, and hon. gentlemen should think twice before endorsing the principles embodied in this bill.

"Peace, order and good government"—I repeat, and I do not think any hon. gentleman opposite can successfully challenge my statement or contradict me, that this includes everything which under the British North America Act is under the control of the parliament of Canada. There is no limitation. The powers set out in the subsequent clauses do not restrict the generality of the expression "peace, order and good government," and on that point I am in agreement with the words of the right hon. leader of the opposition, who said the other day that it was adding insult to injury to include, in a bill for relief to the unemployed, provisions having to do with keeping order and things of that kind In other words the government seem to say, "We may give you bread; we will have the power to do so. We will have the power to give you work but also we will have the power and the money necessary to employ that power to shoot you down if you are not satisfied." Certainly that is not what hon. members in this house, even those on the other side, have in mind, but that is what is contained in this bill. I do not think the way to avoid disturbances and troubles is to deal with the people in that way. I do not think police matters and things of that kind should be included in a bill having to do with the relief of unemployment.

I do not like to add more on this feature of the subject, though there are many things which come to mind. I am speaking under some restraint, and I do not like to say all I am thinking about this feature of the bill.

I repeat, in conclusion, that so far as subscribing to relief measures is concerned, and

giving assistance to those who are in need, I am quite willing to go as far as possible in the support of the government in any legislation it may bring down for that purpose. But this bill is the negation of the powers and the rights of parliament, and for that reason I cannot but oppose its second reading.

Mr. ARMAND LAVERGNE (Montmagny): One would have thought last night that hon. gentlemen opposite were still in the valley of shame and humiliation, but it seems to-night, to hear the hon. member for Quebec East (Mr. Lapointe), that they are coming out into the open plain of the shameless. One word particularly struck me in the address which the hon. member for Quebec East has made to-night, and I must say I was not surprised. The moment I mention the argument used by the hon. gentleman everyone in this house who has lived in the province of Quebec during the last twenty-five years will recognize it. After a long and sorrowful appeal in behalf of the liberties of the people, which the hon, gentleman scorned when he was in the government,—and we had a good example last night, without referring specifically to a past debate—the ex-Minister of Justice, with tears in his voice, suggested that there was some intention to shoot down the people. I may tell the hon. gentleman that this argument is exploded. It has been used too long in the province of Quebec to have any effect.

Mr. CHEVRIER: That was probably when the hon. gentleman was shooting holes in the British flag.

Mr. LAVERGNE: I did not at any time use language of that sort, but if the hon. member for Ottawa (Mr. Chevrier) forgets the days of Papineau and William Lyon Mackenzie, I may tell him that I do not. He can discuss that matter with his leader. As a Canadian, I do not forget those days. At any rate, I have never shot holes in the British flag. Let me assure the hon. member for Quebec East once more that this kind of argument is exploded. Hon. gentlemen have been shooting the people of Quebec long enough; they will not now listen to anything of that sort. What they want this year is bread, which the hon. gentleman failed to give them. May I also tell him that we are waging a war—not a war such as they endorsed in this house and denounced in Quebec; not a war in Turkey or Egypt, nor the last war in India, discussed in their papers, La Presse and Le Soleil of Quebec, in which a picture of my hon. friend appears once a week. No; this is a war against hunger, a war against misery brought upon the people of Canada by the policy which hon. gentlemen opposite have been following for a number of years past. And, to wage this war, we are willing to endorse a blank cheque, if hon. gentlemen wish to call it that.

When my hon. friend says that parliament has not been consulted, I wonder what we are doing now; I wonder what we shall be doing next year when this government brings before parliament its accounts in connection with the adminstration of this fund. But I will go further: I dare the hon. gentleman to get up and ask for a vote on this bill. Hon. gentlemen opposite will let it pass, "carried on division," as they have been doing lately, not having the courage to register their names to those great principles which they have been bringing before the house. The principles which they have been bringing before the house they have not the courage to bring before the people.

I was not going to speak on this matter, but the hon. gentleman, in his speech, became quite huffy. He began naming the worst kings who have reigned in the past. Let me put a very humble question to the king of Quebec—and the king of Quebec, I am afraid, like the ex-king of Spain, instead of standing his ground and answering, will take his hat and run away or take refuge behind the Speaker, who has to maintain order in this house. When I am in the chair I am for the time being not an ordinary member; I must maintain order, as the hon. gentleman knows very well.

Mr. LAPOINTE: And very poorly.

Mr. LAVERGNE: Very poorly, perhaps; I know my limitations, which is something that cannot be said for the hon. gentleman. He does not know his limitations.

Mr. LAPOINTE: What does the Prime Minister think of this exhibition?

Mr. LAVERGNE: I have not asked the Prime Minister's opinion. What he thinks of me is his own affair. But I know one thing: I know what the people of Quebec think of the hon. member for Quebec East.

Mr. CHEVRIER: What will they think of the hon. member for Montmagny after this display?

Mr. LAVERGNE: I invite my hon. friend from Ottawa to come to Montmagny and he will see. That invitation is reasonable; it is a fair proposition; I am signing a blank cheque in that regard, and I ask my hon. friend to endorse it.

An hon. MEMBER: Let us have another.

Mr. LAVERGNE: I will go to Vancouver, although I am not an eloquent speaker like the hon. gentleman, and discuss it with him there. Speaking of what the Prime Minister may think of me, I know that I shall never receive at the hands of my leader the denunciation the hon. gentleman got from his leader last night. That is all I have to say on that point.

Mr. MACKENZIE (Vancouver): Are you speaking about me?

Mr. LAVERGNE: My hon. friend knows that I have a great esteem for him; I esteem him too highly to repeat half what was said about him last night by his own leader. Now, coming to this bill which is before us, we are giving the government power to relieve an unusual situation in this country. One suggestion I might make, however, is that some time limit ought to be fixed in the bill.

Mr. HANSON (York-Sunbury): It is fixed; the act expires in March, 1932.

Mr. LAVERGNE: That being so, parliament will then have an opportunity to criticize the government; the government will be responsible to parliament then. But I repeat what I said at the beginning to the uncrowned king of Quebec, or the resigned king of Queber, or—

Mr. LAPOINTE: Choose your worst.

Mr. LAVERGNE: If I chose my worst, I would say the hon. member for Quebec East.

Mr. LAPOINTE: Very, very clever.

Mr. LAVERGNE: Not very clever but quite sufficient for my hon. friend. However, I will say once more to the hon. gentleman, I dare him to vote against the bill.

Mr. LAPOINTE: Only one cheer.

Hon. MAURICE DUPRE (Solicitor General): I will not say much on this subject, but I think I should answer the challenge of the hon. member for Quebec East (Mr. Lapointe). The hon. member for Quebec East, like the hon. member for Labelle (Mr. Bourassa), contends that this legislation is a departure from the basic principle of parliamentary government. It seems to me that this is only a matter of mere procedure. Hon. members seem to forget the fact, which in my humble estimation is important, that we are going to render an account of the moneys which we are going to spend. And this blank cheque, as they call it, is not for very long; it is only for a few months. As I understand the attitude of hon. members opposite, they are trying simply to raise a new constitutional issue. They tried this trick in 1926, when they raised a constitutional issue with reference to the governor general. I cannot say that it proved a fiasco on that occasion; they wanted to gain votes by it and they did succeed in getting many votes. If ever the word "humbug," which has been hurled at us, could be applied, it could be to the issue raised by the hon. member for Quebec East.

We are perfectly willing to take issue with our hon. friends on this question and we would like them to come into the province of Quebec and discuss it upon the public platform. When I heard the hon. member for Labelle (Mr. Bourassa) speaking about the basic principle of parliamentary practice, I thought of that ancestor of his who said in this house: Let my country perish but the principle must be saved. On that occasion Lafontaine answered him by saying just the opposite, let the principle perish but my country must be saved. We have no desire to be quite so tragic. We simply say: If there is a principle at stake, as our hon. friends contend, if they think it is as dangerous as they say it is, they can take care of the principle; we will take care of the unemployed. When I was speaking on the old age pension act and was faced with the criticism of hon. members opposite, I replied as did the hon. member for Montmagny (Mr. LaVergne): I challenged hon. members opposite to vote against the measure. Tonight I repeat that challenge. I defy my hon. friends opposite to vote against this legislation.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, this seems to be an evening for challenges, and I rise to accept the challenge of the Solicitor General (Mr. Dupré). The Minister did not say one word which would be helpful to the unemployed. If he has any political or parochial tactics to employ, he should go down to the province of Quebec and let us deal with the unemployment question. When the former Minister of Justice (Mr. Lapointe) was speaking, the Minister of Marine (Mr. Duranleau) asked him what he suggested. I am going to offer a suggestion which I think will prove helpful to the unemployed. Section 3 of the bill states that the governor in council may—

> provide for the construction, extension or improvement of public works, buildings, undertakings, railways, highways, subways, bridges and canals—

And so on. What the unemployed want in this bill is not that the governor in council "may" but that it "shall" provide. We want a program of what the government proposes to do to help the unemployed. That is my suggestion. Every hon. member admits that the unemployed and the farmer need relief, but why should unemployment and

farm relief be coupled with a provision for the maintenance of peace, order and good government in Canada? What has arisen in this country to cause such alarm? If there is any sign of rebellion or dissatisfaction among the labouring people it is due to the neglect of this government. During the last elections the party opposite undertook to end unemployment. The Solicitor General (Mr. Dupré) was on the platform in Quebec when the Prime Minister (Mr. Bennett) made that promise. The Prime Minister concluded his remarks by saying: "I ask all members from Quebec to vote against me and put me out of office if I do not carry out the obligations which I have undertaken to-night."

Mr. DUPRE: We are carrying them out now.

Mr. HEENAN: Has the hon. member's government carried out any obligation since they came into office?

An hon. MEMBER: What did the hon. member do?

Mr. HEENAN: In addition to coupling with this measure the maintenance of peace, order and good government, there is a provision that the bill is only to supplement what the provinces and other bodies do. If the provinces and other public bodies can do nothing, then the bill will be of no effect.

An hon. MEMBER: It would be of every effect.

Mr. HEENAN: It is only to supplement that which the provinces and other public bodies will do.

An hon. MEMBER: No, no.

Mr. HEENAN: The only trouble is that the Prime Minister speaks for the government instead of my hon. friend. Perhaps he should be Prime Minister.

An hon. MEMBER: We can read the bill.

Mr. HEENAN: If the hon. member can read this bill it is the first time I ever knew him to be able to read anything correctly. Let me read it to my hon. friend and see if he can understand my Irish. It reads:

> And whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and other bodies—

It is in the public interest to supplement what the provinces will do.

An hon. MEMBER: That is only the preamble—read the bill.

Mr. HEENAN: The hon. member does not know the difference between the preamble and the rest of the bill. Where ignorance is bliss it is folly to be wise. The bill continues:

> —and for that purpose should vest in the governor in council the powers necessary to insure the speedy and unhampered prosecution of all relief measures and the maintenance of peace, order and good government in Canada.

That is to say, the government would supplement what the provinces and the municipalities will do. I come from the best part of Canada, northern Ontario, a part of the country discriminated against and persecuted by the government of Ontario because of its political faith. Let me tell the house what the municipalities in this part of the country will be able to do. I do not intend to quote any political body, but rather a resolution passed by the associated chambers of commerce and boards of trade. The Kenora Examiner of Friday, June 19, contains the following resolution, which was one of many passed by this organization:

> Unemployment, the greatest problem facing the country to-day came up for discussion with the result that a resolution was submitted and adopted as below:
>
> Whereas, the problem of unemployment has now advanced to a position of primary importance in the life of northwestern Ontario inasmuch as in the various sections of the area there is an alarming percentage of unemployed workers.
>
> Whereas, the condition of unemployment has now existed for some eighteen months thus depleting the accumulated savings of the people entirely, in the majority of cases, and
>
> Whereas, many have gone in debt by mortgaging homes, life insurance, etc., thus impoverishing and pauperizing themselves to such an extent that the morale is seriously effected, and
>
> Whereas, the municipalities have mortgaged the future in order to provide their portion of the funds made mandatory under the provisions of the Unemployment Relief Act, 1930, and
>
> Whereas, municipal taxation has increased to provide relief and the various councils now find the same or worse conditions of employment as existed in October, 1930, and are not able, financially, to provide either the work or direct relief needed, even though further funds were provided by the dominion and provincial governments, therefore be it,
>
> Resolved, that the northwestern Ontario federation boards of trade appeal to the provincial and dominion governments to immediately begin construction of the trans-Canada highway and to renew construction of the subsidiary roads still uncompleted.

Some hon. MEMBERS: Carried.

Mr. HEENAN: Mr. Speaker, there was so much ignorant interruption one other evening from the Conservatives as to cause the development of considerable heat. At that

time I was just a little carried away and I made a very unparliamentary remark. I do not want to do that to-night and I will have to depend upon your honour to ask some of these hon, gentlemen who seem to treat this matter so flippantly—they did the same thing during the elections—to go into the smoking room so that peace, order and good government can be maintained in this house.

The position of the municipalities in northern Ontario in reference to further relief grants is that they are unable to tax their people any more in order to cope with the situation. This bill is simply to supplement the efforts of the provinces and of the Dominion. Some of our hon. friends opposite seem to think a miracle was performed after the last special session of parliament. They voted $20,000,000, and it was passed without division. Like members on the government side, I thought it would be very helpful, and it was to some extent; but when one analyses the result, I want to ask any hon. member of the government or of the party opposite whether they think the unemployed were properly provided for. Let us analyse what was done with the $20,000,000—and we have no assurance that more than $20,000,000 will be expended under the present legislation. I should like some hon. members opposite who have been glorifying what was done during the special session of parliament to tell us what they think when they hear the result in the several provinces so far as the housewife, the woman who has to keep up the home, is concerned, because after all, that is the test of the result.

The following statement has been issued by the Department of Labour, showing the result prior to June 10. It gives according to provinces the amount of man day's work, and the number of individuals employed. I have analysed the statement to show the extent to which the housewife has to cope with the situation, and that ought to be the test. I want the Solicitor General (Mr. Dupré) to applaud the figures in regard to Quebec.

Province	Number days' work per man	Man received	8 months		Average working man's family contains 5 and would receive		Dominion Government share
			Amount per week	Amount per day	per week	per day	
Quebec	12	$ 33 60	$ 1 02	14-5/7c	20-4/7c	3c	3/4c
P.E.I.	8	22 40	68	9-5/7c	13-3/7c	2c	1/2c
N.S.	14	39 20	1 19	17c	24c	3-2/7c	7/10c
Man.	11	30 80	93 1/3	13-1/3c	19c	2-2/3c	2/3c
Alta.	12	33 60	1 02	14-5/7c	20-4/7c	3c	3/4c
Yukon	14	39 20	1 19	17c	24c	3-2/7c	7/10c
Ont.	55	154 00	4 67	67c	93-2/7c	13-2/7c	3-1/3c
Sask.	23	64 40	1 95	28c	39c	5-5/7c	1-2/3c
N.B.	13	36 40	1 10	16c	22c	3-1/7c	4/7c

Will the Solicitor General applaud what the province of Quebec received, or is it the intention to do better this time?

Mr. DUPRE: I can answer my hon. friend.

Mr. HEENAN: I do not want an answer just now.

Mr. DUPRE: If the hon. member challenges me I should like to answer..

Mr. HEENAN: I want the hon. member to applaud. I do not want an answer.

Mr. DUPRE: I am not going to applaud, but I am prepared to answer the hon. member.

Mr. HEENAN: Some hon. members from Prince Edward Island may applaud the figures in regard to that province.

[Mr. Heenan.]

Mr. HANSON (York-Sunbury): They have no unemployment there. They were not asking for relief. The hon. member is putting up a straw man to knock down.

Mr. HEENAN: If the hon. member were a housewife keeping a family on three cents a day, he would be knocked down too.

These figures were obtained in the fairest way possible, because I consulted with those who issued the report, and it will be found that prior to June 10 there were 291,735 individuals who got 6,273,228 man days' work. But when one analyses that as it really is and as the housewife experiences it, one wonders whether the workingman of Canada is going to be treated any better under this bill, which is a blank cheque and which I may say I am going to vote for if we cannot get anything more satisfactory.

Mr. CHAPLIN: If it is as bad as that, why do you vote for it?

Mr. HEENAN: Some hon. members are so ignorant they don't know enough to rise in their places when they ask questions.

Mr. CHAPLIN: You don't understand anything; you must be ignorant.

Mr. HEENAN: You can't expect anything but a grunt from a pig, anyway.

One of the hon. members opposite took an hon. member from Winnipeg to task the other day for daring to suggest that Mr. Finlayson, the Minister of Lands and Forests for Ontario, would suggest anything with respect to camps. I understand the exception was taken to military camps. I say to hon. members that when I read Mr. Finlayson's statement and then read this bill I am wondering whether there will not be a necessity for military camps. I have before me Mr. Finlayson's statement as it appears in the Kenora Miner and News of Wednesday, July 15, 1931, when he addressed the board of trade, a non-political organization. At that time he tried to intimidate his hearers by telling them that if the town councils and boards of trade did not enter into political controversy and repudiate what the labour men in the Ontario legislature and I were stating, he was liable to spend in other parts of the country the money under his control. In other words, a minister came into the town of Kenora, one of the most democratic places in Canada, and, addressing a public body, made the statement that if they did not enter into political controversy and did not repudiate statements publicly made by their elected representatives, he might spend the money under his control in other parts of the province.

Does that not verify what I have said for many years, that there has been intimidation and persecution of the worst kind by the Ontario government? I shall read his statement as reported in the paper to which I have referred:

> Speaking on the problem of the floater or transient, Mr. Finlayson stated that he had been proposing, and his proposal was now receiving consideration, to take the transients to camps in spots where they will not interfere with local labour, and supply them with work, food and clothing, and pay in the spring, say fifty cents per day for their work during the winter.

I have been accused by labour men of being very mild in my views, that I am not at all radical, but if there is anything which will create communism and bolshevism it is the kind of treatment that is handed out to the working men of Canada. There is a suggestion in this statement of paying as little as fifty cents a day, and on the other hand we have before us a bill to provide for peace, order and good government if the men do not want to accept those conditions.

There is no provision in the bill to proceed with public works, but there is a provision that the governor in council may do so and so,—construct highways, public buildings, subways and anything of that kind. If we may judge from the results of what they did with the last $20,000,000 vote I am satisfied the money will not be used to the best advantage. In my section of the country, a new part of Ontario, boards of trade and town councils have gone on record as asking for the immediate construction of the highway. If this bill had provided for a subsidy sufficient to facilitate the commencement of work on the highway, I do not know but what I would have withdrawn my other objections to it. I have no assurance, however, of such help. Ontario ministers have come through northern Ontario telling the people that they will do something just as soon as the federal government acts.

Mr. McGREGOR: What can the Dominion government do, when you are in it?

Mr. HEENAN: Do you want a cigarette? I thought perhaps you wanted a cigarette to put in your mouth. Somebody has to maintain order in this house.

Mr. BENNETT: Mr. Speaker is there for that purpose, and will preserve order.

Mr. HEENAN: I shall ask him, Mr. Prime Minister, and I think you will agree with me that there are few hon. members who interrupt less than I do.

Mr. SPENCE: You are talking all the time. That is why you don't interrupt—you never quit talking.

Mr. HEENAN: I would ask, Mr. Speaker, that you request the hon. member for Parkdale (Mr. Spence) and other hon. members who cannot give anything but abuse, to refrain from so doing. Let them go outside and grunt, so that we may have peace and order in the house. The Prime Minister would do well to address his remarks to hon. members sitting behind him.

I wish to know whether the Prime Minister will consider the suggestion, which I made, in all seriousness, that a bill of this description providing for unemployment relief and the relief of needy farmers should not be coupled with a provision for the maintenance of law and order. I can recall another period

in the history of Canada when similar measures were introduced. I was not in politics at the time, but I advised against such drastic action. Every man in western Canada will admit that it would have been far better for the western people if such drastic measures had not been enacted.

I contend that the legislation before us is only an aggravation and will disturb the men who consider they have grievances. The only men who were taken care of under the 1930 legislation were the common labourers. The government could go on with a program of building bridges, public buildings and other things of that nature which are really necessary and for the erection of which carpenters, machinists and other artisans could be employed at a fair rate of wages. The hon. member for North Timiskaming (Mr. Bradette), speaking yesterday, complained that some labour members were arguing for higher wages. I have not heard a labour man in the house lodging that argument concerning this kind of work. We urge that fair and reasonable wages be paid.

The regulations under the Unemployment Relief Act of 1930 contained the following clause:

> All agreements made with provincial or municipal authorities involving the expenditure of any portion of the money appropriated by the act of public works or undertakings shall contain provisions for the payment of fair wages and hours of work in accordance with the intent of the Fair Wages and Eight-Hour Day Act 1930, and the fair wages policy of the government of Canada as set forth in order in council (P.C. 1206) dated 7th June, 1922, and amendments thereto.

That was the condition under which after the special session the provinces and municipalities received grants. To-night we have the spectacle of the government of Ontario ignoring entirely that provision. The Minister of Labour made the statement that he had by agreement with the province set a fair wage of thirty-five cents an hour, yet we find that in most parts of northern Ontario they were paying only 30 cents an hour. I am going again to ask the government to see to it that the moneys wrongfully withheld from the workingmen of northern Ontario be paid to them. That is an obligation of this government. From a return tabled in response to my inquiry I find that the fair wages for common labour is between 40 to 50 cents an hour, that being the scale set by this government during the last two or three years. Notwithstanding that this scale has recently been reduced to 35 cents an hour, the provincial government is paying only 30 cents an hour. This rate of wages was paid on highway work, and undoubtedly it was highway robbery to deny the workingmen of northern Ontario the money rightfully coming to them under the provisions of this act of parliament.

An hon. MEMBER: Carried.

Mr. HEENAN: That is all my hon. friend knows about it. I noticed an hon. gentleman from New Brunswick who said "carried," told the house the other night that 27 cents an hour was sufficient for the workingmen of that province. He ought to bow his head in shame.

I am not going to discuss whether or not unemployment is greater now than when the government took office, for everybody knows it is greater, and everybody knows that the government is not responsible for it. But they boasted that they would end unemployment. Well, now they have to confess that they did not and could not end it. I object to the autocratic powers which the government seek by this bill, especially with respect to the maintenance of peace, order and good government. But notwithstanding these objections that I have to the measure, I am going to support it in the hope that some housewives in northern Ontario may get sufficient food, clothing and shelter during the coming winter.

Hon. IAN MACKENZIE (Vancouver Centre): Before I engage upon a very brief discussion of the general principles of the bill, may I, Mr. Speaker, enter my protest against the conduct of a man for whom I have a great personal regard—the deputy speaker of this house, an honourable gentleman who curiously enough takes such a prominent and contentious part in the debates.

Those of us who went through last winter in the various centres of Canada have a painful recollection of the tremendous efforts that had to be made by private individuals, by private organizations, by the municipalities, by the provincial governments and also by the federal government, to provide relief for the unemployed. In the budget debate I impressed on the right hon. Prime Minister that I contemplated with the greatest possible concern the very grave emergency that would confront us next winter. My observations lead me to believe that to cope with that emergency we shall need the joint efforts of all sections of the community and the absolute elimination of partisan considerations.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE (Vancouver): Before I discuss the esential features of this bill I

wish to direct a practical suggestion to the right hon. Prime Minister. It has already been advanced by my friends from Bow River (Mr. Garland) and Wetaskiwin (Mr. Irvine). The right hon. gentleman has subscribed to the famous pledge No. 5 of the Winnipeg convention; he is committed to the construction of an outlet from the Peace River to the sea. So is the party on this side of the house. I am not going to discuss the relative responsibilities of both parties in that regard. The other evening my good friend the Minister of Railways (Mr. Manion) gave us a well considered and very reasonable statement in regard to the difficulties that confront the government in a solution of this problem. He concluded that statement by informing the house that three engineers were to proceed to the Peace river area, one nominated by the Canadian Pacific Railway, one by the Canadian National Railways, and, as I understood him, a third by the government. Now, I wish to make this observation, but not in any critical spirit; at the present time the administration has ample information at its disposal to come to an immediate decision with respect to the most practical route to be followed from the Peace River area to the sea, and I submit that those three engineers within thirty days of leaving Ottawa can decide amongst themselves on the most feasible route. I wish to leave this suggestion with the right hon. Prime Minister also. To redeem his pledge he must, either this year or next year or in the near future, embark on a policy of railway construction between the Peace River and the sea, and I suggest to him and to his Minister of Railways—and I do so in the most friendly way possible—that there is no practical difficulty in reaching an immediate decision with respect to the most feasible route.

Mr. MANION: In the same friendly spirit may I interrupt my hon. friend? He has been studying the question, and I have heard him speak on it a number of times. Would he offer the house his opinion on the best possible route?

Mr. MACKENZIE (Vancouver): My personal predilections in the matter might be influenced by territorial considerations. All that we desire on the Pacific coast is an outlet from the Peace River district to the sea. We are convinced that if that outlet taps the Canadian National Railways there will be inevitably a diversion of traffic from the great and growing city of Vancouver.

Mr. MANION: My hon. friend knows that we can come out by the Canadian National Railways in two or three different ways. We are in the same position as he is, we are amateurs in the choosing of routes. Would he suggest the one that he prefers?

Mr. HANSON (Skeena): We already have facilities at Prince Rupert, owned by the Canadian National; why not use them?

Mr. MACKENZIE (Vancouver): There are three possible routes, namely, the Peace pass, the Monkman pass, or the Pine pass, by tapping the Canadian National Railways. I am going to link up this question with the present emergency situation with regard to unemployment in the west. You cannot complete your outlet from the Peace River to the sea at much less than $20,000,000. To-day you could place at work betwen Rolla or Pouce Coupé and Prince George, or whatever point you are touching on the Canadian National system, some 20,000 men and have them with their hands making ties, and with their hands placing those ties on the grades, abolishing as far as possible all unnecessary machinery. We have from the present government of British Columbia the promise that if my hon. friend the Minister of Railways, his right hon. leader and the government embark upon a comprehensive policy of developing the Peace River outlet, the provincial government will commence construction from Quesnel to Prince George of the Pacific Great Eastern railway, thereby placing many more residents of that province at work.

Mr. MANION: But my hon. friend knows that the engineers themselves differ, and that was why I asked the question.

Mr. MACKENZIE (Vancouver): I am quite well aware of that fact, but what I am trying to drive home is this: There is no reason why the engineers should not come to an immediate decision. This winter my hon. friend's government will be confronted, under the authority of this blanket legislation, to which I shall come in a few moments, with an expenditure the amount of which they cannot tell at the present moment. My suggestion is this: Last year something in the neighbourhood of $20,000,000 was spent directly by this government, and about $70,000,000 in all throughout Canada in connection with unemployment. I am suggesting to the administration that if in the future they are to be committed to the expenditure of some $20,000,000 in the development of a Peace River outlet; if this winter they will be com-

pelled to spend millions of dollars, possibly in unjustifiable expenditures, perhaps on some useless roadways in British Columbia and the prairie provinces, why not combine the emergency of the moment with the definite policy of the future and spend your $20,000,000 this year, putting men at work in the finest climate in Canada during the coming autumn and winter? In that way you will go far towards solving the unemployment problem of British Columbia and the western provinces. I do suggest that to the Prime Minister, not in any political sense. He is aware that some weeks ago I requested an interview with him on this subject on behalf of myself and other western members. I realize that because of his responsibilities he could not possibly meet our committee at the time—

Mr. BENNETT: My hon. friend was busy in a committee himself; that was the real trouble.

Mr. MACKENZIE (Vancouver): That is true; we were both busy, but the western members certainly would have appreciated an opportunity of discussing this very grave situation with my right hon. friend in an entirely non-partisan way.

Mr. HANSON (Skeena): I arranged for the interview with the western members.

Mr. MACKENZIE (Vancouver): Now may I consider, in the light of the present situation in Canada, the situation which existed just over a year ago. At that time a political campaign was being waged throughout the Dominion, and we had the present ministers of the crown making definite and specific promises and pledges to the Canadian people in regard to this grave issue of unemployment. I suggest to you, Mr. Speaker, and to this house that very largely as a result of the promises they made and the pledges they gave they are to-day in office as ministers of the crown. What did my right hon. friend the Prime Minister say? Speaking in his own city of Calgary on June 12, 1930, the Prime Minister said:

> This is a new country, and there is no excuse for unemployment in Canada if a government does its duty.

Those words, Mr. Speaker, as and when they were uttered, were either true or false. If they were true, surely we are within the bounds of fair play in confronting the right hon. gentleman, a year after he has been in office, with the promises he made to the Canadian people at that time. Again, speaking in Victoria on June 17, he said:

> Is there any excuse for Canada to have hard times—if the government is discharging its duty as it should?

Further, speaking in this house during the special session, on September 17 of last year he said that whatever promises he gave and whatever pledges he made, this government proposed to implement them immediately. The actual situation, sir, which I am sure causes every hon. member of this house the gravest possible concern to-day, is a hundredfold worse than it was before July 28, 1930. And, sir, this legislation is the remedy offered this house; this is the remedy offered the Canadian nation.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): I ask hon. members not to be impatient; I have good reason to fear that before we meet again in this house they may be more serious in their attitude towards this very grave problem. Let me say this, Mr. Speaker, and I am sure it is true of all hon. members in this house: I leave to-night for the city I have the honour to represent in this parliament, and I intend to spend all the time at my disposal during this coming autumn and winter in every possible conference to do all I can to help those who are hungry, those who are starving and those who are unclad, of whom we have been told, who in my city of Vancouver are being fed in a jungle by the organized clergy of the city. I am sure other hon. members of this house will do the same thing. That is the situation in Canada thirteen months after my right hon. friend told the Canadian people—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): —there was no excuse for unemployment in Canada if a government did its duty. Is there any excuse, Mr. Speaker? Was the right hon. gentleman right or was he wrong? Either there is an excuse for unemployment to-day in Canada or this government is not doing its duty by the Canadian people. Here we have the remedy proposed by the government to meet this emergency situation.

The hon. member for Montmagny (Mr. LaVergne), speaking in this house a few moments ago, said this was a war against human misery and human starvation. Well, if that is true—and possibly it is—then that was an admission by the hon. member that this is war legislation. I suggest to hon. members of the house that during the cam-

paign last year the Prime Minister suggested that the unemployment situation could only be fully met by calling a special session of parliament. Sir, if the authority of parliament was necessary at a special session in September, 1930, why is it necessary, in July, 1931, to dispense in one fell swoop with the entire authority of this house and to give the government blanket authority to deal with three great subjects which have been linked together in a trinity of measures—the unemployment situation, the relief of farmers in the west and the preservation of peace, order and good government in Canada?

I greatly fear that the inclusion of the latter of this trinity of measures, Mr. Speaker, together with legislation which is designed to help our unemployed, our suffering, our hungry and our starving, is a direct incitement to insurrection and insubordination in every city in this Dominion.

Mr. BENNETT: Now we are getting at it.

Mr. MACKENZIE (Vancouver): I trust, sir, that my interpretation of this section is not correct, but I do want to emphasize to my right hon. friend that he has abolished, in one piece of legislation, those great and imperishable liberties which the people from whom we obtained our ideas of political and constitutional freedom secured after centuries of effort and struggle. Last year my right hon. friend the Prime Minister could not deal with the situation except by summoning a special session of parliament. Now in one piece of legislation he takes away from parliament all authority and all control and gives to the governor in council complete power, complete jurisdiction and complete control over the situation in Canada in regard to the maintenance of peace, order and good government. I associate myself in the most emphatic way with those who along these benches have described this legislation as the grossest usurpation of those parliamentary rights which have been established through the efforts of the common people over hundreds of years.

Mr. T. F. DONNELLY (Willow Bunch): I do not intend in these dying hours of the session to take up much time discussing this matter of relief. I am glad to know that the Prime Minister (Mr. Bennett) is at last convinced that in western Canada there is a condition that calls for relief. From the time the house opened in March last we on this side have been endeavouring to impress upon the Prime Minister and his government the seriousness of the situation in the west. But when we told him about these things we were simply told that we were playing politics. Some of his supporters from the west charged us with playing politics and laughed at us for our pains. They told us there was nothing to it. But at last apparently the Prime Minister is converted. He begins to realize that there is out there a condition that requires immediate relief. Well, we rejoice even in one convert. There is, we are told, more joy in heaven over one sinner that repenteth than over ninety and nine that need no repentance. The right hon. gentleman has changed his mind. It was the same thing with the income tax and the stamp tax—something proposed and then changed. It is the same thing over and over again: off again, on again, in again, Finnegan—another jump. He does not know where he is going but he is on the way.

An hon. MEMBER: Pretty cheap.

Mr. DONNELLY: Yes; I thought the remarks of hon. gentlemen opposite were pretty cheap when we came here and told them of conditions in the west and they only laughed at us. I have been thirty years in western Canada and have never known things to be so bad. For the last three years in my constituency we have not had a crop. An odd farmer here and there has had seed, but we find poverty and starvation everywhere. I have driven into communities and have talked with people and I can assure the house that I have never known such conditions to exist before. Things are bad enough indeed when a man will come and tell you that his three little girls came to him crying because they had no shoes to wear, nothing to put on their feet to go to a Christmas tree. And when you see a home with five or six little children all with pinched faces, showing starvation, you will realize what things are like. Yet when hon. members come to this house and try to impress upon the government the seriousness of the situation they are only told that they are playing politics.

Just consider what the Prime Minister himself said in regard to conditions out in the west. Speaking in this house he said, as reported at page 779.

> The bank reports show that tens of thousands of farmers in western Canada have money in the bank.

And later on, at page 780, he is reported:

> There are some people who try to make it appear that the western country is a country that is bankrupt. I repeat, those gentlemen are entirely wrong. Western Canada is the country it always has been.

Further:

> The other day I had a letter from a gentleman saying: Cannot something be done to stop Mr. So and So from talking so about his country?

An hon. MEMBER: What date was that?

Mr. DONNELLY: You can look it up; I gave you the page.

An hon. MEMBER: What is the date?

Mr. DONNELLY: It is this year's Hansard.

An hon. MEMBER: That was before we knew we had a crop failure.

Mr. DONNELLY: We have had a crop failure for two years, and I have been telling the government what the conditions were. I knew what the conditions were last winter and I knew what they were when I came here and stated them to the government. But I got no sympathy, no consideration from the government or from anyone else on the other side.

An hon. MEMBER: Play fair; give us the date.

Mr. DONNELLY: I played fair but your side did not. Again, at page 1075, the Prime Minister is reported:

> But what have we from hon. gentlemen opposite? Nothing but the Jeremiah wail of despair.

That was on April 28, 1931. These are some of the things we were told when we tried to put before the government the situation as it has existed out in the west for some time. For three years relief has been handed out. Two years ago that relief was given by the municipalities, and as usual the ne'er-do-wells and drifters, the ordinary labourers and renters, came to the municipality and got relief. But the thrifty farmer who was trying to make a go of it got no consideration. All the relief was handed out and paid for by the municipalities, and the result was that quite often they were very hard up. Last year the relief handed out was paid for partly by this government, partly by the provincial government, and partly by the municipalities. And, again, those who got relief were the ne'er-do-wells and drifters, the ordinary man who could not succeed; they were always looking for something which they could get as easily as possible. But the thrifty farmer received little consideration. Yet he had to pay the shot, because one-third was charged to him in his taxes.

What do we find now? This year these thrifty farmers are up against it just as much as anyone else. Their backs are against the wall. They have not paid their loans from the banks for three years; they have not paid their taxes; they are not able to meet the interest on their mortgages. Unless something is done at once for these people they will be driven from the land. There is no doubt about that. Indeed, some are leaving now, and I tell the Prime Minister that this is a serious condition that must be faced. It is no laughing matter when you see men who are the backbone of the country, thrifty, capable farmers, taking the view that the best thing for them to do is to pull up stakes and move out.

Conditions were so serious in the middle of June, when our pastures are supposed to be good, that horses and cattle were dying from lack of food. In June, in one municipality I know, they brought seventy carloads of hay to keep the stock and cattle alive. Ours are famine conditions, conditions as serious as any that ever existed in India or China when our charitable institutions in this country have raised money for the relief of the people in those countries. Surely we can do the same thing for our own people. If we had hundreds of millions with which to fight the war with Germany, when we were killing and were being killed, surely we have money to spend in western Canada to relieve the people there.

Mr. BENNETT: Why try to prevent its being done?

Mr. DONNELLY: I am only pointing out that the relief is so late in coming. This is eleventh-hour repentance; it is coming at the last moment.

An hon. MEMBER: It is not too late.

Mr. DONNELLY: Probably conditions are better in the hon. gentleman's section of the country; but let him come to my section and he will hear what the people have to say. Last year the relief came too late, for the only work that can be done in those sections is road work, and you cannot work on the roads when the ground is frozen. Now is the time to get down to work with road gangs, men and horses. These people do not want charity; they want a chance to work. That is what the Prime Minister himself told the people in the stadium in Regina when he almost cried over them. He said, "The people do not want charity; they want a chance to work." The same is true to-day. Open up work for the people. And this work must be given to all who need it; it must not be given only to the ne'er-do-wells and the drifters but to the thrifty as well. In my opinion this work should be divided up so that each grown-up person may receive, say, $100. There should be about $100 granted to every grown-up man and woman and something like $50 to every child. A survey of the districts should be made in order to estimate how much each family should receive. Sufficient should be given to keep these people

for ten months. There is no chance that they will make any money until the crops ripen next year.

This thing should not be handled as it was handled last year.

Mr. BENNETT: The hon. gentleman must realize that the primary obligation in this matter rests with the provinces and it is only now that we are in a position to give any support.. The uncertainty of what might be involved is the reason for the character of this bill.

Mr. DONNELLY: I appreciate very much that position but I say that this relief should not be handed out as it was last year. In certain districts in my riding if you were a good Tory you got a job.

An hon. MEMBER: That is not true.

Mr. DONNELLY: Excuse me, but I know what happened.

An hon. MEMBER: Did the same thing apply in Quebec?

Mr. DONNELLY: The hon. member can look after that himself; I am speaking about what happened in my own district. If you were a Tory you got a job but if you were a Liberal you were very likely not to get a job.

An hon. MEMBER: That statement is not true about the hon. member's district.

Mr. VENIOT: It is true of any district.

Mr. DONNELLY: In one instance they went four towns away in order to get a good Tory who was a prospective candidate to come in and take a contract. All the local Tories were turned down, and that action made about one hundred good Liberals in that district. This relief work should be handled by non-partisan bodies. Let the municipal officers handle it, and in the local improvement districts, let it be handed over to the overseers. I know of one instance last year where a hotel-keeper who had a section of land clear as well as his hotel clear was picked out and put in charge of a road gang in order that he could receive relief. A thing like that looks pretty queer.

Mr. BENNETT: The federal government did not hand out anything. Everything was handled through the provincial authorities.

Mr. DONNELLY: That is just what some of the people thought, that the federal government did not hand out anything. In many districts they got very little.

Mr. BENNETT: The money was paid to the provinces and not to the individuals direct or to the municipalities.

Mr. DONNELLY: I understood the Prime Minister to say that they did not hand out anything, and that is what some of the people in my district think. They did not get enough to keep themselves properly clothed.

An hon. MEMBER: You will not get them any more.

Mr. DONNELLY: Probably not, but I am not laughing over the situation. Hon. members laugh at these people suffering from hunger and want.

An hon. MEMBER: You are the joke.

Mr. DONNELLY: This is a condition at which you laugh; it does not appear to be serious with you.

Mr. DEPUTY SPEAKER: Hon. members must address the chair and not one another.

Mr. DONNELLY: The provincial premier and others had a meeting the other day at Yorkton at which it was stated that this unemployment matter should be handled in a non-partisan way. I agree with that statement because it is a terrible thing to have to think that a man's politics will determine whether or not he obtains relief. The premier asked his political opponents to join hand in hand with him to meet these conditions. He asked that they do away with politics. One of his ministers got up and asked that politics be forgotten, that we unite to help the unemployed—and then he launched an attack against the opposition. Is that the way to approach an opponent when you want him to join wholeheartedly with you? I say to this government and the government of Saskatchewan that I am ready and willing at all times to meet them half way to alleviate the condition we have out there. Politics should be forgotten but it must not be expected that we will stand for that sort of treatment. That is not the way a matter such as this should be approached.

The condition is so serious that I do not think any government or group of governments can handle it. The Red Cross and other charitable institutions should be called in to lend their assistance. A government cannot go from home to home and from place to place and hand out boots and shoes and wearing apparel of one kind and another. The charitable organizations will have to be called in to give assistance. Last year while I was in the east I went to several places and called upon certain clergymen, and we sent out two

or three tons of second-hand clothing and boots and shoes. That was altogether inadequate even for last winter, which was so mild. If this winter should happen to be a hard winter there will be much suffering unless steps are taken to send help to these people; ten times the amount of clothing will probably be needed. Our charitable organizations should begin at once to make preparations to relieve the suffering of these people in western Canada.

I welcome this bill, but I am sorry that it has come so late in the session. It should have been introduced much earlier in order that this work could have been started some time ago. However, we rejoice over the eleventh hour repentance when it does come. I think a definite amount should have been named. I believe it will take at least $100,000,000 to relieve conditions. Approximately $80,000,000 was spent last year by our railroads, municipalities and the provincial and dominion governments. The municipalities of western Canada will not have any money to spend this year upon relief; they will not be able to put up a cent. In many of our districts they are threatening to close down the public schools, and that is one objection I have to the grant for technical education. If we are to give a grant of this nature, it should be handed over to the provinces for educational purposes, letting them use it as they see best for either technical education or public schools. It is a terrible condition when one sees public schools closing and children not getting the privilege of learning to read and write, while the federal government is giving a grant for technical education. In my own village where we had five teachers, we have reduced the number to three and have cut their salaries in half in order to keep the schools going, because there is very little money coming in from the municipality this year and there was very little last year.

These are some of the conditions as they exist out in the west, and if this legislation will give any relief to these people, I welcome it. I hope the relief work will begin at once, because, as I say, once the ground freezes up, very little work can be done at making roads, and that is practically the only work that can be given; otherwise the money will have to be paid out as direct relief.

Mr. J. R. MacNICOL (Toronto Northwest): I want to speak briefly in support of the government measure in connection with unemployment relief. I shall commence by expressing my approval of that portion of the measure which deals with the maintenance of law and order. Last night on the streets of Toronto bills were distributed in English and other languages, and although I have not copies, judging from the Party Organizer, a pamphlet published by the Communist party of Canada, I have no doubt that similar bills were distributed elsewhere in the country. This bill reads:

Out on the streets on August first.

Demonstrate on Saturday, August 1, at 12.30 noon, Spadina and Queen.

To all workers of Toronto:

August first, the real day of struggle against imperialist war and for the defence of the Soviet Union, must be made into a day of militant working class solidarity. All class-conscious workers must come out into the streets and demonstrate against the danger of imperialist war and for the defence of the Soviet Union.

On August first, to-day, Canada, as part of the world capitalist system, finds itself in the grip of the deepest, most widespread crisis ever recorded. Five hundred thousand industrial workers, besides hundreds of thousands of agricultural workers, are walking the streets.

Let me pause for a moment to state that that is absolutely untrue. There are not at present in Canada 500,000 workers unemployed. Another paragraph reads:

Fellow workers: the Communist party and the Young Communist League, united with all militant working class organizations, calls on you to come into the streets to demonstrate your readiness to fight against these war preparations. The struggle against war is closely bound up with the struggle for your immediate demands, with the struggle to build your revolutionary organizations, with the struggle for the defence of the Soviet Union.

I shall pause for a moment again. This circular, like many others I have in my possession, speaks of revolution, of wars, as if the thought uppermost in the minds of the organizers behind these sheets is revolution, the upsetting of law and order not only in Canada but throughout the world. At the bottom the circular reads:

Demonstrate on August first.

Fight against wage cuts and worsening conditions.

Fight for non-contributory unemployment insurance.

Fight against growing political terror.

Make August first a mighty demonstration against imperialist war and for the defence of the socialist fatherland.

Saturday, August first, 12.30 noon, Queen and Spadina.

Mr. FACTOR: Does the law not now provide for punishment for distributing circulars of that kind?

Mr. MacNICOL: There are not sufficient police to be on every street corner in Toronto to prevent distribution.

In the Party Organizer published by the central organization department of the Communist Party of Canada, I find the following on page 10:

Hang this reminder in the kitchen.

When the cupboard is bare; when threats are made to cut off relief; when electricity, gas or water is discontinued, or if any worker is to be thrown out on the street because he cannot pay his rent, or at any time that unemployed are discriminated against, communicate with local council of the Nationalist Unemployed Workers Association.

The N.U.W.A. organizes and fights for non-contributory unemployment insurance for immediate cash relief, for free electricity, gas and water and against evictions. Organize unemployed councils. Fight, don't starve.

We are all deeply sorry for any of our fellow citizens who are out of work, and I am sure the people of Canada will support the government in every effort it makes to see to it that no Canadian citizen suffers either this fall or the coming winter, through cold, lack of clothes or lack of food. We can trust the government and the Canadian people to see to it that our fellow citizens do not suffer. But we must have law and order, and agitators who always do their best to cause revolution and to interfere with the administration of law and order, when times are hard as they are to-day, must not be permitted to bring about revolution in this country. I have under my hand another paper distributed in Toronto, and, I suppose, elsewhere. This is entitled "Toronto Free Bread League." Amongst many other resolutions and so forth, I find this:

Our demand is, that the city of Toronto take over all the bakeries, at a valuation to be later decided, and distribute bread free, plain bread, brown and white, to every house, big and little, to all stores, shops and hotels, and lunchrooms, wherever bread is needed, and that it be a criminal offence to sell bread.

Surely there must be some provision against such people agitating for the violation of law and order in this manner.

Mr. FACTOR: There is a law now.

Mr. MacNICOL: In the issue of the Worker of May 16, 1931, is the report of a meeting held in Queen Street United Church in Toronto, which had been loaned for the occasion. The article is as follows:

Starting by singing the "International"—

I have a copy of it here, but I shall not take time to place it on Hansard, because I believe most people have heard it.

—the meeting was thrown open to free discussion, and one speaker after another condemned the church as an opium vendor, demanded non-contributory unemployed insurance and urged the workers present to join the National Unemployed Workers Association. The first speaker declared "What we want is an international soviet union."

I have absolutely no comment to make concerning Russia. The way the Russians desire to govern their country is their business, not mine. It is my business however and the business of every loyal Canadian to see that Canada is not governed in the same way as is the soviet union. It is up to us to maintain our own standards and ideals which have been handed down to us by those who have preceded us. I maintain that the government ought to be supported in any measures necessary to maintain law and order. I am not in accord with injuring or maltreating men out of work; on the contrary I think every legitimate means should be taken to see that they obtain employment. Failing to obtain employment, and failing to make a living, the government should—and I believe will—defend them from want, cold or from whatever they may suffer. I have confidence that it will fulfil its duty.

The hon. member for Willow Bunch (Mr. Donnelly) said that as a result of the legislation adopted last fall, during the special session of parliament approximately $80,000,000 were spent. Surely the spending of that sum of money on the building of subways and like works is something worth while, and must have given considerable employment to those engaged. In the riding I have the honour to represent, a subway has been built which required labour not only for excavating but for the building of steel bridges and girders used in construction, for the manufacture of cement and the lumber required in making the forms. Immediately adjacent to my riding two other subways are being erected. I do not know how many others may have been built throughout Canada but I am sure there must have been a considerable number. The government and the municipalities associated are surely entitled to some credit for such construction.

I know that the legislation enacted last fall resulted in the building of a number of factories. Concerning three I can speak very definitely, one in particular being in my riding. In the erection of those three factories between 700 and 800 men have been employed. Approximately the same number would be engaged in manufacturing the material which entered into construction. In two of the three there are now about 400 people engaged in work. In the third one, which will be completed within the next two months, 450 more will be employed.

Numbers of other factories are being erected throughout Canada; is that not worth while? I cannot understand why men rail against giving employment to fellow citizens; I cannot understand why they do not appreciate work which is given to their fellow citizens and legislation which makes such work possible. They ought to try to appreciate what is being done instead of talking blue ruin. Anyone who has been in business for a quarter of a century, as I have been, and who has associated with hundreds of men and see them without employment, cannot help but feel sympathetic and express the wish that everything possible should be done to secure employment for them. The Canadian working men are an object lesson for the rest of the world. In spite of all the distress they remain sane, and they, along with the Canadian working women, accept the situation and look forward to a brighter future. They are law abiding and intend to do as their fathers did in the previous crises of 1876, 1893, 1920-23, and others in the present century. This is a time when we should all cooperate to do our best to relieve the distress and suffering around us.

Judging from the results obtained by the legislation brought down at the special session, and what we hope will be the results of recent legislation, I think the government should be given every encouragement to provide unemployment relief. I am in accord with their determination that in this country law and order shall be maintained, that Canadians shall be taken care of, and that all who desire work shall be provided with it.

Mr. F. W. TURNBULL (Regina): I should not have risen at this time had it not been for certain statements made this evening by the hon. member for Willow Bunch (Mr. Donnelly). No doubt because of successive crop failures a serious situation prevails in the southern part of the prairie provinces. That fact is well known to all hon. members and to citizens of Canada generally. No benefit can accrue, however, to the people affected by speeches such as that delivered this evening by the hon. member for Willow Bunch. Prior to the last session of the legislature of the province of Saskatchewan friends of the hon. member made from place to place throughout the province statements similar to those he made to-night. At the opening of the legislature an opportunity was afforded the friends of the hon. member to appear before a committee to make good such statements as were uttered by him to-night. If the hon. member would go to the proper authorities in Regina he would have an opportunity of making good those statements. The very statements he made to-night were considered and disposed of by that committee, and the resolution exonerating the provincial government with respect to the distribution of relief roadwork and matters of that kind was moved by Liberal members and carried unanimously by the investigating committee. That being the case, no assistance is being given to improve conditions in Saskatchewan by bringing up in this house stories which have been disproved in the legislature of the province concerned.

As to the closing of schools, my hon. friend was very careful not to name any that had been closed, although he was invited to do so by the member for Moose Jaw. The premier of Saskatchewan has declared that no public schools had been closed as a result of financial difficulties, and he has declared further that none shall be closed if it is possible for the provincial authorities to prevent it. I believe there will be very little difficulty in the province in this connection.

With respect to a large number of the unemployed being at the meeting in Regina on June 10, whispers to this effect were heard in Regina shortly after the meeting. They were repeated, if I mistake not, by the right hon. leader of the opposition during his tour through Canada. I do not blame some of the gentlemen who repeated these whispers, because they thought they had good authority for repeating them; but if they will take a file of the Regina Leader containing issues of the paper a day or two after the meeting they will find the facts set out as a result of an interview with the secretary of the unemployed workmen's association, in the course of which he said that they were not there at the request of the Conservative party, that the Conservative party had nothing whatever to do with their being there, neither had the Conservative organization, except to accord them the privilege of the seating that they asked for. That is the declaration of the secretary of the unemployed workmen's association.

I would not have taken part in this debate had I not felt that some of the misstatements regarding my province should be corrected. I submit that my hon. friend is doing no good service to his constituency by repeating statements not founded on fact, and thus giving a misleading idea of conditions in the province. So far as my constituency is concerned, the money spent there last year was contributed partly by the federal government, and I take this occasion of thanking the government for its assistance. My constituents are grateful for that contribution. There was much more money spent in the constituency of Willow Bunch and in the constituency of Weyburn

than in mine, and a large amount also was spent in the constituency of the right hon. leader of the opposition. So the Liberal constituencies got relief just the same as did the Conservative constituencies. I regret that throughout this session, although some of those hon. gentlemen can get on their feet very readily when it suits their purpose, not a single one has attempted to voice the gratitude of his constituents for the relief money spent in their behalf. We are taking no great credit for spending those relief moneys, it was a duty imposed on the government by the people of Canada; but I know the people of other constituencies are grateful to the provincial and Dominion governments for doing their duty in that regard.

Mr. SAMUEL FACTOR (Toronto West Centre): Mr. Speaker, I had not intended to participate in this debate were it not for some extravagant statements made by the hon. member for Toronto Northwest (Mr. MacNicol). I rise to protest as vigorously as I can against his insinuation that Toronto is the centre, the hotbed of communism.

Mr. MacNICOL: Mr. Speaker, I made no such statement, and I ask the hon. gentleman to withdraw it.

Mr. FACTOR: Mr. Speaker—

Mr. MacNICOL: I demand that the hon. member withdraw the statement.

Mr. DEPUTY SPEAKER: Give the hon. member a chance to speak.

Mr. FACTOR: The hon. gentleman produced certain literature and said it was—

Mr. DEPUTY SPEAKER: Order. The hon. member for Toronto Northwest denies that he made the statement imputed to him, and the hon. member for Toronto West Centre should withdraw it.

Mr. FACTOR: I say that the hon. member for Toronto Northwest made statements implying that Toronto is the centre of communism.

Mr. MacNICOL: Then he will have to withdraw his first statement, Mr. Speaker.

Mr. FACTOR: I am ready to withdraw my first statement, and to substitute therefor the statement that the hon. member's remarks carry the implication that Toronto is the centre of communism.

Mr. MacNICOL: That is your interpretation of it. I must protest again, Mr. Speaker. I said nothing of Toronto being the centre of communism.

Some hon. MEMBERS: Order.

Mr. FACTOR: This is not the first time that I have listened to the jingoistic speeches of the hon. member. He seems to be imbued with the idea that there are communists in Toronto.

An hon. MEMBER: Everybody knows that.

Mr. FACTOR: If the hon. member would come to Toronto and attend a meeting of communists, as I did one night, and acquaint himself with their numerical and intellectual strength, I think he would come back to this house and laugh at the situation, rather than be so serious about it as the hon. member for Toronto Northwest. The people in Toronto are too sane and too sensible to countenance revolution, no matter how bad economic and social conditions may be. I want further to point out to the hon. member that the criminal code already provides against the distribution of literature of a kind that he produced in this house. Let me refer him to section 98 of the criminal code which declares it an offence for any society, association or organization to promote by unlawful means governmental, industrial or economic changes. Then there is section 98 subsection 8, which specifically provides for the punishment of persons who print, publish, edit, issue, circulate, sell, or offer for sale or distribution any book, newspaper, periodical or pamphlet, advocating methods of force to bring about changes in our economic situation. If the Prime Minister is of the opinion that the present law is not strong enough to counteract the sinister influences referred to, I maintain it is his duty to ask this parliament for an amendment of the criminal code in order to strengthen his position.

I am sure, Mr. Speaker, that all members welcome the provisions of this bill which are intended to provide for the relief of unemployment and agricultural distress in the west. But we very strongly protest against what we consider to be the vicious part of this measure, which takes away the control of parliament, which scraps every statute, and substitutes legislation by governor in council. I submit, Mr. Speaker, that the old czarist government in Russia never passed a law containing provisions of the kind set forth in this bill.

An hon. MEMBER: How do you know?

Mr. FACTOR: Because I happen to have been born in Russia under the czarist regime and I have seen some of the conditions that then obtained there. I should like further to say that if the governor in council gets authority under this bill to pass regulations, they

may pass a regulation that if I make a speech in Toronto which in the opinion of the Prime Minister is contrary to the maintenance of peace, order and good government I may be deported back to Russia.

I do say that this legislation is an absolute symbol of dictatorship, and I point to section 5 as an example. Under that section the governor in council may pass regulations providing for the method of trial of those who disobey the orders or regulations issued by the governor in council. They may abolish jury trials; they may deport people at their whim.

Mr. BENNETT: Where is that in the bill? Read it.

Mr. FACTOR: It is in section 5, which says:

> All orders and regulations of the governor in council shall have the force of law and shall be enforced in such manner and by such court officers and authorities as the governor in council may prescribe. . . .

I submit that the governor in council can prescribe the method of trial, a most unheard of thing in criminal jurisprudence in this Dominion. Not only that, but the governor in council may prescribe the method of trial for a breach of orders and regulations made by itself. I appeal to the right hon. gentleman to consider this legislation.

There is another point: If this legislation passes it will be broadcast throughout the world that Canada is in such a situation, not only economically and socially but politically as well, that it requires the abolition of all parliamentary authority and the vesting of authority in a small body of men in order to cope with the situation. I ask the Prime Minister what effect this will have on the credit of this country among the nations of the world, when they see this legislation passed and then find that the situation has been exaggerated. I say the Prime Minister has exaggerated the seriousness of our political situation. He is quite right in providing for the relief of unemployment and in assisting the farmers of the west; I agree with him in that regard. Heroic measures are required to cope with these problems, but I do say that as far as the part of the bill is concerned which provides for the abolition of parliamentary authority, it should be withdrawn. Let me say here that I am absolutely opposed to any show of communism throughout this Dominion, but if the provisions of the criminal code or the other statutes of the country are not sufficient to meet any situation which may arise during the coming winter it is the duty of the Prime Minister or the Minister of Justice to bring in amendments to the criminal code in order to meet the situation. I am sure they would be passed unanimously. I say that this provision for the maintenance of peace, order and good government coupled with relief measures will create great dissatisfaction and perhaps great disorder as well throughout the country. In my humble judgment there is nothing worse than to take away the authority of parliament and substitute rules, regulations and orders in council issued by the governor in council.

About the only redeeming feature I see in the bill, Mr. Speaker, is section 7, which provides for the expiration of the bill on March 31, 1932; that is the most satisfactory point, having regard to the taking away of the rights of parliament. I do say to the Prime Minister in all sincerity that we on this side of the house are anxious to cooperate with him. Being one of the members from Toronto not on the government side, I have always cooperated with every member from Toronto in every unemployment relief measure brought before this house. I have always said that in meeting our economic difficulties there should be no politics and no partisanship, and I have acted in this house in no partisan spirit whenever any measure was brought in having to do with the relief of unemployment or the improvement of our social or economic conditions. I do say, however, that the provision of this bill which takes away the rights of parliament, even if only for a limited time, is very wrong at this time when conditions are what they are.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I intend to take only a few moments of the time of the house, not in the hope of adding anything new but rather, if I may, to emphasize what has been said and to add my protest particularly with regard to the form of this legislation. Just a little while ago some hon. member said something about the argument with regard to the rights of the people having been exploded. I submit, Mr. Speaker, that the argument that parliament has the right and duty to limit the expenditure of public moneys is not exploded, and this House of Commons should not be asked to put its seal of approval on a bill which in effect does away with that power of limitation.

I submit that the precedents of the past in this Dominion, particularly during the time of the great war, to which reference has been made already, do not justify this action. Even in the early stages of the war, when the greatest uncertainty prevailed; when no one knew how long it would continue; when

no one knew anything about the obligations which Canada might have to assume, a special session of the house was called and hon. members saw fit to place a limitation in that bill, even at that time of national crisis. The sum of $50,000,000 was expressly named, and as my hon. friend the ex-Minister of Justice (Mr. Lapointe) pointed out to-night repeatedly, parliament was called upon during those four years to vote money many times, and a limitation was put in each bill.

There is really only one fundamental in connection with this legislation; it is this point, as to how far parliament should be asked to go in granting what is called a blank cheque and in going further and passing an omnibus bill at this time when it is so comparatively easy to call parliament together. I submit that one cannot do more than reiterate the principle already laid down, but I believe these protests should be allowed to pile up so that at least the government may see that we are in earnest and that the air of intolerance which has been displayed by hon. gentlemen opposite this evening may perhaps give way to some serious consideration of the principle we are trying to establish.

The situation is simply this: there are three things in this bill which call for limitation. First there are the powers. It has been pointed out already by the ex-Minister of Justice (Mr. Lapointe) that this bill gives to the government of Canada power to do anything which the parliament of Canada could do under the British North America Act. That is a pretty wide power; I do not believe it can be found in any bill which has been passed by this parliament since 1867. The next matter requiring limitation is the amount. The bill reads:

> And, for the purposes aforesaid, may expend such moneys from the consolidated revenue fund as may be required.

There is absolutely no limit of any kind with regard to the amount. The third fundamental is that referred to so well by my hon. friend from Toronto West Centre (Mr. Factor) a few moments ago. Full power is given the governor in council to make orders and regulations—note the words—which shall have the force of law. They may amend the criminal code if they so desire. They may make orders and regulations for the carrying out of the purposes of this bill, which are not simply relief measures or to provide employment but which are for—the general omnibus words of the British North America Act—the peace, order and good government of Canada. As my hon. friend has pointed out, not only have they power to make all orders and regulations necessary to exercise any one of those powers contained in the 29 subsections of section 91, but in addition to that they have the power to designate the courts before whom trials shall take place for violation of any of the regulations. If they like they may designate any departmental officer to try a man for an infringement of the regulations which they make under these very wide powers; they may designate a town councillor; they may designate a reeve of a municipality or a justice of the peace. And what may he do? The justice of the peace may try people, depriving them of the right of trial by jury. You will say that there is at least a limitation of penalty. Yes, there is. And that is the only limit in the bill apart from the fact that the act itself will expire on a certain date. The penalty limit is $1,000 and imprisonment for not more than three years, and that means that any one of these authorities designated by the governor in council, whether they happen to be judicial officers or not, may for a violation of the regulations made by the governor in council impose this fine and imprisonment. And they may decide that it shall be by summary conviction or by indictment.

I submit that these are provisions which offend against the fundamental principle I have indicated. Neither my right hon. friend nor any other member of the government except the Solicitor General (Mr. Dupré), to whom I shall refer in a moment, has spoken this evening to explain why these extraordinary measures are required. The Prime Minister has said that this blank cheque, this unlimited authorization as to amount, is needed because of the uncertainty of the situation. Well, I say that the situation could not be more uncertain than the situation in 1914, when an honoured and respected predecessor of my right hon. friend decided that the most he would ask for was $50,000,000. As my leader has said, if the Prime Minister would only ask for a specific amount to take care of contingencies there would be no cavilling about voting it. But what we object to is that we should be asked to give carte blanche, a blank cheque, an omnibus bill.

And that brings me to this other point. Not only does this legislation provide for the exercise of all these powers that are enumerated, but it groups together things that should not be grouped together in a bill of this kind. This is an omnibus enactment with regard to unemployment relief, farm relief, and peace,

order and good government. The only member of the government who has spoken is the Solicitor General, and he says, "We challenge you to vote against it." Many a man has held a woman or a child in front of him and said, I challenge you to strike. It is very easy for hon. gentlemen to put the suffering and the hungry in the front line and challenge us to criticize this legislation, knowing as they do that it is for the relief of these people. The Solicitor General knows perfectly well that we are thinking more of unemployment relief than we are of the principle of the bill, but at the same time he cannot make with impunity the suggestion that we are doing anything more than our duty when we criticize that principle and what it stands for. Does he mean to say that because the object of this bill happens to be the relief of those who are in need, therefore there is to be no criticism of it? I say to him that he is in exactly the same position as a man who might stand behind a woman or a child and say, "I dare you to shoot." Of course we intend to vote for the bill, if my right hon. friend insists upon its going through in its present form. But we will not vote for it without making the strongest protest, not against the object of the bill, with which we are in full sympathy, but against its form. I venture to say that no man, if he were sitting on this side of the house, would be more vehement in his denunciation of the principle of this bill than the Prime Minister himself. If he were on this side he would stand up and say that he considered it his duty, in the interests of responsible institutions, to see to it that a measure of this kind should not be passed, vesting the government with any such powers. The shoe happens to be on the other foot, and as we are on the side where the hon. gentleman himself once was, we must bring to his attention and the attention of the people just what the implications of this bill are.

My hon. friend from Willow Bunch (Mr. Donnelly) has referred to the administration of these relief moneys. I may say to the Prime Minister that, at least in some parts of my constituency, that administration has not been satisfactory. My right hon. friend was good enough to rise and point out that it was not the federal government who were administering the measure. That is quite so. I understand it is done through the provincial government and the municipalities. But we impressed upon the Prime Minister last session, as we impress upon him now, that since the federal parliament is voting the money it should have some say in its administration. I do not propose to mention a single case or to make any invidious comparisons, but I can give to my right hon. friend privately, or to his Minister of Labour if he wishes to have them, some illustrations of the cases I have in mind to show him that the relief money often does not reach those who need it. I know the object for which it was intended and for which the government took authority last fall. But the matter is too serious now, and the authority which my right hon. friend asks for is too great, for us not to make some provision that the money shall be properly expended and that it shall go to those for whom it is intended.

In closing, I repeat that my right hon. friend is going to far greater length than is necessary to carry out the object we have in view, and he is infringing upon a principle which I think, in his younger days at any rate, he would have observed, a principle which the people in my part of the country regard as very dear, because it was fought for in the early days of responsible government in the province of Nova Scotia. That principle is the accountability of the executive and the supervision by parliament over the executive with regard to the expenditure of money.

My hon. friend from Regina (Mr. Turnbull) spoke about the gratitude of the people for what the government had done. I do not think his leader, the Prime Minister, would particularly thank the hon. member for that remark. We must remember that this is the money of the taxpayers, the people of Canada, which is being voted. It is not the money of the government; and while we realize that the government are doing their duty in this matter, at the same time I do not think any question of gratitude need necessarily be raised in this house. Indeed, as the hon. member hastened to add, the administration was really only doing its duty. And because it is the money of the taxpayers of Canada which is being voted, I submit that my right hon. friend should put some limitation upon the provisions of this bill and should be more careful of the terms upon which he takes authority than appears from the provisions before us.

Hon. HUGH GUTHRIE (Minister of Justice): May I offer one or two words in reply to some of the observations that have been made in regard to this bill by hon. gentlemen opposite during the debate on the second reading. The hon. member for Shelburne-Yarmouth (Mr. Ralston) has protested as vigorously as he can, and he certainly has emphasized and, I think, exaggerated the possible consequences of the enactment of this legislation. The fears which he has ex-

pressed have also been expressed by several members in the course of the debate this evening.

First and foremost, starting with my hon. friend from Quebec East (Mr. Lapointe), the hon. member for Toronto West Centre (Mr. Factor), my hon. friend from Shelburne-Yarmouth, the hon. member for Kenora-Rainy River (Mr. Heenan) and one or two others, have uttered the same criticism in regard to the appearance in this bill of the words "peace, order and good government." There seems to be an idea that these words have been placed in this enactment for a sinister purpose. If the house will reflect for a moment I think it will realize that these words are the foundation of the authority of this parliament to pass such a measure. If the bill is not founded upon the theory that it is necessary to maintain peace, order and good government in Canada, then parliament would have no authority to pass it. Without these words the bill in the form in which it is enacted into law might be set aside when challenged in the courts. The judgments of the privy council during recent years have established most clearly that unless there is something in the nature of a national disaster, of plague, famine, or some national emergency, then parliament has no authority to legislate upon the subjects set out in this bill. After consultation with the law officers of the Department of Justice, we came to the conclusion that the best way to establish the authority of this parliament was to insert the clause which states that this measure is being passed for the maintenance of peace, order and good government in Canada. It is recognized that there is a national emergency. That question need not be argued, in view of the speeches made from every quarter of the house. We recognize this emergency by the adoption of these words from the British North America Act, and they were placed in the bill as the foundation of our authority to pass such an enactment. They have nothing to do with the question of enforcement; they are merely a declaration to give us the jurisdiction which we know we have under the circumstances but of which we want to be sure.

Mr. RALSTON: The peace, order and good government provision follows the relief measure as an additional authority.

Mr. GUTHRIE: We are granting relief in order to maintain peace, order and good government. That makes it constitutionally certain that the bill will not be set aside.

Mr. RALSTON: Those are not the words.

Mr. GUTHRIE: I have given my reason for the inclusion of those words. If it does not appeal to my hon. friend I cannot convince him.

Mr. MACKENZIE KING: Did not the Prime Minister tell us that the purpose was to deal with possible disturbances arising from bolshevik and communist outbreaks; that it had nothing to do with relief, but was to deal with noisy minorities?

Mr. GUTHRIE: I do not think the Prime Minister went quite as far as the leader of the opposition has suggested.

Mr. MACKENZIE KING: That is my understanding.

Mr. GUTHRIE: I believe that at the present time we have reasonable powers apart from this bill to deal with such matters, but where communistic activities take place in connection with the operation of our relief measure, then I think it to be a safe and satisfactory thing to have some provision in the bill to meet any situation which might arise.

Another criticism, and perhaps the major one which was levelled against the bill, is one which I do not take very seriously. The leader of the opposition has been pounding his desk in defence of the constitutional rights which must not be varied or abrogated by this house. I do not take that too seriously.

Mr. MACKENZIE KING: The hon. member should.

Mr. GUTHRIE: During the history of this parliament that right has not been maintained at all times. I took the trouble to look up the revised statutes of Canada. I will refer first to the Dominion Elections Act, which by section 77 provides that the governor in council may pay out of the consolidated revenue fund whatever sum he deems necessary for the payment of the costs of elections. There is no limitation.

Mr. RALSTON: But that is not for peace, order and good government.

Mr. GUTHRIE: This fundamental principle of democratic government has been violated in the Elections Act which was passed by this parliament. Let us take the Expropriation Act, section 34 of which provides that the governor in council, without the consent of parliament, may take from the consolidated revenue fund whatever amount may be necessary to pay the judgment of any court. There is no limitation in this case.

Mr. RALSTON: The Expropriation Act provides only for certain objects for which expropriations can be made.

Mr. GUTHRIE: My hon. friend need not interrupt me any more with these quibbles. The fundamental principle which has been proclaimed so loudly in this house has been violated in these two cases. Let us take another. I turn now to the Finance Act, which provides that in the event of a national financial crisis the governor in council may take out of the funds of this country whatever amount he deems necessary to relieve the situation. This can be done without consulting parliament, and no limitation is imposed. Let us consider next the Old Age Pensions Act. Is there any limitation there? I submit that there is not.

Mr. BENNETT: Not a dollar.

Mr. GUTHRIE: We can pay any amount necessary to make up our share.

Mr. RALSTON: On a certain scale.

Mr. GUTHRIE: That can be done without authority from this parliament, and no limitation is imposed by that act. With these illustrations before them, why should hon. members strain this point when it is recognized that there is a real emergency? We do not know what amount will be required; we are prepared to use the money of the country in accordance with the provisions of this bill to the extent to which it may be required. We have not named any amount, but neither did this parliament name an amount in the four or five instances I have cited. I would not dwell too strongly upon this supposed breach of fundamental constitutional principles which has been argued so thoroughly in the house this evening.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I find myself wondering more and more why the Prime Minister (Mr. Bennett) and his colleagues should bring down such a beneficent measure as this in such an obnoxious form. There is no need to do this. My right hon. friend knows that our leader has indicated that he would agree to any amount named, be it $50,000,000, $75,000,000 or $100,000,000. As long as there is a vote to give visibility to the purposes for which the money is to be used, and the amount named should not prove to be sufficient, governor general's warrants could be used. There is absolutely no reason why such an objectionable precedent should be created. With such a wide open door, hon. friends opposite say that is the way to restrict expenditure. It seems to me that the whole country will be wanting to get into this relief vote when they know there is no limit to the amount.

There is no limit either upon the purposes for which this money is to be used. Almost anything but sheep stealing is to be permitted. There is no limit to the amount, scarcely any limit to the purposes, but it must stop on March 31. This afternoon the government was pluming itself because it was restoring to parliament certain rights in connection with the St. Lawrence, but this evening sacred rights are being taken away from parliament and given to the executive. Surely that is not a consistent attitude on the part of the government. If the record of this government during the last year had been such as to inspire confidence, it would not have been so bad, but there has not been a blunder between here and Makakanik which this government has not committed. Why should we allow them to adopt this course? True, it is not within our power to put them right; we will just have to let them go on their way, but not without a strong protest. They say grandiloquently: We dare not oppose it. We will not oppose it, but we will protest stoutly against it. As has been pointed out by the hon. member for Shelburne-Yarmouth (Mr. Ralston), there were colonial difficulties in old Canada. I have often heard my father speak of 1837, the clergy reserves, and what not. These difficulties are bobbing up again under our present status, and this is another one. I would think the government were trying to borrow trouble. I do not see how they expect to deal with this relief matter better than they did last fall, especially when they start wrong. When they get off on the wrong foot, how are they going to get off on the right one? They are beginning with an indefinite expenditure—it may be $100,000,000, $200,000,000, anything under the sun. That is not the way to run the affairs of this country at this time. I should have thought this was the worst time to open the door to such extravagance as may be possible. There are no conditions either under which the money is to be spent. As I listened to the hon. member for Willow Bunch (Mr. Donnelly), I knew he was not exaggerating the situation in any respect. I know what happened last fall. There is no use in talking about that too much, but we should avoid it rather than walk blindly into it again.

At times I have wondered, and I have asked myself many a time: Has this government really gone mad? It has not such a great distance to go, and this is the latest

bit of evidence to that effect. I give the Prime Minister (Mr. Bennett) full credit for starting out on the first of July with fine intentions. He did well; everybody was happy and the goose honked high all over the chamber. Now he precipitates this row unnecessarily at this time when we should have the very opposite conditions prevailing among us with reference to a relief bill of this nature. I believe he wants us to oppose it, but we are not going to. Let him pass it, but we are on record as protesting against it as strongly as we know how.

Mr. E. J. YOUNG (Weyburn): I want to draw the attention of the Prime Minister (Mr. Bennett) to the situation as I see it in the west and to one feature in particular which I think should be drawn to the attention of the government. Only this morning I received from the west a letter, a copy of which has been sent to the Prime Minister, and which I should like to put upon Hansard. My reason for doing this is that it will bring home to the house, perhaps more clearly than anything else, exactly what the situation is out there. I do not think the house fully appreciates how desperately hard up the people are. This letter is written by a doctor who has made a personal inspection of conditions in my constituency. I may say that the whole of my constituency is in the dry belt area and I do not believe there is a single crop in it. This is not the first year there has been no crop; for three successive years they have been dried out, and four years ago in a large part of that district they were completely hailed out. Hon. members can imagine the financial situation of any business man who would try to carry on for four years without any income, but that is the position of the farmers in that part of the country. This letter was addressed to the Prime Minister and a copy sent to me:

Rt. Hon. R. B. Bennett,
Ottawa, Ont., Can.
Dear Sir:—

Permit me to address you personally, re need of immediate relief in this particular part of the west, i.e. the rural municipality of Souris valley No. 7, in the constituency of Weyburn, Sask.

Should you read this, let me apologize for adding to your troubles, and also, thank you.

This municipality by the late census shows 2,200 people, about 420 families.

A day ago in company with our member for local house, Mr. R. S. Leslie, I visited in the short time at Mr. Leslie's disposal, four families adjacent to our hamlet.

At family No. 1, the conditions were; nine children, 12 years to 1 month old, children half clad, but all the clothes they have, for food, two-thirds of a sack of flour, a little milk from two cows but the cows are now drying up as there is no feed, no fuel, no money, no crop, nothing to sell, this last sack of flour obtained from local municipality. To question "How do you expect to obtain coal and flour this winter?" they replied, "We do not know."

At the next neighbour 1½ miles away, there are six children, seven years to two months old, also on last sack of flour, no potatoes, a little milk, no feed, no crop. Children will not be able to go to school after holidays for lack of clothes. Mother says she has made summer clothes for them out of flour sacks and pillow covers. Mother in her bare feet, has a pair of shoes but wants to keep them for church, shoes produced, were broken down and worn out. They put in 160 acres of crop, nothing in sight, potatoes will not grow, to question, "What do you expect to do this winter?" answered, "We do not know."

Third family, nine children, 19 years to 3 months, father 60 years of age, one of the pioneers here, hard workers all their lives, house and children neat and clean, have enough food to carry them along for about three weeks, after that they do not know what they will do, have never applied for help before, but they have no money, no credit, no crop in sight, no feed, for stock. Children have three miles to go to school, will have to stay home for lack of clothes this winter.

Fourth family, six children, nine years to six months, children not doing well, the mother says, thinks they do not get enough food, all dressed in old overalls made over from old pairs of the father, no crop in sight of any sort, do not know what they will do for the winter.

Thirty-six in these four families, all within radius of three and one-half miles, and out of 420 families in this municipality there are at least 300 of them in like position.

Have practised my profession in this municipality for sixteen years. I know the people and that they are honest, sober, and industrious.

Through no fault of their own they have reached this dire necessity.

Something must be done now. Flour and coal and food must be put in their possession at once, before winter is on them, or there will be such a calamity as will be a lasting disgrace on all governing bodies of Canada.

Meetings of ratepayers are being held often, they get together and talk, and get nowheres, they are lost and desperate, and ready fuel for the agitation and the Red.

I realize what a difficult position the government must be in.

I realize living among these people in this stricken area much better than the government what we are up against.

And so I am begging you to strive for immediate action, that will result in something concrete, not promises.

Thanking you again for consideration of this letter.

Yours truly,

Mr. BENNETT: Does the hon. member think that letter was written to me for the purpose of having him read it to the house?

Mr. YOUNG: No, I do not.

Mr. BENNETT: Does the hon. member think that a right thing to do?

Mr. YOUNG: I received the letter with the request—

Mr. STEVENS: To put it on Hansard to embarrass the government.

Mr. YOUNG: I received the letter with the request that I bring it to the Prime Minister's attention.

Mr. BENNETT: I have the letter.

Mr. YOUNG: I know. The writer told me the Prime Minister had it.

Mr. SPEAKER: It is now eleven o'clock

Mr. BENNETT: If the house thinks we could have the second reading of the bill, I should be very glad if it would consent to remain for another half hour. If not, I am in the hands of the house.

Mr. MACKENZIE KING: I may say to my right hon. friend that one or two hon. members mentioned to me that they wished to speak on the second reading. They have left the chamber expecting that other speakers would take up the time to eleven o'clock. I know there are at least two or three who have that desire.

Mr. BENNETT: Then the Saturday sitting will not help the situation.

Mr. MACKENZIE KING: Yes.

Mr. BENNETT: We were going to sit to-morrow, but it is quite clear we cannot get through to-morrow. The matter is in the hands of the house. As far as I am concerned I am prepared to sit for half an hour and have the second reading passed; but if hon. members desire to speak on the second reading, they have that privilege. If they have left the chamber on the understanding that other speakers would take up the time till eleven o'clock, we cannot go on.

Mr. MACKENZIE KING: Probably the purpose hon. members have in view might be served if they were allowed wider latitude in speaking in committee. We might pass second reading to-night, and go on to-morrow, if that is satisfactory.

Mr. BENNETT: Yes, I think that would be quite satisfactory.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Ross in the chair.

Progress reported.

[Mr. Young.]

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT: Before the house adjourns may I say that the bills I mentioned this afternoon have been prepared and printed. The French translation will be completed by morning, and I hope to be in position to hand to hon. members copies of the bills when we meet at eleven o'clock in the morning.

Mr. LAPOINTE: Is there more than one bill?

Mr. BENNETT: Two bills.

Mr. LAPOINTE: Two bills?

Mr. BENNETT: Yes, the first dealing with the declaration that the works are for the general advantage of Canada, and the second combining two matters to which I referred. I think they will be laid on the table at eleven o'clock. I shall propose that they be distributed at once, so that there will be ample opportunity to consider them. They are not long bills.

In the meantime we could proceed with this measure and dispose of supply. Owing to the wording of one item in supply concerning coal, which is copied from that of a former year, to which the hon. member for Comox-Alberni (Mr. Neill) directed attention yesterday, I shall submit a new measure, and so that it may be regular it will be signed by the Governor General. I will explain that payment was to be made to the railways, as was indicated, and some payments with respect to subventions for coal are not so made.

Another matter deals with conditions concerning the Quebec harbour. Perhaps hon. members know that there is a lateral movement of the foundations at Wolfe's cove. The other concerns a hydrographic boat, under contract and partly paid for last year, the amount for which by some strange circumstance was not revoted.

Mr. MACKENZIE KING: If my right hon. friend is bringing down further estimates requiring a message, may I ask if he will not reconsider the matter of inserting in the relief bill an amount no matter what the figure is, which will indicate the extent of the sums to be appropriated? I do suggest that in the interests of the preservation of parliamentary institutions, which I know my right hon. friend has at heart, that step, even if taken only for the sake of appearances, would serve a useful purpose in the history of this parliament.

Mr. BENNETT: The right hon. gentleman has put his request most reasonably, but I must say I have considered the matter very carefully, and the more I have considered it the greater appears to be the difficulty, as it was in connection with old age pensions and several other statutes to which I could direct the attention of hon. members. There is no difference between the two, so far as I can see, having regard to the situation which has developed. Without taking up too much time I desire to say to my learned friends of the law that the real difficulty has been partly explained by what has been said to-night. In many instances apparently the provinces are unable to grapple with this situation, and the extent to which we must substitute the federal power for the provincial authority would seem to be a matter of the first magnitude and one with respect to which I certainly desire to proceed most guardedly, because of the general situation of Canada as a whole. I shall however think the matter over and speak to my right hon. friend in the morning.

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

Saturday, August 1, 1931.

The house met at eleven o'clock.

BRITISH PRIME MINISTERS

ACKNOWLEDGMENT OF GIFT OF PORTRAITS TO BE PLACED IN PARLIAMENT BUILDINGS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I beg to move, seconded by the right hon. leader of the opposition, the following motion:

That this house deeply appreciates the generous gift made by E. S. Makower, Esquire, of London, England, of a complete collection of portraits of British prime ministers, from the Right Honourable Sir Robert Walpole to the Right Honourable Ramsay MacDonald, which have been placed in the parliament building of Canada; and that the warm thanks of the House of Commons of Canada be conveyed by Mr. Speaker to Mr. Makower.

I dare say that my right hon. friend may think that this is another illustration of the old saying, that one sows and another reaps. The fact is that the arrangements in connection with the gift of these valuable portraits to the Canadian people was arranged by my predecessor in office, who was communicated with, I understand, through the then Prime Minister. It was my privilege and pleasure to receive from Mr. Makower these portraits framed as they now hang upon the walls of the gallery leading to the restaurant. There I trust they will always serve as a reminder to us of the splendour of the achievements of the great and distinguished men who have occupied the position of Prime Minister of Great Britain. In recording our sense of appreciation of this gift, I am sure the resolution conveys the sentiments of every member of this house. It is an additional pleasure to associate my right hon. friend with me in the motion as its seconder.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I am indeed happy to have the opportunity or joining with my right hon. friend in approval of the motion which has just been placed in your hands. As my right honourable friend said, it is a case where one sows and another reaps. The sowing has been done by Mr. Makower, and we in Canada, and of this parliament irrespective of the parties to which we belong, have been reaping the benefits of his generosity. As the Prime Minister has just said, during the time the late Liberal administration was in office I received a communication from the then Prime Minister of Great Britain asking if it would be agreeable with a view to the portraits being placed in our parliament buildings to accept from Mr. Makower on behalf of the government of Canada this splendid collection of portraits of the Prime Ministers of Great Britain from the days of Walpole down to the present time. I expressed to the Prime Minister of Great Britain our warm appreciation of the contemplated gift, and subsequently sent as well a personal word of thanks to Mr. Makower. The gift itself of the collection of portraits was not received until after my right hon. friend came into office, and it is a happy circumstance, that as a consequence each of us has now the pleasure of joining in this acknowledgment, which I am sure will be made wholeheartedly on the part of all hon. members of this House of Commons.

May I say that I understand Mr. Makower's generosity has extended to the making of similar gifts to the British House of Commons and to the parliaments of the other self-governing dominions. It is a noteworthy example of great generosity and public spirit, and I feel that too warm a word of appreciation cannot be expressed for what this parliament has received.

Motion agreed to.

HOUSE OF COMMONS STAFF

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I desire to move seconded by Mr. Rhodes:

That the recommendation submitted by the Civil Service Commission under section 12 and section 61 of the Civil Service Act, for a change in the compensation of the position of chief page, House of Commons, and laid on the table of the house on Friday, July 24, 1931, be approved.

This recommendation, directed to the hon. the House of Commons, alters the compensation from a maximum of $1,140 to $1,380. It is approved by the hon. the Speaker and signed by the Hon. W. J. Roche, chairman of the Commission, by Dr. MacTavish and by Mr. Tremblay.

Motion agreed to.

SUPPLEMENTARY ESTIMATES 1931-32

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1932, was presented by Right Hon. R. B. Bennett (Minister of Finance), read by Mr. Speaker to the house and referred to the committee of supply.

Right Hon. R. B. BENNETT (Minister of Finance): Mr. Speaker, I move that the said message with the accompanying estimates be referred to the committee of supply. In doing so I think it well to indicate that of the three items mentioned two have already been considered by the committee of supply. The first item merely changes the wording of the provision made for payment of the subvention in connection with the movement of coal. It will perhaps be recalled that under the previous provision the subvention was payable only to the railways; this change removes that difficulty. The second item relates to the harbour at Quebec, to which I made a short reference last evening. Some few years ago it was agreed by the harbour commissioners that the sum then voted by parliament would be all that could be voted for a period of five years; but the report of the engineers indicates the desirability of making certain investigations as well as maintaining from deterioration certain parts of the works of the harbour, and this sum is being loaned for that purpose. The last item, I am bound to say, was inadvertently overlooked from the estimates. Last session parliament voted some $390,000 odd for a ship for the use of the hydrographic survey. A contract was let and the work has made some progress, but by some misadventure the vote was not included in the main or the supplementary estimates. It is a revote of some $390,000 odd, and the balance of $340,000 is the sum required during the fiscal year. I make this explanation because it is unusual to submit these further supplementary estimates.

Mr. STEWART (Edmonton): What was the change in the coal subvention?

Mr. BENNETT: The subvention was payable "to the railways." Those words disappear, because it will be observed that all the money does not go to the railways; provision is made, for instance, for payment of some of the money with respect to coal that is mined on Vancouver island.

Mr. LAPOINTE: My right hon. friend suggests that the amount for certain works in the harbour of Quebec will be in the form of a loan?

Mr. BENNETT: Under the harbour commission act.

Mr. LAPOINTE: That would be a bill then.

Mr. BENNETT: It is proposed to make it just by estimate in this case as a loan because of the provisions of that statute.

Mr. LAPOINTE: Is it regular to make a loan by way of an item in the estimates?

Mr. BENNETT: Yes, it is quite competent for parliament to make a loan through the estimates.

Mr. LAPOINTE: It is certainly unusual.

Mr. BENNETT: I may say to my hon. friend the reason it is unusual is that under the last act relating to Quebec harbour it was provided that no further sum should be paid for five years, and at that time my hon. friend thought the sum loaned to the harbour commissioners would be more than ample for that period; but the new pier has cost more than was expected. This loan will enable certain investigations to be made and repairs carried on, and I am advised by the competent authorities that it is the proper wording for an item of that character.

Mr. LAPOINTE: I am in favour of it; I was only questioning the form.

Motion agreed to.

BEAUHARNOIS POWER PROJECT

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY, LIMITED—RIGHT TO DIVERT WATER

Right Hon. R. B. BENNETT (Minister of Finance) moved for leave to introduce Bill No. 143, respecting the Beauharnois Light, Heat and Power Company, Limited.

He said: I think I mentioned this matter to the house yesterday, and the bill was distributed this morning so its purport is quite apparent to everyone. I had thought that possibly if the bill were given a first and second reading without the house in any sense committing itself to the principle of the measure, in committee an opportunity would be afforded through the asking and answering of questions fully to inform those who are interested of the purposes of the measure. Whatever attitude the house may take in that regard is acceptable.

Motion agreed to and bill read the first time.

Mr. BENNETT moved the second reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, with the understanding which the Prime Minister has said will govern in this matter I do not see that there would be any objection to the second reading at this moment. It is understood that by giving second reading and going into committee we do not commit ourselves to the principle, not that I think there is going to be any difference of view on that score; at any rate if there is a difference we can express it in committee, and for the sake of expediting the business of the house to-day I will gladly concur in the suggestion of the Prime Minister.

Mr. BENNETT: I desire merely to record the understanding that by permitting the bill now to be read a second time and the house to go into committee the house does not commit itself, nor does any hon. member commit himself, to an approval of the principle of the bill. There will be the fullest opportunity in committee to discuss every phase of it.

Mr. LAPOINTE: Even if the discussion does not bear essentially on the section under discussion?

Mr. BENNETT: Quite so.

Mr. LAPOINTE: I hope the chairman of committees will be so advised.

Mr. BENNETT: Apparently my hon. friend has anticipated who may be chairman. I will try to meet his views in that regard.

Mr. ROBERT GARDINER (Acadia): We have no objection to this bill getting second reading and going to committee, but hon. members must remember that we have had no very full explanation as to what are the intentions of the government in regard to this matter. May I suggest that in the event of the house permitting this bill to go to committee, after the Prime Minister has given the explanation which he may desire to give to the house, if members of the committee feel that they should have some little time to think over the matter I trust the Prime Minister will not object to meeting their wishes in that respect.

Motion agreed to and bill read the second time.

Mr. BENNETT moved that the house go into committee later this day on said bill.

He said: If it is not unacceptable to the house I would move that Mr. Speaker do leave the chair for the house to go into committee on this bill at a later time this day. These two bills touch on the same matter, and if it would be convenient they might be taken together in committee.

Mr. LAPOINTE: When will my right hon. friend take up the bills in committee?

Mr. BENNETT: I thought we could do it at once.

Mr. CHEVRIER: I do not know what the procedure will be immediately after the house disposes of this matter, but since I have one or two questions I should like to direct to the government I do not want to lose the opportunity of doing so.

Mr. BENNETT: My hon. friend will be afforded a chance to ask the questions before the orders of the day are called.

Motion agreed to.

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY, LIMITED—WORKS FOR GENERAL ADVANTAGE OF CANADA

Right Hon. R. B. BENNETT (Minister of Finance) moved for leave to introduce Bill No. 144, to declare certain works of the Beauharnois Light, Heat and Power Company, Limited, to be for the general advantage of Canada.

He said: I endeavoured to explain yesterday that this bill would be proceeded with on the assumption that it is satisfactory to the government of Quebec, whose counsel has been assisting the Secretary of State in its preparation. By giving the bill first and second readings and going into committee I do not expect the house, in view of these circumstances, to commit itself to the principle. Every hon. member will have the fullest opportunity to express in committee any opinion that might have been expressed

on the motion for second reading, without limitation with regard to the section to which the discussion may be directed.

Motion agreed to and bill read the first time.

Mr. BENNETT: Under the conditions I have just indicated I move the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. BENNETT: I move that the house do resolve itself into committee to consider said bill later this day.

Motion agreed to.

WHITESIDE CORRESPONDENCE

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): May I ask the Prime Minister what success he has met with in putting a tracer on that correspondence between himself and Premier Anderson. There seems to be a missing letter, and I should like to know how he has got along with it.

Right Hon. R. B. BENNETT (Prime Minister): Only this morning I endeavoured to ascertain what the trouble had been. While I was in England, Mr. Whiteside wrote a letter to me and a reply was sent during my absence. On my return a letter was received from Premier Anderson, enclosing a letter from Mr. Whiteside, and I sent a reply to Mr. Anderson.

Mr. MOTHERWELL: That is the one I want.

Mr. BENNETT: The return was treated as one dealing with the correspondence with Mr. Whiteside, and I have asked the clerk to obtain from the office a copy of the letter to which the hon. gentleman refers. The order for return rather indicated that it was the correspondence between Mr. Whiteside and myself which was required.

Mr. MOTHERWELL: Between the right hon. gentleman and Mr. Anderson. In order to assist my right hon. friend I will tell him that I have reference to a letter which was published on the front page of the Ottawa Journal under date of March 7th.

Mr. BENNETT: I did not publish it.

Mr. MOTHERWELL: The right hon. gentleman might take the trouble of looking up that issue. What I want to know is whether or not that letter as it appears in the Journal is an official letter. If it is, I have the information I desire.

[Mr. Bennett.]

GOVERNMENT PRINTING BUREAU

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): I desire to direct the attention of the Secretary of State (Mr. Cahan) to a press item appearing in this morning's Ottawa Citizen, on which I desire to base a question:

> For the first time since civic holiday was inaugurated 21 years ago, the union men at the government printing bureau will not get the day off. A notice to this effect was put on the bulletin board at the bureau last night saying that all civil servants would have a holiday on Monday, August 3, but that all prevailing wage men would have to work as usual. The men are 100 per cent union workers and feel that although the bureau is working overtime on government printing, they are being discriminated against.

In view of these conditions, may I ask the Secretary of State whether these men will receive proper compensation, either in a monetary way or by being granted a special holiday to make up for the time lost?

Hon. C. H. CAHAN (Secretary of State): As to whether the men employed in the printing bureau on prevailing rates are or are not union men, I have no knowledge. Representations have been made to me from time to time that they are largely union men, but I have not yet been able to ascertain the facts. With regard to their holidays, I may say that the men who are at work on prevailing rates are entitled to the highest rates which prevail in the printing trades in Toronto and Montreal, and are paid accordingly. In Toronto and Montreal the men who are paid these rates are entitled only to the statutory holidays. Therefore I see no reason why men who are employed on prevailing rates and who are receiving the highest wages, men who are not in the civil service as such, should receive holidays at the expense of the treasury of Canada. The responsibility is solely mine, but I gave instructions to the King's Printer that hereafter, until he was advised otherwise, printers on prevailing rates who are not members of the civil service should receive no holidays on pay which are not holidays in the printing trades of Toronto and Montreal. I may say that the printing bureau last year ran behind $70,000, and that was due largely to the fact that we were allowing printers on prevailing rates to have holiday after holiday which were not recognized under the statute. Each holiday of that character costs this treasury, in cash, $4,500 or thereabouts. I gave instructions that any printers employed at prevailing rates who wished to celebrate on Monday would have ample opportunity to do so. They were

requested, if convenient, to notify the King's Printer beforehand whether they would be in attendance on Monday or not. But if they are not in attendance they will not be paid for the day: no work, no pay.

PRIVILEGE—MR. WOODSWORTH

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I rise to a question of privilege. On Wednesday the hon. member for South Winnipeg made a statement which reflected on my integrity. Speaking of myself, as reported at page 4306 of Hansard, he said:

> The hon. member found occasion too to refer to newspaper despatches relating to alleged statements by the Hon. Mr. Finlayson of the Ontario government, intimating what was likely to happen in certain camps in the north of the province. So far, so good. But not until his attention was definitely directed to it by the hon. member for East Algoma (Mr. Nicholson) did he say, "Yes I did read denials by Mr. Finlayson." Is it too much to expect, sir, that one who in former years was engaged in the promulgation of the principle, "do unto others as you would they should do unto you," would be fair enough in the first instance to place the two statements side by side?

May I say, sir, that a reading of Hansard does not show any justification for that charge. I said, as reported at page 4292 of Hansard:

> We are told by the newspapers that one of the schemes may be camps in the north country. The Minister of Mines and Forests of Ontario, the Hon. William Finlayson, has suggested that labour camps will be established in northern Ontario. I have not the slightest objection to labour camps in the north country for the construction of roads, reforestation and so on. It may prove an excellent idea. But I should like to know what conditions will prevail in these labour camps. Mr. Finlayson has said there may be only a nominal wage paid. If that be the case, on behalf of labour across the country I would raise a vigorous protest against any such arrangement.

And I spoke about one or two other statements Mr. Finlayson had made. Later on, down the column, I passed on to some other considerations.

Mr. SPEAKER: What is the hon. gentleman's question of privilege? What he is reading is already recorded in Hansard, and no purpose can be served by his reading it again.

Mr. WOODSWORTH: I do not want to take up the time of the house, Mr. Speaker, but in the passage I have quoted from the hon. gentleman's remarks, there was a distinct reflection upon my personal integrity, and I wish to show, by reading these two paragraphs, that there is in Hansard nothing that warrants such a statement as was made by the hon. member. I think I have a right to do that.

Mr. SPEAKER: The hon. member may not now redebate a subject under consideration in a previous debate. If another hon. member has misrepresented him, let him point out in what respect this has been done.

Mr. WOODSWORTH: I am doing that now.

Mr. SPEAKER: The hon. gentleman is going over the debate.

Mr. WOODSWORTH: I wish to read only one more paragraph. I went on to deal with another matter entirely, not with the statements of Mr. Finlayson, but with other statements which were made with regard to what might possibly take place in these proposed detention camps. I had in mind letters which had come to me from places in the west, from Regina, particularly, from Calgary and Winnipeg—

Mr. SPEAKER: The hon. member might have had various matters in mind. But what is the statement in reference to which he is complaining?

Mr. WOODSWORTH: I do not want to read it again, but the statement was that I refused to admit that I knew of Mr. Finlayson's statement with regard to this matter.

Mr. SPEAKER: Does the hon. member deny that?

Mr. WOODSWORTH: I do deny it.

Mr. SPEAKER: Well, let the hon. member deny it and have done with it.

Mr. WOODSWORTH: I deny absolutely that in a later passage dealing with military control I had reference to Mr. Finlayson. I was thinking of letters such as that of Colonel Hunter and others and I went on in that connection to speak of what might take place in these detention camps. I was not referring at that time to Mr. Finlayson, and it is only fair to have this misunderstanding cleared up. It may be that, in the confusion that sometimes prevails, the hon. member for South Winnipeg did not hear distinctly; but I desire to point out that a reading of Hansard shows that at that time I was discussing an altogether different matter and not referring to Mr. Finlayson.

Mr. MANION: Why did you not correct it when the hon. member was here himself?

Mr. MULLINS: Is not the hon. member referring to the hon. member from Winnipeg South Centre (Mr. Kennedy)?

Mr. WOODSWORTH: Yes, I apologize; it is the hon. member for Winnipeg South Centre.

CONFERENCE WITH RAILWAYMEN

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, I notice the Minister of Immigration (Mr. Gordon) is not in his place, and probably the question which I am about to ask should be directed to him. However, in view of the lateness of the session, I will ask my question to-day before the orders of the day are called. When the Minister of Labour was west a month or six weeks ago he held a conference with the railway employees. Only this morning I received a request for a copy of the written record of what took place at that conference. If such a record exists, I would appreciate being furnished with a copy or the opportunity of examining it.

Right Hon. R. B. BENNETT (Prime Minister): If there is a record of the conversations to which the hon. gentleman refers, I will try to secure it for him between now and three o'clock.

BEAUHARNOIS POWER PROJECT

COLLECTION OF INCOME TAX ON PAYMENT OF $125,000 TO JOHN AIRD, JR.

On the orders of the day.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, the question which I desire to ask of the Minister of National Revenue (Mr. Ryckman) might have waited until the supply bill was before the house for second reading, but to expedite matters I shall ask it now. Will the minister advise the house whether he intends to take proceedings in order to collect income tax on the $125,000 which Mr. John Aird, Junior, said he received for services rendered a year or two ago. This gentleman claimed that he had no tax to pay because the bonds he received were tax-free bonds. Tax-free bonds are free only as far as the interest is concerned, but if a man receives his salary in such bonds he is liable for income tax.

Mr. EULER: That has been decided in the courts.

Mr. BENNETT: There is no argument about that.

Hon. E. B. RYCKMAN (Minister of National Revenue): In answer to the hon. member's question, I would advise that if the department has any rights they will be pressed. This matter will be canvassed at once.

FARM AND UNEMPLOYMENT RELIEF

POWER TO DEAL WITH AGRICULTURE DISTRESS AND LABOUR SITUATION—MAINTENANCE OF ORDER

The house resumed from Friday, July 31, consideration in committee of Bill No. 142, to confer certain powers upon the governor in council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada—the Prime Minister—Mr. Hanson (York-Sunbury) in the chair.

Section 1 agreed to.

On section 2—payments authorized.

Mr. BENNETT: I have considered seriously the suggestion made last evening by my right hon. friend, and I thank him for the moderation in which he expressed his views, not upon the general principles of the legislation but with respect to one matter. I can only say that my mind wavered somewhat, but in view of communications which I received this morning I have concluded that there may fall upon this government the duty of making loans to some of the provinces to enable them to discharge their ordinary constitutional functions. I am not without full realization of what is involved in the bill but in order to meet my right hon. friend I will shorten the time to March 1 and make it clear that we have no desire to usurp powers as was suggested. It is the overwhelming sense of what I conceive to be a national duty which is cast upon us that induces me to submit this legislation.

As far as the principle is concerned, this was applied in connection with the matters mentioned last evening by the Minister of Justice (Mr. Guthrie). There is no difference in saying that you may pay $8,000,000 out of the consolidated fund, the only limitation being the amount required, and legislation of this character. There is no difference in saying that whatever may be required to meet 50 per cent of the money paid out by the provinces for old age pensions is to be paid, without stipulating any amount, and saying that whatever may be required to meet this challenging situation may be paid. The Finance Act has been on the statute books of this country in its present form for I think thirty or forty years. That act confers upon the governor in council during moments of emergency far greater powers than are mentioned in the present bill. In that instance there is no limitation as to the time within which matters may

be dealt with. There are other enactments which stand in the same position. As was indicated the other day a striking illustration of the application of this principle to at least $10,000,000 of public money was in connection with the Montreal bridge. As far as this house is concerned, the amount involved is $13,000,000 because the statement was made that the bridge would cost $6,000,000 while the bonds outstanding amount to $19,000,000.

I need hardly say to the committee that I do this reluctantly; I do it only from a sense of duty. What the right hon. gentleman said last evening as to the desirability of grants of money being limited, is so elementary I shall not do more than say that its general application in itself involves the necessity at times of exceptions, and the reasons, some of which I would not care in the public interest to communicate to the committee, why we should not state an amount in this measure, would, I think, appeal to the sober common sense of most hon. members. We are dealing with the most unusual situation that has confronted this country since confederation. It involves problems of the first magnitude, not only in constitutional government, but in the financial operations of the Dominion and of the provinces. Realizing that, understanding fully the soundness of the criticism that is urged against the principle in general and not endeavouring to minimize it, we are with great hesitancy seeking from the house these powers, surely with not any advantage to the government or to the individual members of it, but because, since the accident of circumstances places the obligation upon us, we want to meet it as best we can before the people of Canada as a whole for whom we are trustees; and in that sense alone is this legislation being sought. If I were less mindful of the soundness of the criticisms that are made by the right hon. gentleman opposite as to the interference with the general principle, I would not make the observations I do. But when we make charges against the consolidated revenue fund as we have done continuously with respect to matters mentioned last evening by the Minister of Justice, and when since confederation we have had a frank recognition by parliament that a situation might arise in which the application of the ordinary rules would no longer be possible as witness the Finance Act of the country, I think we are confronted by a situation that demands the acceptance of the faith, the good intentions and the honesty of this committee of the House of Commons which is called the cabinet, to meet in times of great stress a very difficult situation. That is all I wish to say. I did seriously and thoughtfully turn over in my mind the suggestion made by the right hon. gentleman, and if I have arrived at a conclusion which is disappointing to him, I can only say I have not done so from any sense other than by conviction that I am compelled to do this in the public interest. But there is no reason why the date should not be limited to the first day of March which will ensure that the house must meet at least a sufficient time before that date to enable parliament to grant such further supply as may be regarded necessary in the premises.

Mr. MACKENZIE KING: I cannot regret too deeply that my right hon. friend has not seen his way, I shall not say, to accept the suggestions of the opposition, but to act in accordance with what is everywhere recognized as a fundamental principle, namely the control of the House of Commons over expenditures. I regret that above all because of what it means in the way of violation of the constitution. His refusal constitutes a complete, may I say, submarining of the right and the duty of the commons to control taxation, especially where taxation on so very large a scale will be necessitated in order to meet a situation such as the Prime Minister contemplates by this measure. Let me say to my right hon. friend that I believe I appreciate the reasons why he takes the position he does at the moment. I believe him to be sincere in the statement he has given us of those reasons; but I believe he would hardly have given them were it not for the fact that, having so completely in mind the seriousness of the position with which we are faced in the country owing to the extent of unemployment and the possibility of that situation becoming still more serious, he has lost the larger vision of a matter which is more important than all else, namely, the necessity of keeping parliament supreme in dealing with all questions of great national concern. My right hon. friend has spoken as though it were the duty of the executive regardless of parliament altogether to deal with the problems that may arise within the next few months. In that attitude I think he is quite mistaken. If a grave situation should arise, it would be his duty to have parliament summoned to cope with it. That is the all-important point which my right hon. friend seems to lose sight of altogether.

The House of Commons is the committee of the nation appointed by the people at large above all else to control appropria-

tions of public money which may be necessary to deal with all situations as they may arise. The importance of summoning the commons at a moment to enact the measures necessary to deal with any great question cannot be exaggerated. The security of the nation, peace, order, good government—all of these matters have their foundation in the fact that under our system of responsible government, under our British constitution, the people's representatives may be brought together at any moment to cope with any situation which affects their rights and well being. My right hon. friend appeared to recognize that last year when conditions were not at all comparable with what they are to-day. In September of last year he summoned a special session of parliament on account of the unemployment situation. Why should he not summon a special session of parliament this September to deal with unemployment if the situation at that time demands it. He will not have any Imperial conference to attend this year; he will have the intervening month or two to rest up after the present session. Otherwise, why can he not bring parliament into regular session in the month of November, if need be, rather than attempt, himself with the aid only of his colleagues, to deal with a great national emergency. The stronger the reasons presented by my right hon. friend why unlimited powers should be given his executive, the stronger, in my mind, becomes the necessity of his remembering the obligation which rests at all times upon the government to bring together collectively the people's representatives to cope with any great national question, and not to leave a national emergency to be dealt with by any committee of parliament, albeit the committee which constitutes the cabinet.

I am just afraid the course my right hon. friend has taken in this matter may help to aggravate the condition with which he is faced. It creates another situation more serious, it seems to me, than anything we can contemplate at the moment. No one can tell what condition may arise. My right hon. friend, in asking for these additional powers in connection with peace, order and good government raises at once an alarm in the mind of the country that he is contemplating something dangerous. The whole seriousness of that situation will be increased if the people get into their heads the idea that no matter what happens parliament is not to be summoned until on in the spring of next year. I hope my right hon. friend will, before parliament prorogues, make it quite clear that if there does arise in Canada a situation—and let us pray it will not arise—of a very serious character, he will immediately summon the people's representatives. In that way, and that way alone, will we escape the effects of what comes inevitably from autocratic and coercive action. I am genuinely alarmed as to the possible effect of some of the provisions of this measure through what they may occasion in the way of riots and violence in different parts of the country. Powers will be given to officers or individuals who have had little or no experience with the enforcement of law. With this great authority behind them which at the moment, the government of the day is taking from parliament, they will feel free to act to the limit; that will believe that the executive has absolute authority in regard to all moneys required and in regard to the force that may be needed. This thing of itself may create a condition of unrest, if not of strife, such perhaps as we have not seen in this country at any time. I do not believe that one can stress that possibility too strongly, and it is because I am hoping and praying that nothing of the kind may occur, and am seeking to have this parliament preserved in its rights to deal with any situation of a serious kind, that I make this strong appeal to my right hon. friend. Parliament should not part with its control over the executive. That is what it is being asked by this bill to do.

Let me repeat, there is a consideration above all other considerations not only with respect to peace, order and good government, but with respect to all that pertains to our constitution and to the making of laws, and that is that at all times parliament may be summoned at a moment's notice and that when parliament is summoned the people's representatives in parliament shall have complete control over the executive and its acts, particularly as regards those measures which involve increased taxation.

I am not going to try to elaborate that idea by words of my own, but in order to surround the whole matter with the solemnity which I think is its due I wish to quote a paragraph or two from a treatise which is recognized throughout the British Empire as the standard work on parliamentary grants. I have in my hand the volume, which is entitled The Principles and Practice of the System of Control over Parliamentary Grants, by Colonel A. J. V. Durell, C.B. May I read two or three significant paragraphs and ask hon. members, as the representatives of the people, elected to maintain their freedom and their rights, and above all to sustain and maintain the tradi-

tions of parliament and responsible government, to weigh in their minds the significance of these few words. On page 2 the writer says:

The bedrock on which the English system is built is the principle of the maintenance by parliament of control over the grants which it makes.

This bedrock on which the English system is built is being shattered by the act of the administration in refusing to allow this House of Commons to fix any amount in connection with the purpose of this particular bill.

Now I come to the section of this work which deals with the constitutional aspect of these grants. On page 3 I find the following:

It is one of the old standing principles of our constitution that the House of Commons should control the finances of the country. That is the right, privilege and duty of the house. It has been achieved by means of struggles lasting through centuries, beginning from the fourteenth century down to the seventeenth century, when it was fully confirmed, and since then it has never been practically disputed. "Ut quod omnes tangit, ab omnibus approbetur." The quotation by Edward I of this legal maxim transmitted it into a great and constitutional principle. In other words, the cardinal principle on which the whole of our financial system is based is that of parliamentary control, and by this is understood not the control of parliament in its constitutional sense as composed of Sovereign, Lords and Commons, but control by the Commons alone.

My right hon. friend has a great regard for one other authority whom he has quoted many times in this House of Commons, and that is Redlich, on the House of Commons. Here is a quotation on the very page from which I am reading, from Redlich, chapter iii, page 114:

Upon this fundamental principle, laid down at the very outset of English parliamentary history and secured by three hundred years of mingled conflict with the crown and peaceful growth, is grounded the whole law of finance and, consequently, the whole British constitution.

Surely my right hon. friend in the pressure of a very strenuous session, and dealing with an extraordinarily difficult situation must have had his mind so preoccupied with the immediate thing that he has lost sight altogether of the larger principles which he above all others should maintain, and, may I add, which I believe in his heart of hearts he as much as any other is anxious to see maintained. I believe my right hon. friend has a real reverence for parliament; I think he has an equal reverence for the institutions of parliament, and I find myself at a loss to understand how, excepting under the pressure of tremendous strain through a long session, he could have been tempted to take what seems to be the easy path and the short path in dealing with the problem that he is dealing with here in the manner in which he is dealing with it. May I go just a step further? A quotation from Todd's Parliamentary Government is given on this same page from which I have been quoting:

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.

I say, Mr. Speaker, that those words ought to be emblazoned on the walls of this chamber to be constantly before the mind of every hon. member who sits in this house.

Mr. BENNETT: They were written here.

Mr. MACKENZIE KING: As my right hon. friend says, they were written here. It is a great tribute to our country that we have had an author of such distinction, so ingrained in his appreciation of the British constitution and all that it stands for, that he has been able to summarize and epitomize in the way which in these words he has done what is of the very essence of the British constitution as it has been evolved after centuries of struggle and effort on the part of all who love freedom and liberty. May I repeat the words?

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.

Is every hon. member opposite going to torpedo this most valued prerogative of the House of Commons? Is he going wholly to disregard it as something not worth paying attention to?

Mr. BENNETT: Certainly not.

Mr. MACKENZIE KING: That is what we are being asked to do by this legislation.

Mr. STEVENS: No, no, nothing of the kind.

Mr. MACKENZIE KING: We are under this measure taking away from this House of Commons its control over taxation. Let me read a little further:

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."

There is nothing specific, there is nothing minute in the appropriation of the moneys required for this act. As a matter of fact, there is no appropriation. That is the sad and tragic part of it all, that this House of Commons is not being asked even to make an appropriation for the purposes of this measure, though I say here and now that if my right hon. friend asks for any amount, I care not what it is, in order to maintain these old and valued traditions, these high prerogatives of the House of Commons, I for one will support any appropriation that he may bring in, be it fifty million dollars, seventy-five or a hundred million dollars, or whatever sum he likes to name, provided of course that he gives to the house his reasons for believing the amount he names to be necessary.

Now may I go a step further. On page 9 the following paragraph appears:

> 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.

There is no control over the manner in which these grants are to be spent under this legislation. This legislation takes away control from the House of Commons and puts it completely in the power of the executive. If we confine our thoughts only to the scope of the objects as specified in the bill, they are sufficient in number and significance to enable the government to spend public money on almost any single thing that can be conceived of, so long as by the wildest stretch of the imagination it may be brought to have a bearing upon the peace, order and good government of the country, or to the other subjects mentioned in the bill. To continue:

> This second right must be inseparable from the first if the control over the grants is to be effective; but it is a right which was not claimed nor enforced by the House of Commons until long after the right of control over supply had been established.

So we are parting with two of the most precious rights of the commons with respect to control of finances. I will quote one further paragraph at page 10:

> In its constitutional aspect then, the English system of finance and the rules of financial administration are based on the principle of supreme control by the House of Commons, and the machinery, by which it works, has been built up, developed, extended or modified to meet the requirements of that principle.

My right hon. friend in an earlier part of the session introduced a measure for the more effective supervision of the country's finances by a comptroller associated with the very department of which he is the head. But is it not almost a mockery for this house to have supported unanimously that greater control on the part of one branch of the civil service over accounting, and then in the same session to be asked wholly to part with its control over expenditures and over the specific purposes for which public moneys should be appropriated?

I might continue a long time, Mr. Chairman, to deal with this matter, but I will allow the weight of the authority of the words which I have read to make up for anything there may be in the lack of further emphasis. What I have given to the house in the quotations I have read is, I believe, as solemn as any statement could possibly be of the great rights which through centuries of thought and struggle have been won by those who were prepared to give their all for a free parliament to safeguard their interests and their liberties. It is most regrettable, indeed it is tragic in the extreme, that in dealing of all questions with relief of unemployment generally and of distress in the rural areas the people should have the government presenting to them what nominally appears to be a generous attitude but which in reality is an attitude which at the same time robs them of the most sacred right of British citizens, namely the right of having their interests fully protected by the parliament to which they send their representatives.

In the hope that even yet before it is too late this fatal course may be averted. I move, Mr. Chairman:

> That section 2 be amended by adding the words "not exceeding such amounts as may be appropriated by parliament."

In making this motion, I again appeal to the Prime Minister, to his colleagues and to all hon. gentlemen who support him in this house to consider above all else that greatest of the prerogatives of the commons and their own duties as representatives of the people in seeking to preserve this most ancient, this most important of all the rights of a free people.

Mr. WOODSWORTH: Mr. Chairman, I find myself to a considerable extent in sympathy with the position taken by the leader of the opposition, although personally I would feel inclined to stress the practical rather than the constitutional aspect of this question. I have no desire to cover the ground already so fully traversed when the bill was in its stage of second reading, but on behalf of labour I feel that I cannot permit this opportunity to pass without protesting against this bill as it stands. It is most unfortunate that

there should be grouped together the three items in this section: (1) the relieving of distress; (2) the providing employment; (3) the maintenance of peace, order and good government. It seems to me that it is unfair to this house to so group these three items. In the first place, we can hardly vote intelligently on such a section. I want to have relief, I want to have adequate relief, but I do not like the three items included. If I vote against the bill in its present form it may be said I am voting against relief. I would personally take the risk of that interpretation by the outside public, but I do not think it is fair to the house to put members in that position. Then again, I do not believe the grouping in this way is fair to the needy people of this country. They are not criminals.

Mr. BENNETT: Who suggests they are, except yourself?

Mr. WOODSWORTH: Who suggests they are?

Mr. BENNETT: Yes.

Mr. WOODSWORTH: I say the very grouping suggests that among the needy people of this country there are those who will have to be held down by the military.

Some hon. MEMBERS: Oh, no.

Mr. WOODSWORTH: Now, Mr. Chairman—

An hon. MEMBER: Sit down.

Mr. WOODSWORTH: No, I am not going to sit down. I have the right to make my protest, and the very calls from across the way that this thing should be rushed through are—

Some hon. MEMBERS: We did not make any such calls.

Mr. WOODSWORTH: —are in themselves indications of that arbitrary spirit against another manifestation of which I am protesting at this time.

Some hon. MEMBERS: You are wrong.

Mr. WOODSWORTH: It may be that I am wrong, but I want to protest against what I conceive to be a wrong policy on the part of this government. I would reaffirm that it seems to me the connection that is being established between peace, order and good government and the necessity for relief—

Mr. CHAPLIN: Do you object to peace, order and good government, or to any of them?

Mr. WOODSWORTH: No.

Mr. CHAPLIN: Do you object to them all?

Mr. WOODSWORTH: No. I trust the member across the way will be fair in this matter. I say the connection that is being established between the maintenance of peace, order and good government and the present situation of distress is indeed a most unfortunate one. That is my point. I say it would suggest that the people who are in need are to be held down by physical force.

Mr. STEVENS: I protest against language of that kind.

Mr. WOODSWORTH: That is my inference—will you allow me to put it in that way?

Mr. STEVENS: No, it is absolutely contrary to the facts.

Mr. WOODSWORTH: I think it is rather a significant fact that recently we have had an increase in the Royal Canadian Mounted Police and have placed at the head of the force a military man.

Mr. STEVENS: And a good one.

Mr. WOODSWORTH: Which again suggests a particular type of action. It is rather a serious thing if military methods are to be used in connection with the care of unemployed and needy people. It is all wrong.

Mr. MORAND: It is to take care of those who intend to feed on the needy people.

Mr. WOODSWORTH: I do not understand what is meant.

Mr. EDWARDS: Why don't you, yourself, arrange for some work for those people instead of talking about it?

Mr. WOODSWORTH: That is what I am sent here by my constituents to try to arrange. Does the hon. gentleman mean that I ought to go out myself and give charity? That is the job of this parliament.

Mr. EDWARDS (Waterloo): No, give work.

Mr. WOODSWORTH: That is the job of this parliament, and that is what I am pleading for, work for the people and not an increase in our military establishment, with special means for maintaining law and order and the right to make special regulations which is contained in a later clause. That is what I object to. I say this is essentially class legislation, because after all the people who have been carrying on Beauharnois schemes or Canada Power and Paper Company schemes; bankers and others of that class are not in need of material relief of this kind. This will affect only the poorer people, or the more unfortunate people in the community, generally those who are in the ranks

of labour, and this year, because of the acute situation, also the farmers. So this legislation, is in effect directed against the labouring and the farming people of this country.

Mr. STEVENS: That is ridiculous.

Mr. WOODSWORTH: I do not think it is ridiculous.

Mr. STEVENS: I say it is absurd and ludicrous.

Mr. WOODSWORTH: I say those are the people for whom this legislation is designed.

Mr. STEVENS: No, the hon. member said those were the people against whom this legislation was directed.

Mr. WOODSWORTH: Very well, then; I will say those are the people for whom this legislation is designed. But I would point out that the legislation contains clauses which involve the possibility of the need of keeping these people in order by force.

Mr. MANION: Perhaps keeping the bolshevists in order by force, if there are some.

Mr. WOODSWORTH: Well, the bolshevists are not in particular need at the present time.

Mr. STEVENS: No, they get their hand out from Russia, as you know very well.

Mr. WOODSWORTH: Well, I do not know about that, though I have some suspicions.

Mr. STEVENS: You know pretty well.

Mr. WOODSWORTH: The hon. member says I know. I have not access to the confidential reports which are available to him, so I have no knowledge on the subject. We were told yesterday by the present chairman of this committee that we should not trust to hearsay evidence, so I have nothing to say with regard to this particular question. But I want to state that if there is to be a direct dealing with the bolshevists of this country; if this is in any respect legislation designed to enable this parliament to get rid of the bolshevists, then let us have a separate measure to that effect, and let us discuss it on its merits. I think that should be done. If the government have grounds sufficiently strong to make them expect something dangerous to the state I suppose they have a right to take power of that kind, but let it be done in a separate measure. What I am here protesting against is the grouping of measures for the giving of relief with this question of the maintenance of peace, order and good government. I say that essentially this constitutes class legislation, because the wealthy people and even the middle classes of the community are not affected by it; they are not in need. The working people should not be in the position of being near-criminals, with special provision being made to suppress them in case the relief measures are not sufficient.

That is what this bill means, for I urge that if we really provide work for the people and give anything like adequate relief we will not need force. I think that is obvious to all. It is one of the fundamental principles, that is recognized as belonging to what the older philosophers used to call "natural rights," that a man has a right to defend his own life. If his livelihood is not guaranteed and may be taken away from him he has a right to fight for it. So said the older philosophers, and whether or not we admit this right a man is likely to do that very thing. The point is that we should make such provision for him that he will not be driven to take any such step.

Further I would say to the Minister of Trade and Commerce that this plays directly into the hands of those who urge the use of force in the bringing about of reforms.

Mr. STEVENS: Only when misrepresented by hon. members such as my hon. friend.

Mr. WOODSWORTH: I think not. The Minister of Trade and Commerce has his opinion and I have mine, which I am trying to express.

Mr. STEVENS: I have not only an opinion; I have some knowledge and some acquaintance with my hon. friend's tactics over a great many years.

Mr. WOODSWORTH: That may be so, and I also have some knowledge of my hon. friend's tactics for a great many years, so possibly we can call it quits. I say that in my judgment this measure plays into the hands of those who advocate the use of force to bring about reform.

Mr. BENNETT: This is not designed to bring about a reform; it is to maintain the life of the country.

Mr. WOODSWORTH: Yes, but if the life of the ordinary people is not being safeguarded under existing legislation and regulations the only thing the people can do is to take some steps to change that legislation and those regulations.

Mr. CAHAN: By force?

Mr. WOODSWORTH: No, and I want to make that clear. So far as I am concerned I am not in favour of the use of force and I am not advocating it.

Mr. CAHAN: But a few moments ago the hon. gentleman laid down as a principle of public policy that those who did not receive relief which they deemed adequate were entitled to fight for it.

Mr. WOODSWORTH: I said that principle was generally recognized and that whether or not it was recognized as a matter of fact people in desperation would fight. I think no hon. member of this house will dispute that statement. But I am now trying to state my own position.

Mr. STANLEY: Are you encouraging them to do so?

Mr. YOUNG: You would do it yourself.

Mr. WOODSWORTH: No, but I think the hon. member for Weyburn (Mr. Young) is quite right; if the hon. member were desperate and starving he would fight.

Mr. STANLEY: Not under the circumstances of which my hon. friend is speaking.

Mr. WOODSWORTH: I am speaking of the situation of men driven to desperation.

Mr. McGREGOR: This bill is brought in so they will not have to starve.

Mr. WOODSWORTH: I would support a bill which would supply relief, but I object to having incorporated in this relief measure a clause providing for the use of force.

Mr. BENNETT: It is designed for the protection from fraud of those who administer it, for one thing.

Mr. WOODSWORTH: If it were only that I might be inclined to support the measure, but I think it goes much further. It has been suggested that I believe in the use of force, I want to say frankly that I do not believe in force. As a matter of fact I do not know what one driven to desperation might do; I am not saying I am going to be able to live up to my principles under all conditions. I am not boasting that, but I do say that for a great many years it has been my conscientious conviction that force does not get us very far. It was because I did not believe in force that I was not in favour of the last war; because I do not believe in force I have opposed military estimates; because I do not believe in force I cannot join hands with communists in their advocacy of it.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Will the hon. gentleman confine himself to this section?

Mr. WOODSWORTH: With all deference, Mr. Chairman, I think I am doing so. We are discussing the maintenance of peace, order and good government and I suggest that the means which are outlined to maintain these things is the use of force. I say that as one who does not believe that force carries us very far I think my suggestions ought not to be brushed aside as though I were the one advocating force or defending those who advocate the use of force to bring about reforms. I came to this house very largely because I advocated parliamentary reform rather than the use of physical force. I have worked away here during all these years in the hope—sometimes I have almost thought it was a vain hope—that we were going to bring about adequate reforms by the use of parliamentary methods. I should almost despair if we proceeded further along the line indicated by this bill. I think I know the labouring men and the farmers too as well as any gentleman in this house, and in my judgment let me repeat, this kind of legislation is playing directly into the hands of those who advocate the use of force to bring about reforms. We are giving authority to the government to lay down certain orders and regulations which will have the force of law, and that again takes away real liberty from the people. I do not know just how this is going to be worked out, but I can imagine an order going out for a man to go to some camp in the north country, and I can conceive of circumstances in which a man might feel himself justified in saying, "I will not go to that camp." The regulation, under this proposed legislation, is put into operation and a man is forced to go; or, if he refuses to go, he may be subjected to a fine of $1,000 or to three years imprisonment, or both. That is the abrogation of the fundamental principles of liberty—the liberty of the subject, and his right as a citizen.

Mr. NICHOLSON: There is no provision in this bill for such a thing.

Mr. WOODSWORTH: We will discuss that further under clause 6 of the bill.

Mr. STEVENS: Let us suppose the hon. gentleman were charged with the administration of a substantial relief measure and that he provided, according to his best judgment, good work with a fair living, housing, clothing and meals, and a reasonable remuneration. Now, if he offered such work to those who were unemployed and, because of some prejudice against the locality, or for any other reason, they refused to accept it, what would he do with those who so refused?

Mr. WOODSWORTH: Well, I want to be fair in this matter. I think that the hon. gentleman presents a very difficult case. I think

that a man who is offered decent work, under decent conditions and with good remuneration would accept it. I believe that ninety-nine out of a hundred would take it.

Mr. BENNETT: What about the hundredth man?

Mr. WOODSWORTH: Well, I suppose he would be one of the antisocial people and he would have to be punished—that is, proceeding on the principle of using force. I recognize, frankly, that the whole of government is based on force; that indeed is the logical justification of the advocacy of force. It is sometimes said that the way to break force is to use force, and there is some logic on the part of those who so contend.

Mr. STEVENS: Then my hon. friend admits in this case the necessity for using force.

Mr. WOODSWORTH: I say, I should not wonder at the government taking that action; nor should I feel inclined to argue strongly against that. But I do not think that is the position which is being taken in this measure.

An hon. MEMBER: What is it then?

Mr. WOODSWORTH: That is for the promoters of this legislation to say. But my point is that it is most unfortunate that relief measures should be accompanied by a provision for coercive measures of this kind. They should be separate. If a man becomes a criminal he should be tried as such by the ordinary processes of law and if guilty convicted and sentenced. If our laws are inadequate for the purpose, we are going to be here a few hours if not days longer and there is still time to pass legislation to meet that difficulty. And that legislation should be a part of the criminal code: I submit that it should not form part of a relief measure. I may have a few words to say later in this connection and I do not want to cover ground that has already been adequately gone over. But, on behalf of those whom I represent, on behalf of a large number of people from coast to coast from whom I have received letters within the last few days, I do want to protest against legislation of this kind.

Mr. VENIOT: I do not intend to discuss the principle of the bill; I pronounced myself in that regard when the resolution was before the house. I wish, however, to direct the attention of the Prime Minister to a situation that has developed, at least in the province of New Brunswick. This act, section 1 declares, may be cited as the Unemployment and Farm Relief Act, 1931. I do not see in any section of the bill any specific reference to what section of the country the relief will apply. I suppose the government would be prepared to consider requests for relief from farmers or settlers in any section of Canada, provided the request was not exceptional in character. In New Brunswick a great many people settle on what are known as green farms. They get the right to do so from the local government under the colonization statute of the province. They are obliged to clear ten acres of land, and to build a house, whether it be a log house or not, twenty feet by fourteen, together with a barn. They clear the land and live on it for three years and after that they have title. This local colonization has been carried on to quite an extent in northern New Brunswick. In the last three or four years a number of people have taken up these green farms and have hewn homes for themselves out of the forest. Under the act they are allowed to absent themselves from their farms during a period of four months. That period takes in the summer season. After they have put in what crop they can, they are allowed to go and earn a living elsewhere, the land not having yet reached that state of cultivation which will enable them to live entirely from the crops grown on it. In the past they have been able to sell pulpwood from the first ten acres, and when these ten acres are cleared and put under cultivation they are permitted to take up a further ten acres adjacent. In this way they have been able to eke out a living and bring up their little families, clearing the land and selling the timber for pulpwood. In winter, if they are not engaged getting out pulpwood, they have an opportunity—at least they had in the past—of going to the lumber camps in large numbers. Within the last three or four years, however, winter operations in the lumber camps, as everyone knows, owing to economic conditions, have not provided much employment, and in some parts of New Brunswick labour has dwindled to practically nothing. Last winter in northern New Brunswick there was little lumbering carried on. The price of pulpwood in the local market has fallen to practically nothing. In fact, there is little demand for it at the present time except in one section in northern New Brunswick. Now, these people find themselves in this position. While there is not a crop failure, as in the west, they have not in the last four or five years had the means of earning a living while at the same time building up homes for themselves in the forest. I know certain sections of northern New Brunswick where the people are in a desperate condition to-day, and I would ask the Prime Minister whether, in the event of a request

being made by the proper authorities, and the situation being fully explained to the government, relief under this act will be extended. I plead for these people. Other members from New Brunswick who know the situation as I do will see the force of my argument and, I think, will be convinced as I am that these people should have some recourse for relief under this bill. If a request were made through the proper authority, say the municipal or religious authorities of any denomination, or the provincial Department of Lands and Mines, could assistance be given under this bill as it will be given to the farmers in Saskatchewan whose crops have failed?

Mr. BENNETT: I have indicated already that that is a matter for which the provinces would be responsible. Of course, any representations which they might make would receive the proper consideration.

Mr. EULER: Mr. Chairman, the few observations which I desire to make will have to do entirely with the amendment offered by the leader of the opposition (Mr. Mackenzie King). He and others on this side of the house have urged so strongly the desirability of leaving with parliament the voting of definite sums of money that I will not deal with that phase, although I recognize the force of their arguments. When a constitutional or theoretical side of a subject comes too strongly in conflict with the practical side, ordinarily I am inclined to favour the practical. What I have to say at the present moment is the result of the observations made by the Prime Minister (Mr. Bennett) at the outset of this debate. He stated that he recognized fully the validity of the principle urged by hon. members on this side, that ordinarily parliament should retain its control over all expenditures. I think it will be agreed that that is a sound principle, both constitutionally and from a business standpoint. The Prime Minister having conceded that it is a sound principle, I submit that it should be only some consideration of tremendous and practical importance which should cause him to override and violate that principle.

Mr. BENNETT: The principle is not overridden.

Mr. EULER: I know it is useless to waste the time of the committee in asking my right hon. friend to change his procedure because he has made the very definite statement that he is going to adhere to the bill as it is. However, he has on occasion changed his mind—I do not say that by way of reproach because a wise man will change his mind sometime when he finds it expedient or wise to do so—and he might very well accept this amendment. In that way both purposes which are desired to be served could be served; there would be no violation of constitutional principles and he would still have all the practical authority and power necessary to deal with unemployment. The leader of the opposition has suggested that if he, the Prime Minister, would insert in the bill a definite amount, whether it be $50,000,000, $75,000,000 or $100,000,000, he would be quite willing to support it. In all probability the sum of $100,000,000 would be quite sufficient, and then there would be no violation of constitutional principles. Surely if parliament were in session there would be no attempt made to take such powers as are being taken under this bill. When we get right down to the essentials of the things I have heard no argument which convinces me that a definite sum should not be placed in the bill, a sum sufficiently large to guard against all emergencies which might arise. It does occur to me that possibly it might be an inconvenience and expense to summon a special session of parliament, but we must consider whether in order to save the expense of a special session, it is worth while to violate a principle of the constitution which states that parliament shall have control over its expenditures. I think all purposes could be served by inserting the sum, of, say, $100,000,000 and I believe all hon. members on this side would willingly support such a measure. That would provide sufficient money to enable the government to contend with any difficulty which might arise, and if that amount should not be sufficient then I submit it would be the duty of the Prime Minister to summon parliament in order to consult about the difficulty into which the country had fallen. I realize the human disinclination to change one's mind because—

Mr. BENNETT: That has nothing to do with it.

Mr. EULER: —of the solicitation of those opposed. I, for one, have not the slightest suspicion of the motives of the government in asking for this blank cheque. I do not think they are going to spend the money for the promotion of their political fortunes or anything of that kind, but I do say that the Prime Minister could accept the suggestion offered and serve both the constitutional and practical phases of the situation.

Mr. BOURASSA: Mr. Chairman, the Prime Minister (Mr. Bennett) must be thanked for the justification he has given for

the criticisms made both on the resolution and the second reading of this bill. I expected nothing else from the right hon. gentleman, knowing his principles and his traditions. I think every hon. member expected it, and I trust the youthful member of the government, the Solicitor General (Mr. Dupré), will be able to profit therefrom. I was painfully surprised at the remarks of the Solicitor General. I have known him to be a young man of principle, and I hope his twelve months in office have not yet made him cynical with regard to the maintenance of the basic principles of government.

I will not say anything further with regard to the fixing of an amount. The amendment now before the committee expresses the views which I stated when the resolution was introduced. In some respects, I agree with the hon. member for Winnipeg North Centre (Mr. Woodsworth), while in other respects I disagree. I also both agree and disagree with the hon. member for Toronto Northwest (Mr. MacNicol) who spoke last night. I believe that there is possibility of danger, especially in the large centres, and I hold that it is one of the primary duties of the government to make preparations to guard against such dangers. The government has the duty and the responsibility of looking after the welfare of all classes of the community in all parts of the country. The maintenance of peace is one of the essentials of the liberty of the subject. Poor people could not be relieved if peace were not maintained. However, on the other hand, I agree with the hon. member from Toronto West Centre (Mr. Factor), and with my hon. friend in this corner of the chamber (Mr. Woodsworth) that the form in which this legislation is presented is not the form which should have been adopted by the government in order, first, to accomplish its bounden duty to keep peace and order and, second, to counteract the attempt which will be made by those wanting to create disorder. No doubt the revolutionaries, call them bolsheviks or communists, are very few in number; I do not think they are dangerous in or by themselves and I think it was a mistake upon the part of the hon. member for Toronto Northwest (Mr. MacNicol) to have given the impression that the communists in Toronto are as numerous or as active as they appear to be from the printed sheets he has read. The danger that I see is this, that you have a large number of good people, usually law-abiding, who, in the state of suffering and anguish in which they find themselves, may lend their ears to the enterprises and propaganda of individuals who will lead them into crime, although in themselves they are no more criminals than any of us here, and perhaps less than some of us. That is what I am afraid of. It seems to me in order to have the moral force of public opinion, especially among those people for whom this legislation is meant, I mean the sufferers, the government should have made it clear they do not want to resort to force unless they are compelled to do so.

[Mr. Bourassa.]

The most plausible argument that has been advanced in favour of this disposition is the one made last night by the Minister of Justice. He explained that on account of certain judicial interpretations of our constitution, it would be doubtful if the government could exercise in matters of relief all the powers contemplated in this legislation unless it were connected with the basic and broad principle that the government is primarily loaded with the responsibility of preserving peace, order and good government in Canada. That is what I had in mind when the resolution was before the house, and for that reason I did not mention that part of it; I waited for the bill. But if the object of the government is what was stated by the Minister of Justice last night, why would they not change the preamble of their bill and the clauses which derive from that preamble, in this way? I pass over the first part of the preamble and I come to the sixth line. Why not phrase it in this manner?

> And whereas it is necessary for the maintenance of peace, order and good government in Canada that parliament should support and supplement the relief measures of the provinces and other bodies—

And so forth. That would make it quite clear as the basic principle of the law that the government are adopting relief measures and, so to speak, are going beyond the ordinary and normal boundaries of their jurisdiction in order to preserve peace, order and good government. That would mean that the first object of the government is to maintain peace, order and good government by giving relief to the sufferers. That would be serving notice to all the suffering classes that the first thing they will receive from the government, after parliament has given its authorization, is relief; and then such measures as may be necessary to preserve peace, such measures of force as may be required to maintain good order, would come not as a preliminary or as a separate subject from that of relief, while being connected in the same law, but would be exercised as a sanction to the preliminary measures taken by the government for the

relief of the suffering classes. It is of advantage, it seems to me, as a means in the hands of the government of alleviating that feeling of distrust and disquietude which is arising much more quickly than the government realize since the introduction of this bill. Let us not make the mistake usually committed in parliament of thinking that, when we come to the last days of the session and after such discussions as those which have accompanied the Beauharnois affair, the people are concerned only with those things which have excited the nerves and feelings of parliament. No. The people at large are primarily concerned with what relates to their liberty and their material comfort. At the present time, there are in Canada millions of people who do not care a penny what parliament is going to do with Beauharnois, but who care very much what they themselves are going to get and give to their children next winter. There are also large numbers of people, especially in the big centres, who are very much disquieted at what the social order will be in those cities, when thousands and thousands of transient workers, men who have no relations with the community in which they live, who have no homes, who cannot be traced to any domicile from night to night, will be on the streets looking for food—and here I agree with the hon. member for Winnipeg North Centre—who will not care about law, or order, or the constitution or anything like that, but who, if they have nothing to eat, will simply break the doors or windows of the bakeries or butcher shops and serve themselves. Of course this action would be bad; but would any human being, whether he be a member of parliament or not, say that this is not a natural instinct of the human animal, if you like, who goes out for food? We shall have thousands of these next winter; and although I advocate the taking of measures for preventing such things, if necessary by force, I advocate first that you put on the side of parliament and government all the moral strength you can gather from all classes of the community by making it quite clear that you want to feed the people before you want to put them in gaol.

Mr. STEVENS: We want to give them work before we put them in gaol.

Mr. BOURASSA: Quite So. In that I concur entirely. For example, I am quite in sympathy with those subclauses mentioned in clause 3 which define the powers to be exercised by the government. I have marked them with three red lines which is my colour of approval. It is quite right that this legislation should be very much broader than that of last year. I am pleased to give that ample measure of liberty of action to the government in regard to relief measures. As regards the other part of the bill, however, I think the government should accept the suggestion, first, to insert a fixed amount of money which can be enlarged at the next session, special or ordinary, as they choose; but I insist even more on the necessity of making it clear in the letter of the law that they are introducing these words "peace, order and good government" as the moral and constitutional basis for their legislation and not as a new matter of legislation. In that way the practical object would be attained and the principle would be saved; public opinion would remain in a much better state and would be much stronger behind the government than it is now. I need not say that the political result of this legislation does not concern me a bit.

Mr. BENNETT: Nor me.

Mr. BOURASSA: I quite believe so. I also believe the leader of the opposition is sincere in the amendment he is making now. What is the use of trying to minimize the motives of each other in these matters? We may have differences of view as to the details of legislation like this, but after all, we are all Canadian citizens; we are all in touch with individuals who are suffering at the present time and we all want to do our best in order to help them out. It is in that spirit I am asking the Prime Minister to modify the principle of this bill and those clauses which attach to that part of the preamble so as to make it quite clear that the object which was stated last night by the Minister of Justice as being the reason for introducing the bill, is properly stated in the phraseology of the preamble.

Mr. CAHAN: I quite agree with the general sentiments expressed by the hon. member for Labelle, but it seems to me he has placed upon the preamble to the bill a construction which it does not necessarily convey. The bill in the preamble recites practically what the hon. member for Labelle suggests. We are in a condition of national depression involving the necessity for relief measures of an extended character. We all know that when such distress prevails an effort is always made to stir up dissent and dissatisfaction and to promote civil tumult and strife. I agree with what my hon. friend has stated with regard to the city of Montreal. From one end to the other, in large sections of that community, propaganda is being carried on night and day of a most reprehensible character, and relief measures to a very great extent will be necessary in that

great city in view of the large influx of population which is taking place day by day, to which the hon. member for Labelle called attention in the other stages of this debate.

Mr. BOURASSA: And at other times this session.

Mr. CAHAN: And at other times this session.

This preamble should be read fairly, and read fairly, I think, it does not convey the impression sought to be conveyed by the hon. member for Winnipeg North Centre nor in a milder way the impression which was sought to be conveyed by the hon. member for Labelle. The preamble says:

Whereas by reason of the continuing world-wide economic depression there exists in many parts of Canada a serious state of unemployment and distress—

That is the basic fact upon which the whole bill rests. It proceeds:

—and whereas the partial failure of the wheat crop of western Canada has intensified the adverse economic conditions theretofore prevailing—

That deals with a specific economic condition prevailing in the three provinces of the west, Manitoba, Saskatchewan and Alberta. It proceeds:

—and whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and other bodies in such ways as the governor in council may deem expedient, and for that purpose should vest in the governor in council the powers necessary.

and so forth. That part of the preamble accentuates that the conditions theretofore referred to are such as to demand national relief, to demand, in other words, legislative action on the part of this parliament and administrative action on the part of the government of Canada. The preamble proceeds to state that for the purposes of relieving unemployment, and so forth, there shall be vested in the governor in council the powers necessary to ensure the speedy and unhampered prosecution of all relief measures. That is the main object. This bill may be founded, as the hon. Minister of Justice has stated, and indeed it is founded upon the constitutional provision which places upon the parliament of Canada the supreme duty to maintain peace, order and good government, but recognizing that fact, as the hon. member for Labelle has done, does not necessitate that that should be the basis of the preamble to this present measure. The preamble says:

—for that purpose should vest in the governor in council the powers necessary to insure the speedy and unhampered prosecution of all relief measures.

To that extent we are in accord, I think, but no one could sit down to consider the drafting of this bill for the prosecution of all necessary relief measures with the knowledge that every member of this parliament has, and with the wider and more accurate knowledge which the members of the government have without—

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. CAHAN: Mr. Chairman, I had almost closed my analysis of the preamble of this bill. I was discussing this latter clause:

—and for that purpose should vest in the governor in council the powers necessary to insure the speedy and unhampered prosecution of all relief measures and the maintenance of peace, order and good government in Canada:—

I assure hon. gentlemen that there is no sinister motive in the sequence of these several clauses. I had something to do in a brief way with the drafting of this section, and my own view at the time was that we were facing a national crisis of unemployment and possible distress, that the first duty of the government was to provide for the relief of unemployment and of distress, and to support and supplement the relief measures of the provinces and other bodies in such a way as might be deemed expedient. Then the further question acrose in my mind that some provision should be made for the maintenance of peace and good government from the federal standpoint. I am not departing from the view that the whole basis of this statute is the preservation of peace, order and good government; but experience shows that in all times of distress and depression such as we are passing through to-day, opportunity is given to inflame public opinion, and especially to excite the minds of those who are suffering from that distress; and I believed when this bill was being drafted, as I still more firmly believe to-day, that it is the duty of this government under these exceptional circumstances to take such measures to protect those who are in distress, in poverty and in need from civil strife and tumult as a result of agitation. I know that the day we were considering the draft of this bill I read in the daily press of France—because it happens that at my home we receive the daily papers of France—the text of what purported to be a semi-official document stating that special efforts were being made by a certain element of society to stir up strife in Canada owing to the present commercial, industrial and agricultural depression, and that special measures were being taken throughout Canada for that purpose. No person who reads the pamphlets and leaflets which are being circulated

throughout this country at the present time can fail to believe that special efforts are being put forth. Therefore as part of the relief of this national distress it seemed to me perfectly proper and convenient, and even necessary, that the federal government should be empowered to take special measures in that regard. Consequently the bill in the form in which it now is met with my approval, because in my mind—and I am sure in the minds of those associated with me in the government—there is no sinister or subtle meaning or intention in its terms, but those terms clearly disclose the purpose of the bill.

With regard to the other constitutional aspect which is suggested by the right hon. leader of the opposition, it is well understood in constitutional parliamentary practice that usually in voting money a limit is fixed to the amount that can be expended by the government during the fiscal year. But after all that is merely practice, it is not law. There are no constitutional and no legal limitations upon the authority of this parliament. Parliament now is here to decide, the pros and cons of the whole matter are before parliament, and all that the government asks is that parliament, in the exercise of its discretion and its authority, shall authorize the government from now to March 31st next to expend such sums as may be necessary under conditions which are not now known, which cannot now be fully appreciated or estimated, and which render it impossible to determine whether the amount of expenditure necessary shall be $10,000,000 or $100,000,000. It seemed to me—and I am sure it seemed to other members of the government from discussions I have indulged in with them—that in a time of national crisis such as this parliament might well vest in the government of the day during these few intervening months before March 31st of next year authority to expend such sums as may be deemed necessary. To fix a sum too small would hamper relief, because no one has protested more vigorously than hon. gentlemen opposite against the appropriation of funds by governor general's warrants, and this is not a matter to which according to the ordinary and constitutional practice such warrants would apply. It is not an unforeseen expenditure such as would usually be covered by a governor general's warrant; it is foreseen, it is known now, and therefore parliament should deal with it. But although the amplitude of the crisis may be only dimly foreseen at the present time, I say there is no hon. gentleman in this house who has a sufficiently extensive knowledge of what will take place in this country within the next six or eight months to be able to determine with any degree of accuracy the amount of expenditure which will be necessary in the interim. If the money is improperly expended, so much the worse for the government. It is true that here they are given a large and exceptional discretion in times unprecedented in Canada and therefore, to use the phrase of the right hon. Prime Minister, as the shareholders or directors of a company parliament must give a large discretion to the executive officers who, for the time being, are to administer the finances of this country, whose duty it is in a national crisis to relieve unemployment, hunger and distress and who, when parliament meets again in February of next year, must take full responsibility for every act they have done or suffered to be done.

But I wish hon. gentlemen, so far as I am concerned, would rid their minds of any thought that in the drafting of this preamble or of this statute there was any subtle intent undisclosed in regard to dealing with the matter of peace, order and good government. In fact it was brought to my notice by some of the officials of our railways the other day that the men travelling by the score from one end of the country to the other, with hundreds being brought daily to the city of Montreal from the western and northern districts, were deliberately allowed by the railway companies to take passage on their trains, with no effort being made to keep them off because conditions were such that the officials were afraid that if these men were prevented from taking the ordinary baggage or freight cars as a means of transportation, the lives of passengers throughout this country would be endangered. I believe that to be a fair appreciation of the possibilities with which we must deal, and therefore, I think parliament may well authorize the government, in these exceptional circumstances and during these exceptional times, to take advantage of what may be called this exceptional vote in order that there may be wide-spread relief of the existing distress and that the ordinary peace and harmony which should prevail throughout the length and breadth of this land may be maintained during the coming months.

Mr. MACKENZIE KING: My hon. friend the Secretary of State has just said that with respect to parliamentary grants the principle of parliament limiting the amount that may be expended is a matter of constitutional practice rather than a matter of law.

Mr. CAHAN: Certainly.

Mr. MACKENZIE KING: And my hon. friend says "certainly" in acknowledgment of that statement. I grant that he is correct, but if it comes to a choice, in matters pertain-

ing to government, between having regard to what is constitutional practice as against what at the moment may be the law, for my part, of the two, I deem it infinitely more important to have regard to constitutional practice. After all it is parliament that makes the laws; constitutional practice determines how parliament proceeds in the making of laws and in determining their character. I say the first regard of members of parliament—what may be the first regard of lawyers may be another matter though I fail to see it would be so—should be the upholding, so far as it is possible so to do, of constitutional procedure and practice. I say that in this bill we are departing from constitutional procedure and practice as regards the manner in which grants of parliament are made and taxation controlled.

It is true that the Minister of Justice made reference to two or three cases in which he said the principle of parliament definitely limiting the amount of possible expenditure had not been carried out. I submit that the examples he mentioned only go to prove the strength of the principle and of the rule itself as it is laid down by all constitutional authorities and as it has been stated so frequently from this side of the house.

Let me deal with the cases mentioned by the Minister of Justice and, which were also referred to by the Prime Minister himself. The first was the Elections Act. My hon. friend the Minister of Justice drew attention to the fact that in this act in connection with what might be necessary for the purpose of conducting elections a definite amount had not been fixed.

Mr. CAHAN: Would my right hon. friend pardon me—

Mr. MACKENZIE KING: Just a moment.

Mr. CAHAN: I have to leave the chamber; I have an engagement.

Mr. MACKENZIE KING: May I say to my hon. friend that however much I may differ with him politically I shall never have any doubts as to his courtesy in everything.

I was speaking of the Elections Act. The reason in that case there is no limit fixed is that at the time of general elections, parliament is dissolved, the former parliament has passed away, and until a new parliament is elected no parliament can be called together to make a grant. Circumstances might arise in connection with an election where if the amount was not sufficient to carry out all essential factors, the election itself might not be completed satisfactorily. Therefore, in the realization that circumstances may arise when parliament is dissolved which might prove embarrassing where an election is in progress, and that a new parliament cannot be called together until after the election is over, this latitude is allowed.

The next case referred to was the Expropriation Act. There again a certain latitude is allowed, but it is restricted to a definite specific purpose. In each of these cases there is a specific, defined object with respect to which parliament because of very special circumstances has allowed a little in the way of latitude. The act before us is not one that relates to a specific, definite thing; it is an act that is broad enough to enable the government to carry on practically the whole business of the country for six or eight months. That constitutes a very great difference. In connection with the Expropriation Act we all know it is impossible to foresee the sudden necessity which may occasion a wholly unforeseen necessity, and what it may involve. There is a reasonable latitude allowed, but it is always allowed in the light of the fact that the contingency cannot possibly be foreseen and that expropriation proceedings will have to be immediately confirmed by parliament and that in nature and extent they are definitely limited.

Another example given was sections 4 and 5 of the Finance Act, and in referring to those sections this morning the Prime Minister used the expression that it had been recognized as being important that in moments of emergency the government should have the right to spend certain sums of money without having first received authority, within definite bounds, from parliament so to do. I draw attention to the word "moments" used by the Prime Minister. This is not a moment of crisis; this is a condition of affairs extending over a year, a condition which has been continuous throughout the months of the past year and which is likely to continue for yet a year or more. In the case of the finance act, the act as I have said gives the power it does because parliament may not be in session at the moment of time at which the government must act in order to save a wholly unforeseen situation, A financial crisis may take place at any moment, and some act on the part of the administration may be necessary to save the day until parliament can be assembled. That is a very different thing from parliament itself, while actually in session, giving permission to the executive to spend indefinite amounts without limitation, not with regard to a momentary crisis but with regard to a situation which may last for months if not for years.

The other case cited by the Minister of Justice was that of old age pensions. There, no definite amount it is said was fixed. In that regard the amount is very definitely fixed in an indirect if not a direct way, because the payment of any proportion of the old age pensions amounts is conditional upon the provinces in the first instance appropriating definite amounts of moneys for the administration of their old age pension laws and payments to be made by them on account of old age pensions. The representatives of the people in the provincial legislatures vote what is necessary for old age pensions, and it is only after they have so done and the money has been constitutionally provided that our agreement, which finds its basis in that constitutional obligation, comes into effect. The proportion agreed upon at present is 50-50; possibly on and after Monday it will be 75-25. Very definite amounts are fixed in the first instance by the provinces through their legislatures. All these seeming exceptions, studied in the light of their true significance, are found to be really such exceptions only as go to prove the rule, and exceptions which in the light of the contingent circumstances have due regard to strict constitutional practice.

There is one all important point which I think ought to be repeated. Hon. gentlemen opposite seek persistently to convey the impression that it is necessary to give these extraordinary powers to the executive because it is going to be some months before parliament reassembles. The Prime Minister says that he is willing to change the date of the period for which the act shall continue to apply. He is willing to change it to the 1st of March. But again I say that if a condition is so serious that it requires unlimited powers with respect to expenditure, with respect to police and law and order, then when any such exceptional situation arises parliament ought to be called to deal with it. This House of Commons should not give to the ministry any excuse for not calling parliament under such circumstances. Once disturbances arise in this country and there is a general demand throughout Canada for the reassembling of parliament to deal with the situation, what we shall hear from my right hon. friend and his colleagues will be that parliament has already given the executive all the necessary powers—that they have unlimited borrowing powers, unlimited powers with regard to expenditure, the unlimited use of force in any way they may wish to apply it, and that they can handle the situation much more effectively than the people's representatives can by discussing the matter in the house. I say that we should not encourage any view of that kind; and to lend it even remote countenance is to help to create the very conditions in this country which the administration should of all be the most anxious to avoid.

Mr. ALFRED SPEAKMAN (Red Deer): In view of the unusual nature of this measure, and in view also of the importance of the subject matter, I may be pardoned even at this stage of the session if I say a few words on this question, particularly as very little has been said from this corner.

As to the measure itself and as to its extraordinary nature, I shall speak in a moment or two. But the first feature of the measure that strikes me forcibly is that it carries with it a confession of at least partial failure. A few days ago the corridors resounded with the acclamation of the Conservative party who were celebrating the anniversary of a great and momentous victory that took place a little over twelve months ago. That victory was due, in part at least, to the expectations held forth to the Canadian people that within measurable time the problem of unemployment would be solved. At the expiration of twelve months, after two sessions of parliament, a special session and this regular session, we find that not only is the problem itself unsolved but that it has reached such a point, involving so much human suffering, actual and potential, as to call on the part of the executive for such powers as are embodied in this act.

Again, Mr. Chairman, the measure involves another confession of partial failure. During these twelve months, and particularly during this session of parliament, we had looked for some definite policy of relief, some policy of public works, some detailed and defined policy which would indicate the method and extent of the public works involved, the amount and location of construction, and in a general way a fairly accurate concept of what would be done. But, again, we are met now with a measure somewhat vague but so comprehensive as to enable the executive to do anything along the lines of relief and to devise such means, to carry on such construction, as may appeal to their discretion but which at the moment is not in their minds. It is a matter of regret to me that during the last few months a Dominion-provincial conference has not been called to discuss this policy and settle upon something definite and detailed, so that we might know now the nature and extent of the public works

which might be constructed to provide employment in order to relieve the present situation. I regret also that the government did not see fit to accept the resolution which I myself offered, and which was supported in this part of the house, for the establishment of a national council which would study these matters and the underlying problem from which unemployment itself arises, and from whose deliberations, if not in time for this emergency then for other emergencies, might evolve a policy so that no longer would the grim spectre of unemployment and suffering stalk this land. That, however, was not done, and it seems to me a matter for regret that we should find ourselves in our present situation.

Now, coming to the measure itself, I must confess at once that to me it is an extraordinary measure, using that word in the proper sense. It is out of the ordinary, and in order to understand thoroughly how unusual it is we may define for a moment the functions and prerogatives of an executive. To my mind, as the word implies, the functions of the executive are to execute the express will of parliament as crystallized in the various laws placed on the statute books. But I cannot accept the suggestion that at the present time the government is usurping or seeking to usurp those prerogatives which have always been in the hands of parliament itself. What the government is asking is that parliament should, of its own volition, invest the executive with those powers which properly belong to parliament, and to do so for a definite period for certain express purposes. My point is that parliament is asked to express its own will in the matter; theoretically at least, parliament is at liberty to give or to withhold that consent and those powers. And if parliament does see fit to grant those powers it will be the act of parliament itself by which this is done. Parliament for the moment will be over-riding its former wishes, expressed in normal times by way of statute.

I must confess again, Mr. Chairman, that under ordinary conditions, I should hesitate very much to give my support to such an unusual measure; for undoubtedly, under this measure, if and when passed, the government will exercise all those powers and functions which have been religiously retained by the legislative body. It will abolish, at least during the months that will intervene, that definite difference which has always existed between the legislative body and the executive body; and the executive body will for the time being assume the functions of the legislative body itself. That is the situation, and it is undoubtedly a most serious one, and one that can be tolerated only under most extraordinary conditions. Do such conditions exist? For some months, in common with other hon. members of this house, I have been giving consideration to the situation and to measures parliament might adopt during this session to alleviate conditions, to mitigate suffering and to rid the country of this grim spectre of want. I have come to the conclusion, reluctantly it is true, that the only way to accomplish this purpose is to give to the executive the powers which it seeks. If there were other practical ways, I would be glad to adopt them; if it were possible for parliament to say at the moment what public works would be carried on, what program was to be advanced, how much money was to be expended, then I would not be ready to sign this blank cheque. The fact that neither the executive itself nor any hon. member of parliament has the slightest conception at this time of the amount of money which will be involved or the kind of action which will be necessary, helps me in coming to this conclusion.

An hon. MEMBER: Or where.

Mr. SPEAKMAN: Or where. I think there is an implied criticism of the executive for their not having held a Dominion-provincial conference so as to be prepared to let us know what policy would be adopted and what public works would be constructed. But taking things as they are at the moment, I cannot see any other practical way of meeting the situation.

Mr. MACKENZIE KING: Does not the hon. gentleman think that there is another practical way of meeting the situation? Could not a special session of parliament be called?

Mr. STEVENS: And lose a couple of months.

Mr. MACKENZIE KING: Does not the hon. gentleman think that would be the proper way to proceed?

Mr. SPEAKMAN: I have considered that during the last few months and, rightly or wrongly, I have come to the conclusion, first, that much suffering might take place before parliament could meet to deal with the question and, second, parliament being called at any given time, with a constantly progressive condition such as we have, there would be difficulty at that time in knowing just what would be needed in the immediate future.

There are two what might be called contradictory motives confronting us, and we

must adopt one or the other. We must stand by the constitution as it is written, retain within parliament those functions which properly belong to parliament and place the prerogatives of parliament before the necessity for action; or we may exercise this prerogative for the time being and for this purpose by giving to the government the power which it seeks. In either case parliament would be exercising its prerogative. As I said before, I have reluctantly reached the conclusion that with the conditions with which we are confronted, it is the wisest, the sanest and the most humane course to be followed, to give to the government the power necessary to deal with the circumstances which we find to-day or may find to-morrow.

When I spoke critically of the failure of the government to implement its expressed promises in regard to the solution of unemployment, when I spoke critically of the failure of the government to evolve and bring forward a policy of construction, be it understood that I was referring to industrial conditions and not to farm relief. That is something of which no government could have comprehension and to which no government could have given proper consideration. It is a condition which has arisen out of a complete crop failure in a large part of this country. However, my criticism still stands in connection with the conditions which have been with us for twelve months and which are confronting us in increasing measure.

Where the question of peace, order and good government is concerned, I must confess that I am not a constitutional lawyer. In discussing this question some weeks ago with some friends I expressed the opinion that I thought we must give powers of general import. I expressed the opinion that in order to do so we must make reference to those general powers of peace, order and defence of the realm, or what might also come within the purview of a war measures act. These powers were not to be given for a wrongful use but rather that the government might have the necessary authority with which to carry out the relief purposes. I was glad to hear my opinion confirmed by the Minister of Justice (Mr. Guthrie).

Another question arises in my mind. Have I or have I not sufficient confidence in the present government to bestow these great powers? Although I have frequently quarrelled with the government over matters of policy, although I have offered criticism, I have that confidence in their integrity which warrants me in giving these powers, just as I would have given the same powers to the late administration. I believe that every government we have had has been composed of men of moral integrity who would not abuse powers thus bestowed. I must suggest to the government what is undoubtedly in their mind, that in giving them these remarkable powers we are giving also the most unusual responsibilities, responsibilities which must be lived up to. Following the suggestions already made by other hon. members, following the pronouncement of the government itself and following some of the terms of this bill, I suggest that special attention be paid to a really constructive line of public works. There is throughout this country the need of works of construction which will add to the value and to the credit of this nation, works which will be of value and use to the people for years to come. I shall for one scrutinize very closely and critically the actions of this government. When we meet again I intend to make certain that the money, power to raise which we are now giving, has not been frittered away in useless or unnecessary pieces of construction. An effort should be made to keep away from doles, although I do not want to see any man or woman suffer from the need of direct relief. The work accomplished should be work worthwhile for this country.

I state my position without equivocation. I believe, perhaps reluctantly, that at the present time these powers should be given to the government in order to meet an unusual situation. I trust this government to use these powers fairly and wisely, knowing that they will be called to account when parliament again meets. I trust that in the immediate future they will make an honest and serious attempt to study this question and to evolve a policy which will banish this spectre of unemployment and the necessity for action of this kind. I hope they will appoint some kind of consulting body and that in another year we will not be confronted with the necessity of giving carte blanche to a government to relieve the effects of depression, but that we will be met by a government which has fulfilled its pledges to remove the cause and solve the problem of unemployment for all time.

Mr. HEENAN: I have made one appeal already to the Prime Minister to eliminate from this bill all reference to the maintenance of law and order. I have done so sincerely, and I believe the Prime Minister is sincere in his idea of incorporating it in the measure, but I consider his action is due to failure on the part of the government to realize the psychology of the labour men of

this country and the effect this provision will have on that psychology. When one listened to the Secretary of State telling of the leaflets and other propaganda distributed throughout Canada and the effect that might have on our labour men, one could readily understand how sincere the members of the government might be. As I say, the action of the government is due to failure to understand the psychology of the labour men, because from my experience I believe there are no more sane, true, loyal citizens than are the labour men. We have had periods of depression before; we had for instance, the great catastrophe between 1914 and 1918, during which time the labour men of Canada were considered the bulwarks of the nation. I can recall then when the labour men had a grievance and when they came and assured the government that for the duration of the war there would be no industrial upheaval and no strike on our railroads. The newspapers at that time came out with big headlines saying what true patriots the labour men were. Now just because we have a period of depression, which was not caused by the present government nor by the late government, and because a few of our citizens are distributing leaflets, we have to bring down a measure of relief and incorporate in it a provision for the maintenance of law and order. I do not know whether the Prime Minister quite realizes the effect of this on the psychology of the men who will receive the relief.

I believe I know where the government is obtaining its information. To be fair I want to say this, that if I were on the government benches to-day, receiving the information that each one of them is receiving, and without having the experience that I have had, I might too be alarmed as to what is going to take place in this country. The majority of us know that the government have men situated in different parts of Canada giving them information as to what is going on in this regard. I recall the time when I used to sit in the Labour office reading these reports, and if one were to take them seriously, one might consider there was going to be a revolution overnight. I recall one time when negotiations were taking place in the mining areas of Nova Scotia in connection with a wage schedule, and if one were to have taken notice of the reports to members of the government, emanating from that quarter, one would have considered a revolution was going to take place overnight. I did not take those reports seriously. Knowing the mining men of Nova Scotia as I do, and knowing there is no body of miners in any other part of the world more sane, sensible or loyal, no better citizens anywhere, I consigned that information to the waste basket. The consequence was that there was no revolution; an agreement was reached and it was carried out to the letter by the contending parties.

With reference to the statement made by the Secretary of State regarding men riding blind baggage cars and freight trains, one would imagine this was something alarming; that the railway officials were afraid of something extraordinary happening. I have railroaded ever since I came to this country in 1902 and I do not know a year since then in which we have not had hundreds of men, good loyal citizens, travelling east and west in this manner, their only reason for so doing being that they were not able to pay their fares. These men were welcomed in western Canada during the harvest time. People watched for them to drop off at the railway stations in order that they might assist in the development of the country in mining, harvesting and other projects of a national character. Therefore, there is no fear whatever with respect to the men who travel to and fro on the trains in this manner, and there is no novelty about it because it has been going on for many years.

It is quite evident from the remarks of members of the cabinet that they have changed their position with respect to this bill, especially as regards the provision for the maintenance of law and order. The Prime Minister, who is the spokesman of the government, when he introduced this measure, made it quite plain what it was for. If hon. members will refer to page 4278 of Hansard of July 27, they will find that the Prime Minister is reported as having said this:

> If the government is given reason to believe, as there may be some cause for its so believing, that there is a settled purpose in the minds of a considerable number of people—not large, numerically, but scattered over the various parts of Canada—to take action against the maintenance of law and order, or make attempts to impede the difficult task which we are charged, then we will take such action as in the judgment of the executive of this country, the cabinet who are the board of directors for the time being administering the affairs of this country, as will free this country from those who have proved themselves unworthy of our Canadian citizenship.

Those are his own words. Later the Minister of Justice changed the position of the government with respect to that, saying that it was only because of constitutional questions that this had to be based upon the principle of the maintenance of law and order before they could give these contributions for unemployment relief. The Minister of Trade and

Commerce, when asking questions of the hon. member for Winnipeg North Centre, showed that he had quite clearly in mind some disturbance was likely to occur, because he asked the hon. member what he would do providing some man out of a hundred would not go to work. The minister showed quite clearly that he had in mind that some drastic measure would have to be taken in order to compel that man to go to work or else suffer the penalty that is provided in this legislation. Surely the government must realize that is not the way to deal with one man out of a hundred who will not go to work when it is provided for him. To take care of that one man, or half a dozen men out of a hundred, we have laid before us one of the most autocratic measure that I have ever seen in any country, coupled with the provision for unemployment relief, As I said before, I do not want to take the position that the government is doing this with some ulterior motive. A government that promised the electorate it would cure unemployment, end unemployment, or perish in the attempt, realizes that this is not a good political move. I would say that on behalf of the government. This is not a popular measure to introduce. I do not say that the government has any ulterior motive. I think it is because they are unduly alarmed because there were a few stones or bricks thrown in one particular part of the country, and because of the information given to them by their agents, who may be unduly alarmed or who, as I prefer to believe, do not understand the psychology of the labour men of Canada, and who take one or two radical speeches to represent the position of the whole of the labour men of Canada. The labour men of Canada have been through trying times in many years, much more trying than at present. They have been tested, and I think it is wrong to sigmatize, as this bill does, the labour men in Canada generally and suggest that they cannot go through a depression and co-operate with the government without having a threat staring them in the face that if they do not do thus and so they are liable to three years' imprisonment. That is the reason I pleaded with the Prime Minister the other night to eliminate all semblance of threats from this bill. The labour men of Canada have shown very conclusively, even during this particular period of depression, that they do not need the threat of maintaining law and order to get them to cooperate, for during the last twelve or eighteen months I know of thousands of labour men in this country who are entitled, because of their seniority, to so many days work per month—no one could deprive them of it because of their agreements and because of the seniority which they have attained after many years of faithful service—and yet they agreed among themselves to lay off so many days per month in order to give a certain amount of work to others who were less fortunate. With such evidence before me I do plead again with the Prime Minister not to insult the labour men of Canada by coupling in this bill the provisions for farm and unemployment relief with a provision for the maintenance of law and order.

Mr. MacINNIS: I do not wish to delay the proceedings of the house; in fact, I have said very little since I came here, but I must register my most emphatic protest against this bill. Virtually it suspends the constitution of this country, and establishes a dictatorship, and a dictatorship not of a political party but of the cabinet of this country. There is nothing that the cabinet cannot do under the powers conferred by this bill. Every right and privilege of citizenship will be abrogated by the passage of this bill. As has been claimed, and as was substantiated by the remarks quoted from the speech of the Prime Minister on July 29, when introducing the resolution, this provision is aimed at the working classes of this country. I think the Minister of Trade and Commerce said to-day that it was aimed only at the bolsheviks, but who is going to define what a bolshevik is? The Minister of Trade and Commerce might include me in his definition of a bolshevik. Someone else might define him as a bolshevik. There you are; there is no one safe if this bill passes.

Mr. STEVENS: My hon. friend says that I said the bill was aimed at somebody. I interrupted an hon. member some hours ago and intimated that the bill was aimed at nobody, that it was for the purpose of providing aid to the unemployed. It is not aimed at anybody or at anybody's liberty, that of the workingman or anybody else.

Mr. MacINNIS: The hon. member for Winnipeg North Centre said that it was aimed at certain people and that certain people would be affected by it, and the Minister of Trade and Commerce said, I believe, and as I think Hansard will show, that it was aimed at bolsheviks.

Mr. STEVENS: No. I made no such statement.

Mr. MacINNIS: Certainly the Minister of Trade and Commerce used the word, and I am asking now who is going to define who is a bolshevik and who is not. What is the definition of a bolshevik? An hon. member suggests that it is one who is opposed to constitutional government. If that is the defini-

tion, then as this bill does away with constitutional government, if only for a limited period, the government must be bolsheviks. If things are not better next spring than they are now, will this provision be extended, or are you going to go back to where you were before?

I believe that the amendment moved by the leader of the opposition is quite sound, although I would not accept the bill even with that amendment. I am opposed to the bill because it links up unemployment relief and distress with the maintenance of peace and order in this country. I believe the leader of the opposition is quite within the mark and very logical when he advocates the appropriation of a certain sum of money to deal with the situation. There are only five months to the first of the year, and ordinarily parliament assembles very shortly after the first of the year. Surely the situation in this country is not so bad at the present moment that this government cannot estimate fairly closely what amount will be required for this purpose until parliament reassembles at the usual time. I noticed only yesterday in the press that the situation in Great Britain is considered very serious, and that financial difficulties may arise at any time. What did the Chancellor of the Exchequer say about it? Did he ask for powers to deal with the situation such as this government is asking? No. He said that they would call a special session of parliament if necessary, even before the 20th of October, to which date parliament had adjourned. I do not think there is any reason at this time for this government to ask for these powers. But suppose there is a reason. We in this corner have been, ever since the beginning of the session, drawing the attention of the government to the seriousness of the unemployment situation, and the government have steadily maintained that there was no unemployment situation. The Minister of Trade and Commerce, speaking on the 4th of June last, said that this was not the time to deal with the situation that might be anticipated next autumn. That is all very well for those whose stomachs are filled, and who do not know what hunger is, but it is very different for those who are unemployed.

As I said at the outset, I do not wish to prolong this debate. I think that nothing has been said so far that would convince me that this bill should pass. This bill is an outrage and should not pass this house. If the government had done their duty they could have got all the necessary information in regard to unemployment. The hon. member for Red Deer (Mr. Speakman) gave their dereliction of duty in that regard as a reason for giving them this particular privilege which they are now asking. I do not think this house should grant it. At least I will take the responsibility of voting against the bill in its entirety, and I shall be glad to meet any member of the government before any labour audience in this country and justify my position.

Mr. MOTHERWELL: Mr. Chairman, I absolve the government from any sinister motive such as has been suggested with respect to the non-parliamentary control terms of this bill. They have no sinister motive that I know of; they have merely a fundamentally different attitude towards control of finance by the government from what we on this side have. And the same fundamental difference existed a hundred years ago, during the great struggle prior to the rebellion of 1837. Now my right hon. friend opposite claims to have put the capsheaf on our present constitutional status while he was in London recently, and yet he and his followers now want to revert to the colonial days, for by this bill they ask that the powers of parliament be abdicated in favour of the executive. That is just what the struggle was over in 1837. I do not differ with my hon. friends over there as individuals, I differ with them because of their Tory attitude of mind towards things parliamentary. It is a strange coincidence that we should have in this parliament the grandson of Mackenzie and the grandson of Papineau taking the same attitude on this question as their grandfathers did on the question of parliamentary control of public expenditures. The grandfathers in this instance were sound and right.

Mr. MANION: They take the same attitude on every question.

Mr. MOTHERWELL: If it is natural for my hon. friends opposite to revert occasionally to the Toryism of that day, it is just as natural that we should stand by the reformers of a hundred years ago. So we do not need to import any personal feeling into this matter at all. There has always been a fundamental difference between the Liberals and the Tories on the right of parliamentary control of expenditures. That fundamental difference existed for centuries in Britain before 1837 and has continued in Canada more or less right up to the present day. A year ago I had the pleasure of visiting the West Indies and I was astonished to see what the colonial system really meant in operation. We had it in Canada prior to

1837—the king's representative appointing the executive. In the West Indies they are perfectly happy under that system; and there are reasons why they should be, but I need not enter into them now. But prior to the union of Upper and Lower Canada we had the struggle of the people for the right to control taxation and expenditure. I was raised on those conceptions. Whether I have been true to them all through my life or not —I hope I have—I intend to be true to them now. Everyone who has read about Lyon Mackenzie in Ontario and Papineau of Quebec are aware that in their struggle for responsible government they risked their lives, their homes, a price on their heads and everything that was most dear to them, because they wanted to secure what we are trying to preserve to-day, the control of parliament over expenditures, a control which quite unnecessarily is being abrogated by this bill. If there were some reason for taking so serious a step I would consent to it. It is not because I have not confidence in my hon. friends opposite as individuals that I oppose such arbitrary powers, but because the Tory mind does not suit my mind. I do not know what my hon. friends opposite are going to do in their administration of the relief bill. From their conception of this matter at the last special session they are liable to do anything. I hope I have made myself plain.

Mr. MANION: Yes, you may sit down now.

Mr. MOTHERWELL: Then I will leave that point. I would suggest to the Prime Minister that he ponder whether he is not putting himself in wrong with the people. This relief is going to cost us a lot more money than any sum that has yet been suggested. The biggest amount that I have heard suggested was $100,000,000. That sum will not cover the necessary expenditure for both farm relief and unemployment. Does my right hon. friend want the cost to dawn on the people gradually? Why not say $150,000,000, which will be nearer the mark than any sum mentioned so far—that is, if we are to take care of both farm and unemployment relief all over Canada. Is there any state reason why my hon. friends opposite should not be candid and say: This is going to cost the country during the next eight months $150,000,000? If so, I am willing to listen to such state reason, but I have not heard of any yet. There are two principles that divide us, and because of that I respect the views of my opponents, and I hope they respect our views and realize that in opposing the terms of this measure we are not merely pernickety about something that does not amount to anything except possibly in theory.

We are proud to be the descendants of those reformers that I spoke of, and to hold to their conception of responsible government, and I suppose my hon. friends opposite are equally proud of being the descendants of the Tories of 1837 and to hold to their conception of it. But I would urge my right hon. friend not to divide us now on this question. We have got along together on many things, particularly with regard to our present status. Why make this rupture at the present time by reverting to colonial status in this respect? I would rather have in this bill the sum of $150,000,000 mentioned, and trust the government to expend it properly, than depart from the principle that I have been endeavouring to enunciate and that was so much better enunciated by my right hon. leader. I leave that suggestion with the ministry, and I hope their pride will not prevent them from modifying this bill in the light of the arguments that have been presented against the measure as drafted as a blank cheque, during the course of this debate.

Mr. BENNETT: I think, Mr. Chairman, that I must say a word or two, and I will endeavour to be as brief as possible. If I might say so without offence, the right hon. leader of the opposition has overlooked the fact that every provision that Colonel Durell suggests should be taken to safeguard control by parliament of any grant it makes is provided for in this measure—every one of them. He says:

> The bedrock on which the English system is built is the principle of the maintenance by parliament of control over the grants which it makes.

"Control over the grants which it makes." Parliament is about to make a grant. If it declines to make it, it has not made it. It exercises its control over that grant through the auditor general and by the annual report of the auditor general that is laid before this parliament.. No power that this parliament has provided in days gone by, no safeguard that the legislature has fixed, is taken away; the control is over the grant, it still continues. The question is, shall the grant be made, and that is the only question. There is no "Tory mind" about it. The question is, shall the grant be made; yes, or no?

Some hon. MEMBERS: Yes.

Mr. BENNETT: If the house says the grant shall not be made, that ends it. But once the grant is made, every constitutional

safeguard that has been obtained during all the years that are past will still remain, they will all be taken, and if this government fails in the discharge of its duty in that regard, like other governments it will disappear, and other men will take the place of those who now sit on the treasury benches. The question is: Shall the grant be made? Let us look at just what this does mean. The hon. ex-Minister of Agriculture (Mr. Motherwell) says it will take $150,000,000. The leader of the opposition stands in his place and says "Fill in any sum you like."

Mr. MACKENZIE KING: And give your reason for it.

Mr. BENNETT: That is a new thought, that came this morning; last night there was no "reason." The hon. member for North Waterloo (Mr. Euler) says "Name any amount;" the ex-Minister of Justice (Mr. Lapointe) said last night, "Name any amount." I put this to the house: Would there be any sense in inserting an amount which you know would not be spent as against inserting no amount, when you know that the latter course will encourage that economy of expenditure which is so desirable.

Mr. MOTHERWELL: I believe that amount to be required.

Mr. BENNETT: Exactly, I say my friend the ex-Minister of Agriculture believes that.

Mr. MOTHERWELL: Does not my right hon. friend believe it too?

Mr. BENNETT: I am bound to say, as I said this morning, if some of the communications that have recently been received are warrant for a conviction, you cannot tell what the amount will be. That is my difficulty, and has been for weeks. But I do put it to this house that confusion as to the grant and the expenditure of the grant is the difficulty that the right hon. gentleman opposite has been experiencing. The very statement that he read, the control of parliament over the grant, indicates that. That is the bedrock. The bedrock is not the question as to whether or not you fix the amount at $10 or $1,000; as if this great and glorious principle, which should be respected as far as may be possible, cannot be broken without smashing the constitution! To hear one of these hon. members talking about the constitution being destroyed, you would think he really meant it, instead of its being merely flapdoodle talk that he thinks will raise a cheer among the crowd. Go and tell men on the street corner, "Your constitution is broken," do you think they will believe it? What happens is referred to right here by Colonel Durell: the bedrock is the maintenance by parliament of its control over expenditures. It is going to have it. Did parliament break the constitution when it gave the governor in council power to guarantee the bonds, without limitation, of the Montreal harbour bridge, which reached a total of $19,000,000, when the original statement of the cost was only $6,000,000? Did that or did it not break the constitution? Was the constitution broken when the old age pension legislation was passed providing that there should be paid out of the consolidated revenue fund any sum that might be necessary to meet half the expenditure, not of one or two provinces but of any number of provinces who might come under the scheme? That was done without knowing whether there would be one province or nine provinces affected, or whether the amount would reach $5,000,000 or $25,000,000. Was the constitution broken; was it destroyed; did it crack?

Then the hon. member for Kenora-Rainy River (Mr. Heenan) and others spoke about peace, order and good government, and said that by this provision we were insulting the labouring men of this country. This provision is inserted to protect them from just such talk as that. There were two clear reasons for this bill. One was the constitutional point, which I always think it is difficult to explain when you are dealing with matters that have engaged our attention for the last half century, and when you begin to reconcile decisions from the Queen v. Russell to the last case decided a few years ago by the privy council as to the exact limit between the powers of the provinces on the one hand and the Dominion on the other. So I said last evening that I proposed to remove any doubt on that score with respect to section 2 by providing, through an appropriate amendment, that this relief, this provision of employment and this maintenance of peace, order and good government throughout Canada, should be as far as lay within the competence of parliament.

Attempts have been made to have it appear that what we have endeavoured to do is shock the constitutional susceptibilities of the provinces, but that is not so. One of two things had to happen. Either we had to undertake large obligations and responsibilities which, under the constitution, fell upon the provinces, and do it by declaring that it was done for the purpose of maintaining peace, order and good government, or we had to leave the provinces to do it themselves. Let there be no misunderstanding about that. The privy council has clearly decided that point, and this house expected us to take hold of

this national emergency on behalf of all the people as distinct from the people of the provinces which might be affected. That is why we are trying to do it. That is why I say it became a national calamity when a hundred thousand people, by reason of the last crop failure mentioned last evening by the hon. member for Weyburn (Mr. Young) and the hon. member for Willow Bunch (Mr. Donnelly) suddenly became in need of food and clothing.

It may be said that we have trenched upon the constitutional obligations of the provinces to deal with these matters, and we had to do that on some ground. It was not the ground of war; it was not the ground of national defence or anything of that sort. It was the ground of peace, order and good government, that riots might not be possible, that unfed men might not congregate in corners to be inspired with the thought that their lot was such that they should prefer Russia to Canada. This was done so that our youth might not be banded together to decry the government of Canada, as has been advocated by the circulars which have been broadcast throughout the country. We desire to maintain peace, order and good government through employment, through activity, through food and clothing justly earned and work which involves wages. But there is the other side to it, the side of which every hon. gentleman has the right to think. Shall there be fraud in the administration of this relief? Shall it be possible that decent, honest, hard working men such as those referred to by the hon. member for Kenora-Rainy River shall be always subject to the insidious appeals made by non-Canadian agitators, who in some instances for the moment may have Canadian citizenship by reason of false declarations or flagrant disregard of the law which gave them a naturalization certificate? Shall these men be permitted to insinuate into the minds of Canadian men the cursed doctrines of the destruction of our civilization and the foundations of our government?

Those are the two issues, and this is the reason we have used this language in this measure. When it is said that we are trying to set aside the constitution, that is not so. Have we asked this parliament for a grant? We have. Is parliament to give that grant? Either this bill is defeated or we get a constitutional grant. True it is not limited, but it is granted. Why do not hon. members opposite vote against the bill? Why do they not summon up their forces and appeal to those on this side of the house to defeat the government? Once this parliament makes a grant that is the constitutional exercise of the powers of parliament; it is the control of parliament, which is just the same as the control of parliament over any $100 item we have in respect to any part of the public service. It must be expended honestly; the auditor general must exercise control, for we do not provide that this money shall come from the proceeds of a loan which the government might put in a trust account and deal with. These payments are to be made from the consolidated revenue fund, and every dollar which goes through that fund under any circumstances is subject to the control of the auditor general.

That is what this measure means. If anyone suggests that because the government has not mentioned any specific fund they had in mind any object other than the safeguarding of two things, one the efficiency of the relief granted, and the other the guarding of the treasury of this country and the credit of Canada, he is suggesting what is not so. Those are things for which the responsibility rests for the moment upon the government. The hon. member for Red Deer made a happy observation when he asked if any hon. member in the house thought those of us who sit here to-day were seeking this measure for comfort or for pleasure. Does anyone think for a single moment that it makes it easier for any one of us because we have to ask parliament for a statute such as this? Then the cry is "Summon parliament." I can only say that this parliament will be summoned in due course, under whatever circumstances exist or may arise, but at the moment what is wanted is action and not words.

During all this session hon. members have been complaining that they could not get a statement, and they could not. During all that period there was not a day when at least one member of the cabinet was not thinking about this matter, securing information from every possible source, endeavouring to fit themselves to grapple with a problem as difficult as any that ever faced men in Canada. I wonder if hon. members realize that when war was in this country it gave employment at once in increasing numbers to the men left here, providing food, clothing and the other necessities of life. This condition which exists to-day is just the negation of that other condition. This matter is not being put through hurriedly and I should like to assure my right hon. friend the leader of the opposition that I have not for a single moment lost my sense of perspective. I only wish sometimes that my sense of perspective was not just what it is; my lot would be somewhat easier. I think I have just as clear an appreciation of the situation, from one end of this Dominion to the other, every

part of which I have visited, as any hon. member in this house. From information which I have received and read and re-read and read again until I have been tired and weary with the reading of it, I know just what the conditions are. And what the hon. member from Willow Bunch and the hon. member from Weyburn have said is nothing new to me nor to the members of the government.

I say advisedly that in the early days of the session we had fervently hoped that with the spring, with the planting of the crop, there would come that betterment of conditions which would result, of course, from the prospects of a harvest, even although the price which it would bring would be small. We had hoped, relying upon statements made by men who had a better knowledge of world affairs than we have in the northern half of the continent, the great financial men to the south, and other great economists in other lands, that conditions would improve. The conditions that brought about the disappointment of our hopes in that regard are, as the hon. gentleman said yesterday, the act of God in one instance and those conditions in central Europe which are known to every hon. member of the house who reads. The condition in two countries, more than in any other, is responsible, together with the world-wide condition that results from the situation, to which I referred, arising out of the great war.

Those are the conditions, and I just ask my hon. friends this: What would you have done better than we are doing? We are doing our very best to deal with the problem, with a deep and ever-increasing sense of responsibility, which sometimes leaves men little opportunity for sleep and sometimes little thought, except the thought of what that responsibility is. But that does not in any way destroy our sense of perspective. And when this government asks the house for this legislation it does so for just the purpose mentioned—to preserve peace, which is the negation of war; to give happiness, which is the negation of sorrow; and to give order, which is the negation of riots and tumultuous assemblies in various parts of the country. And for the provision which will ensure these ends, of peace, order and good government, through constructive effort in public works and undertakings, giving assistance to the provinces and to the municipalities and other bodies, not depriving them of their constitutional functions but enabling them to collect their taxes, thereby receiving from the people the necessary assistance to carry on—

for this condition of affairs, I say, no men will be more grateful than these various authorities, that we have at least tried to see that they will not be charged with responsibility for those who are taking advantage—and I say that deliberately—of the very trying conditions of the present time, and of the great and difficult problem with which we have to deal, of those who try to incite men to actions which under normal conditions they would not think of.

With these problems, Mr. Chairman, we will deal to the best of our ability and after the most thoughtful consideration which we are able to give them. That consideration may not be the best the world offers, but it is the best we can give. We have asked parliament for these powers, not for selfish purposes, but for the benefit of this country. It is our bounden duty, by every means within our power, to establish successfully and to maintain in the present situation peace, order and good government, and we propose to do so by the measure which we have offered for adoption by this house. With the grant made, parliamentary control is complete, and it will be maintained by reason of the auditor general's control over the consolidated fund.

Mr. MACKENZIE KING: When I quoted this morning from Durell's Parliamentary Grants, which my right hon. friend will I am sure agree is the standard authority throughout the British Empire on this all-important subject, the right hon. gentleman asked me whether I would lend him the volume. He has, as opportunity has afforded, been carefully perusing its pages ever since. I have no doubt he took it away with him during recess—

Mr. BENNETT: No, I did not have time.

Mr. MACKENZIE KING: Well, he has been busy on it ever since. I have rather enjoyed watching him, because I knew what he was looking for. He was going through the volume to see whether, anywhere in its pages, he might discover something which would afford him some excuse for making of his present stand an exception which might be justified. I venture to say that if within the two covers of that book there could have been found anything that would lend shadow of countenance to what my right hon. friend is asking this house to do at the present time he would have found it, and we should have heard about it in a manner much more emphatic even than that which he has employed in speaking.

What does my right hon. friend say? He began and concluded his remarks by saying

that control on the part of parliament was affected because forsooth the auditor general would have to do with the auditing of all accounts. Now surely my right hon. friend has more regard for the intelligence of this body than to assume that its members are going to be confused as between what constitutes control and what constitutes auditing. The two are very different functions, and if hon. members will just ask themselves what the difference is they will see exactly where the difference lies between my right hon. friend and myself, and between hon. gentlemen opposite and those on this side of the house.

The quotation I gave this morning, which has been repeated by the right hon. gentleman, was that the bedrock of the constitution was control by parliament—not by any auditor general but by parliament—of all grants. Now that control is being parted with, because the measure fixes no amount.

Mr. CAHAN: Will my right hon. friend permit a question?

Mr. MACKENZIE KING: I should prefer to get through first; I will answer the hon. gentleman's question later. We are being asked to give a blank cheque; we are being asked to allow the ministry to spend whatever sums they like, to borrow whatever sums they like. Where is the control in that? The power of parliament passes over into the hands of the executive, and they are free to borrow as much as they please, to spend as much as they please, for months at a time, and parliament is not to be in session. Parliament has prorogued, the ministry will be absolutely free to do as they please. My right hon. friend says the auditor general will go over the accounts, and that parliament appoints the auditor general.

Mr. BENNETT: And the reports have to come back to parliament.

Mr. MACKENZIE KING: And now my right hon. friend adds, the reports will have to come back to parliament. Well, I trust that before this bill passes the Prime Minister will insert an additional clause, which I shall move as an amendment, that reports be made to parliament of what is being done. Perhaps I had better stop to speak of that for a moment.

Mr. BENNETT: It is not necessary, if that will please the right hon. gentleman.

Mr. MACKENZIE KING: I think it is very necessary, especially where amounts certain to be spent are so large. When parliament was called to deal with the question of unemployment relief at a special session last year, a definite amount was named in the bill respecting unemployment relief and was appropriated, namely, $20,000,000. It was deemed necessary then to insert a provision to the effect that reports should be made to parliament. I cannot understand, therefore, why in this particular bill, where no amount is fixed, and which confers infinitely greater powers upon the executive, no provision appears for a similar report to parliament. The act for the granting of aid for the relief of unemployment, passed by this parliament at the last session, contained the following provision:

> A report shall be laid before parliament within fifteen days after the opening of the next session thereof, containing a full and correct statement of moneys expended under this act, and the purposes to which they have been applied.

That section has been dropped from this bill or rather has not been inserted in it and my right hon. friend tells us that he was told it was not necessary. Why was it necessary last year? It was pointed out by my right hon. friend that at least some semblance of the authority of parliament over what had been spent and the opportunity of review was essential, and if I am not mistaken that clause was included as a result of a suggestion from this side. A similar clause should be in this bill and before it is finally passed I propose to move an amendment to that effect. I do hope my right hon. friend will not seek to go the length of taking away even the obligation on the part of the ministry of reporting to parliament within a definite time after the expiration of the bill as to what has been done and spent under its provisions. That would be the last straw.

My right hon. friend quoted my remarks that the bed-rock of the constitution was that of the control of parliament, but he did not refer to another quotation which I made from the same authority. Mr. Durell points out that a corollary of the control of parliament is that there must be definite amounts fixed for the different purposes for which the ministry is asking parliament to make grants. Mr. Durell lays as much emphasis upon the restricting and defining of grants as he does upon the control of parliament in the broad sense. He says that one flows from the other, that one is the necessary corollary of the other and that you have not control by parliament unless you have your amounts definitely stated. My hon. friend did not quote that. When he ventures to quote Durell he should quote from the beginning to the end, and give to the committee the entirety of the meaning. I am standing

upon that authority and I am giving to the committee what Mr. Durell has said in this regard.

During the course of his remarks my right hon. friend seemed to intimate that as much as $150,000,000 might be required. Do hon. members realize that when the government of Sir Wilfrid Laurier was in office the total expenditure of Canada, including the interest on the public debt and the like, did not in any way exceed $125,000,000? Do they realize that when Sir Robert Borden became Prime Minister of this country during his early years of office the expenditures for all matters in connection with which this parliament voted appropriations did not exceed the figure which is being discussed at this moment as being necessary to meet this need? Do they realize that the amount which this government is asking us to permit them to spend without any limitation and, as my right hon. friend has just revealed to us, without the necessity of even reporting upon to parliament, is almost equivalent having regard to this period of time for which it is asked, to the annual amount appropriated by parliament for the administration of all the services of Canada, for the payment of the interest on the public debt and for the meeting of expenditures which have grown out of the war and the like? This amount is required for seven months only. When the proportions of this matter are thus revealed, one would be far removed from a sense of responsibility who did not realize what it may mean and what it may lead to.

My right hon. friend does not wish to call a special session of parliament. Let him then call the regular session a little earlier. We would be obliged if he would call it at the beginning of the new year or, better still, at the end of the present year. My right hon. friend will be fortunate if before this year is out he does not find it necessary to call a special session to save himself from the effects of what he is doing at this moment. He may find that he will need to call a special session to deal with conditions in this country which have got beyond his control owing above all else to the fact that he is asking this parliament to give him unlimited powers. Apart from the dangers which autocratic powers always seem to breed, having unlimited powers, the men and women of this country, believing that there is nothing under heaven my right hon. friend cannot do, may confront him with the things they demand of him to do and he may find it necessary to call this parliament to shield him in the administering of the enormous amounts which he is now asking us to give in this way. There will be a period of seven months during which the provisions of this bill will apply. My right hon. friend has said that this bill will expire on March 1.

Mr. BENNETT: March 31 is provided for.

Mr. MACKENZIE KING: My right hon. friend said he would change it to March 1.

Mr. BENNETT: If the opposition so desired.

Mr. MACKENZIE KING: We will certainly do all we can to reduce the time. Among other reasons I think it will be helping to save my right hon. friend from himself.

Mr. BENNETT: I am so grateful.

Mr. MACKENZIE KING: The other evening my right hon. friend gave us the definite assurance that parliament would be called not later than the middle of February. That means that over half a year must elapse before parliament will be called. In the meantime the government will be free to do what it pleases, no matter what circumstances may arise. They are to have a bottomless well from which they may draw all the resources necessary to meet any situation. What does that mean? It means that parliament as parliament in making this grant is simply committing hari kari, we are turning over the whole business of this country to the executive to be run in a more absolute and dictatorial way than has been sought by any government from any parliament at any time since the days of Cromwell and the civil wars of that period.

Amendment (Mr. Mackenzie King) negatived.

Mr. BENNETT: Before the section is declared passed, I will ask the hon. member for Argenteuil (Sir George Perley) to move an amendment thereto. This amendment will obviate the possibility of there being any misunderstanding so far as provincial rights are concerned.

Sir GEORGE PERLEY: I move that section 2 be amended by adding after the word "maintaining" in the fourth line the words "within the competence of parliament", and adding after the word "government" in the last line, the words "throughout Canada".

Mr. MACKENZIE KING: This amendment may prove helpful for the purpose of giving a semblance of limitation to the matters to which it refers, but it neither adds to nor substracts from the powers which are given by the section. However, I think it would be well to have it included in the section.

Amendment (Sir George Perley) agreed to.

Section as amended agreed to.

On section 3.—Powers of governor in council.

Mr. YOUNG: Last night when the house rose I was about to make a few remarks in regard to a letter I had received and read into the record. The Prime Minister and his colleague, the Minister of Trade and Commerce, seemed to be under the impression that I did this to embarrass the government. That is not the case. I do not see how any government could find anything in that letter to embarrass them. The letter was well and courteously written; it attached not a word of blame to the government for any of the conditions described in it. The writer stated distinctly he understood the difficulty with which the government is confronted.

Mr. STEVENS: And he addressed it to the Prime Minister and not to the hon. member.

Mr. YOUNG: A copy was sent to me with a covering request asking me to bring it to the attention of the powers that be. If any government can find anything in that letter to embarrass them, I must say they are easily embarrassed. My purpose in reading the letter was to set as clearly as possible before the committee the exact situation as it exists. These people who have lost several successive crops, first exhausted their own resources, their own credits. Then they turned to the municipalities and the municipalities helped them out until their credit was exhausted. Last fall the municipalities found themselves in the position that they could not secure another dollar from the banks without the backing of the provincial government; their credit was exhausted. Now from what the Prime Minister tells us to-day, the credit of the province is likely to be unequal to the task of securing for the municipalities the necessary relief to hand out to these people. That is the situation.

Mr. BENNETT: Surely the hon. gentleman realizes he is doing no service to any part of this country by making that observation. I did endeavour to disclose to the committee, without going into too much detail, that the strain might be such that money would have to be loaned to the western provinces. That is what I said. I have refrained purposely from getting into discussion of that kind which might furnish ammunition for those who attack the credit of the very province in which the hon. gentleman lives. If he desires to do so, I cannot help that; I have done my best.

Mr. YOUNG: I will accept the Prime Minister's explanation. This is what I want to put before the committee: As the Prime Minister has said, the primary responsibility rests with the municipalities. The information contained in the letter which I read and in another communication which no doubt the government received, is to the effect that many people out there are in such straits that they need immediate relief. In this clause of the bill I find paragraph (a) as follows:

(a) Provide for the construction, extension or improvement of public works, buildings, undertakings, railways, highways, subways, bridges and canals, harbours and wharves, and any other works and undertakings of any nature or kind whatsoever.

All that is excellent, but it will take time to plan those works. You cannot commence them to-morrow.

(b) Assist in defraying the cost of the production, sale and distribution of the products of the field, farm, forest, sea, river and mine.

That is excellent also, but it will take time, It will not bring immediate relief.

(c) Assist provinces, cities, towns, municipalities, and other bodies or associations, by loaning moneys thereto or guaranteeing repayment of moneys thereby, or in such other manner as may be deemed necessary or advisable.

I suppose that paragraph will cover the case of municipalities that are unable to assist themselves, but this will be subject to certain rules and regulations which will take time to work and plan out. My purpose in bringing this matter to the attention of the minister is to suggest to him—and I am not and have not been trying to embarrass him—that while these plans are being worked out, something might be done to yield immediate relief to those who are on their last bag of flour now and whose children are running around insufficiently clad, by letting the municipalities and the banks know that where it is necessary for a municipality to extend immediate relief in the form of the necessities of life, such as food, fuel and clothing, the credit of the government is behind that municipality in furnishing such relief. I make that suggestion seriously, and I hope the government will consider it favourably and not believe I am doing it for the purpose of embarrassing them.

Mr. HEENAN: Is it the intention of the government itself to proceed with any works under this provision or only in cooperation with the provinces?

Mr. BENNETT: Both.

Mr. HEENAN: What I have in mind is this: in the part of the country I have the honour to represent many public undertakings are required, the plans of which are already prepared, and the federal government could do a great deal of work without any cooperation on the part of the provinces or the municipalities. We have already, for instance, the plans of a bridge over the Rainy river. The United States government have passed an act permitting the Dominion government to build a bridge across there, but have refused to cooperate in paying a portion of the expense. Inasmuch as the bridge is for the purpose of, shall I say coaxing people from the United States into Canada, I think the government at this time could very well bear the whole cost of the undertaking.

The Minister of Public Works has in his office a report by one of the engineers in his department in regard to a retaining or protection wall along the south part of the lake of the Woods where the waters are washing away town property. There is also a public building that I think the present Minister of Railways and I promised the people of Emo because it was required and there are many other works of a like nature. I see the minister smile. This promise was made during election time.

Mr. MANION: I was not in Emo then. I was smiling at the facility with which my hon. friend makes promises.

Mr. HEENAN: I happened to meet my hon. friend in Emo in 1926. I do not remember what department he was minister of at that time, but I know he made the same promise to the people of Emo as I did.

Mr. MANION: My hon. friend's memory is of a very convenient type.

Mr. HEENAN: I am glad to know the government can initiate public works under this measure and we shall look for some of these undertakings to be carried out.

Mr. VALLANCE: I should like to direct a question to the Prime Minister. Let us take that portion of Saskatchewan where at the present time there is such dire distress. In connection with the public undertakings mentioned in paragraph (a), is it the purpose of the government to permit the agriculturists of that portion of the country to take advantage of the opportunity of rendering service on this construction work, or are we going to confine it to other classes?

Mr. BENNETT: Primarily, as I said before, that is a question for those in the province responsible for those matters. The language is that it is to enable the government to assist them in discharging their duties. It was not intended that the federal government should send somebody out there to employ eight or ten men to work at a given point. That is not a matter which constitutionally comes within our powers, but we shall not only try to enable but we will enable those whose duty it is to do that work.

Mr. HEAPS: Paragraph (a) refers to work which may be municipal or provincial in character. I have in mind works which are purely federal in character and which the government could carry on at this time, that would help to a considerable extent in relieving unemployment in the larger centres. At the beginning of the session I asked the Minister of Public Works whether it was the intention of the government to provide work of that nature whereby the artisans in the cities could find employment. I was unable to get any definite answer from the government. However, I see that the government are asking for an unlimited amount and paragraph (a) gives the government power to provide for the construction of public works, and so on. I would ask the Prime Minister whether, under that clause, the government will undertake to carry out federal works which will be wholly a federal charge and towards the construction of which the municipalities will not have to pay anything. It is hardly necessary to point out that many municipalities, particularly in the west, are not in a position to pay even the one-third that they were called upon to pay last winter. I think it would be much more desirable if the federal government itself would undertake such federal public works as are necessary and can be carried on in the immediate future.

Mr. BENNETT: I tried to make clear to the hon. gentleman that the real reason we have to go so much further than heretofore is that because in a great many parts of Canada municipalities have been unable to collect any taxes whatever, and therefore they cannot carry on their undertakings. The provinces wherever possible have come to the assistance of the municipalities. To the extent to which it may be thought desirable,

having regard to the circumstances of each case, such action will be taken as the interests of the country as a whole demand. That is the real reason why those words are there. Certainly it contemplates that there may be federal undertakings that will be carried on solely by federal authority. We expect that that will be so, but as I did explain to the leader of the opposition, the estimates provide for federal undertakings and public works that are within the contemplated revenues for the year. This extra effort on the part of the country will have to be one related to the communities wherein it is made, having regard to the conditions that obtain. I could not give an antecedent expression of opinion that might satisfy my hon. friend, but I told him that with respect to every province except one, and the premier of that province is writing a letter stating his position, we have already taken steps and obtained from them indications of the work they thought they could do which would be federal in its character, and undertakings which might be regarded as appropriate for joint effort. We have in addition, of course, the reports of our own engineers.

Mr. HEAPS: Let me give a concrete illustration of what I have in mind. In Winnipeg for a number of years we have been requiring a new post office and a new custom house. In times like these when there is so much unemployment I think that work of this kind should be undertaken. They are not works the expenditure on which would come out of the revenues of the country, but are capital expenditures. I am wondering whether under the provisions of this bill the government have in contemplation works of this nature.

Mr. BENNETT: A committee of the citizens of Winnipeg sent representatives to this city. They met the government and presented their case. They presented it also in writing. The attitude that may be taken with respect to the matters referred to will depend altogether on the general position as indicated by the province of Manitoba and also the municipalities as they relate their position to that of the province. Whether or not the works mentioned will be undertaken has not been decided, and naturally will not be until such time as this measure having been adopted the activities under it will begin; but if every member of the house were to rise in his place and mention the works that might be done we would remain here rather a long time. For the information of the house I may say that I have asked the Minister of Labour, as soon as this bill becomes law, to communicate with every member of this house, regardless of political affiliations, and ask him for just such information as that to which the hon. gentleman has directed attention, and the Minister of Labour is making the necessary effort in that direction. It was thought very undesirable to send out and ask for information of that kind before this bill was submitted to the house; for it would have involved such claims as might have made it almost impossible for the government to contemplate the position with any degree of equanimity.

Mr. LAPOINTE: There will be some representations coming afterwards.

Mr. BENNETT: I say that they will all come afterwards—I hope my hon. friend did not misunderstand me. The letter has not been sent, and will not be sent, to anyone until after this measure becomes law.

Mr. LAPOINTE: It is postponing the trouble.

Mr. BENNETT: I will admit that, but it is better to postpone it than to have it thrown upon one in the form in which it would have been had those communications been sent before. I think it only fair to state that to the house now, it being well along on Saturday afternoon. Otherwise it might well have been that the progress of the measure would have been entirely impeded, instead of only partially, by the recital of claims of the various constituencies for consideration.

Mr. BOURASSA: That is one of the most candid ministerial statements that I have heard.

Mr. NEILL: The information just furnished by the Prime Minister has forestalled much of the information I was going to ask for. I have no intention of putting forward the claims of my own particular district at this moment. Paragraph (a) provides for the construction of public works, and I take it that it is the intention of the government to proceed with such. I rather inferred from the remarks of the Prime Minister that he intended under this bill to supplement what should have been in the estimates for public works but was not. That is to his own advantage as Finance minister, for this reason: Any money that comes out of the loans for relief will, of course, be treated in a different category from the ordinary public works expenditures as provided for in the estimates, which have to come out of revenue, and if the Finance minister does necessary public works out of relief money he will be just that much ahead in balancing his budget. This same section was in the act last year, and so

far as British Columbia was concerned nothing, so far as I know, was done under it for the reason, I think, that the money was allocated to the provinces on a basis of each party paying so much. There was less reason for federal work last year in any case, because the public works estimates for the year had been ordinarily sufficient, but this year, owing to the need for economy, the public works estimates, as we all know, some of us to our cost, have been very severely cut down. I think this affords a very appropriate means of supplementing them. There is certain work which will have to be done, and to postpone it is in many cases a pure waste of money because it will cost much more to replace those works in a year or two than it would cost to do the work now. I think I gathered enough from the Prime Minister's remarks to reassure myself in that respect.

The other point on which I should like a little more information is with reference to paragraph (c) which provides for assisting the provinces, cities, towns and municipalities, by loaning them moneys or guaranteeing repayment of moneys. In many cases we have got far beyond that point. Even if the Dominion or provinces were willing to lend money to the smaller municipalities, we cannot take it because the law forbids us to borrow more than a certain proportion, and we have already borrowed that proportion. Even if the government were to come in as a second mortgagee, it would only make our position worse. Paragraph (c) goes on to say "or in such other manner as may be deemed necessary or advisable." But that is somewhat vague. I notice that in last year's bill it said that they would make straight grants. They do not use the word "grants" in this bill. It says that the government may assist the provinces and municipalities "by loaning moneys thereto or guaranteeing repayment of moneys thereby." Also last year it was laid down in the regulations, if not in the act, that the cost would be allotted in certain proportions, 25 per cent by the province, 25 per cent by the Dominion, and 50 per cent by the municipality. We are not told anything about that in this bill. What I want is an assurance that despite the particularity of this language, which would appear to confine it only to loaning moneys to municipalities or guaranteeing repayment of moneys thereby, there will still be just the same opportunity to assist the municipalities, and possibly the provinces, by grants to the extent they require, without requiring repayment.

Mr. BENNETT: As I explained, I received a telegram the day after the bill was introduced on behalf of a large number of settlers in Saskatchewan who said that they did not wish to take money unless they gave a promise to repay it. So far as the federal government making direct grants to municipalities is concerned, I can only say to the hon. gentleman that the matter has not seriously engaged our attention; the relations between the provinces and the Dominion would be a very serious matter if they were directed along that line.

Mr. STEWART (Edmonton): Hear, hear.

Mr. BENNETT: But every representation that has been made will receive serious consideration.

Mr. NEILL: The minister claims that we must not deal with the municipalities, we must deal with the provinces; but last year the dominion government, quite properly perhaps, imposed a stipulation that the municipality should put up fifty per cent, which was rather a harsh condition. In that way the Dominion was dealing directly with the municipality. Therefore, suppose a municipality went to the province and said, "We cannot pay this," the province might reply, "We cannot help you because the Dominion insisted that you should put up fifty per cent."

Mr. REID: Has the Prime Minister considered the question of registration? I am prompted to ask owing to the fact that last winter hundreds of people flocked illegally into British Columbia.

Mr. HEAPS: What do you mean by "illegally"?

Mr. REID: Through the highways and byways.

Mr. HEAPS: That is not illegal.

Mr. BENNETT: The question of the registration of all those who may be out of work, especially in the province of British Columbia, has been taken up with the local government. It has been regarded as being the duty of the provincial, the city and the the town authorities to secure that information.

Mr. STEWART (Edmonton): I am beginning to be afraid that by keeping silent one's attitude towards this matter will be misconstrued.

Mr. BENNETT: That is the idea.

Mr. STEVENS: Are you beginning to worry?

Mr. STEWART (Edmonton): I have not changed my mind towards this bill in any

single particular. When it was introduced I said that the governor in council was usurping the powers of parliament, and I still think so. The business of the government is to carry out the behests of parliament—

Mr. BENNETT: Hear, hear.

Mr. STEWART (Edmonton): —and this is a direct reversal of that particular power which the government are asking for at the present time. But there may be some doubt about the fixation of amounts where moneys are to be spent through the agency of the provinces, and I take it from what the Prime Minister has said that that method will be pursued. I can scarcely understand how any other method could be pursued, because to reach the municipalities the federal government must go through the provincial government. In such a case I can well understand it would be difficult to estimate the amounts required. But in subsection (a) the government are asking for authority to construct federal public buildings, railways, canals and highways. Highways of course, are still under the jurisdiction of the provincial governments, and I assume that if there is assistance for highway construction the work will be done through the medium of the provincial governments. But I think the government might very well have made some effort to present to parliament an estimate of the amount that they wish to spend by designating where buildings would be put up, and the type of buildings, and so with respect to canals or other public works that they are going to undertake. Surely some estimate could have been made of the cost of such federal works so that parliament could have granted a definite sum for the purpose. As I said before, the government are going to pass this bill by the sheer strength of their majority. I have no hesitancy in saying that so far as I am aware they will do their very best to spend money economically and spend as little of it as seems to be necessary. But on the other hand nothing has been said so far to convince me that the government is pursuing the proper policy in asking for a blank cheque, for this is nothing more than a request to be granted authority to borrow money and spend it where they like, directly in opposition to anything that we on this side of the house may say with respect to the matter. But let it be known that so far as we are concerned, we make our protest in the strongest kind of language against this usurpation of power on the part of the government.

Mr. MACKENZIE KING: I should like to make one suggestion to my right hon. friend, which I hope he will receive in good part, and which I believe would be helpful in the administration of this act. I am sure that of the amounts paid out it will be desired that as much money as possible shall go to the persons who actually perform labour as a means of obtaining relief. I gather that many municipalities may not be in a position to make any proportionate arrangement such as was made last year. Might I suggest that the minister in charge of the administration of the act keep in mind the desirability if possible, of inserting in all contracts with municipalities or provinces, certainly in most of them, a clause which would oblige those communities or organizations which may be receiving any federal money for relief purposes to see that the whole, or nearly as much of the whole as possible is spent out only in payment to labour. Let me give but one illustration which will throw light on what I mean. I imagine the building of highways will be one feature of the work to be carried on. I suggest that before any municipality or province be entitled to receive federal moneys under this act it be obliged to incur all the costs of administration, of superintendence, of equipment, supplies, materials and the like in connection with the particular service being performed. This would be a real check on wastefulness and would ensure the money paid out under the provisions of this act going direct into the hands of those who do the actual work. I have given a little thought and study to this question of unemployment relief, and I know that the method that I have suggested has been adopted in other countries with most satisfactory results. This method of cooperation might well be carried to the point where farmers and others who have horses or vehicles or tools, and who reside in the community in which most of the construction is being carried on, might be asked to contribute towards the work by supplying what they could in this way, the dominion's contribution being limited to moneys going to pay for the actual labour perfomed.

Mr. BENNETT: This affords me an opportunity to say what I should like to say now. My right hon. friend and I had a discussion the other evening about these matters, and I availed myself of the opportunity to secure from him a record of his own experience when he was administering considerable funds in connection with a rather serious condition that prevailed in Colorado. I am grateful to him for the information which he gave me, and which this afternoon he has mentioned without indicating his part in con-

nection with it. I think there should be in every constituency a local committee of citizens to see to it that no one suffers, for if the people themselves do not have some sympathetic consideration towards one another to warrant that action, it is hardly fair to expect that governments shall carry the whole of that particular kind of load.

Mr. NEILL: Would the committee act in an advisory capacity?

Mr. BENNETT: That would be its own business.

Mr. ELLIOTT: I want to draw the attention of my right hon. friend to one point in connection with subsection (c). As to subsection (a), which has to do with the construction of public works, I do not intend to elaborate on what I said in regard to a similar clause last year, that if the Minister of Public Works were making an appropriation of $2,000, ordinarily he would have to give the house full details. This, of course, is a direct departure from that rule, but I do not suppose any protest will have any effect. I want to refer particularly to clause (c), however, having to do with assistance to provinces, cities, towns, municipalities and other bodies. In many places in the dried out areas one of their greatest difficulties is that for two or three years they have not had crops and have consequently been unable to pay their taxes, which have accumulated on the property. In many cases the property is liable to pass out of the ownership of those who have built, broken, fenced and otherwise developed it and worked upon it. I was wondering what my right hon. friend had in mind with regard to assisting municipalities at least to postpone the payment of taxes so as to not have people in that position deprived of their homes because of their inability to pay.

Mr. BENNETT: No one knows better than my hon. and learned friend that only the provinces can deal with moratoriums and with the question of relief from the payment of taxes. As to what action may be taken by municipalities where taxes have not been paid and where the property of taxpayers is imperilled, that cannot be antecedently stated with any degree of satisfaction. I can only assume that the provinces will put that point forward rather strongly. I know in some cases I have already suggested to the provinces that they should consider what action they are going to take to protect those who may lose their homes through non-payment of taxes.

[Mr. Bennett.]

Mr. COOTE: There is one question I should like to ask the Prime Minister on this section. One of the very worst features of the situation, at least in western Canada, is in connection with the debts of many people, and particularly of farmers, some of which carry 10 per cent interest. Under this act has the Dominion government power to see that a rate of interest not in excess of say 5 per cent should be charged in any case? I wonder whether under section 2 the government would not have the power to take such action.

Mr. BENNETT: The hon. member for Macleod brought this matter to my attention some time ago. I told him I would look into it, since which time I have been able to do so although it may be that the opinion I express will be subject to revision. The Dominion parliament has exclusive jurisdiction over interest rates; the evidence of that will be found in the Interest Act. But where contracts have been made the province has supreme and exclusive control, and the jurisdiction of this parliament is gone. That is, we may legislate as to the maximum rate of interest, as we have done, but where a contract has been made the provincial authorities, and they only, may deal with the situation.

Mr. SPENCER: I should like to remind the Prime Minister that although the federal government decided, under the Bank Act, what the limitation of interest should be, at the same time the government does not restrict people from charging more than is supposed to be the limit.

Mr. STEVENS: Under individual contracts.

Mr. BENNETT: That is the difficulty about the contract.

Section agreed to.

On section 4—Orders and regulations.

Sir GEORGE PERLEY: I desire to move the following amendment:

That all the words after the word "as" in the second line be struck out and the following substituted therefor:

"may be demed necessary or desirable for relief of distress, providing employment and within the competence of parliament in maintaining peace, order and good government throughout Canada."

Mr. MOTHERWELL: I should like to suggest to the Prime Minister that when the regulations are being drafted under this bill he consider such cases as I am going to describe. The drought area extends considerably farther north than it did during the

previous two years. There are a few men with a little reserve left in the bank or elsewhere who, unless they can get fodder, we will say, through the means which will be employed in the granting of relief, will be obliged to buy in small lots and pay regular freight rates. If it would be possible for them to get carload rates, which will probably be the way in which relief will be dispensed, it would mean a great deal to them. Will these men be able to do that, or will they be obliged to buy on their own, at less than carload rates and under the regular freight rate? I think that is worth considering in drafting the regulations.

Mr. BENNETT: I have no doubt that what my hon. friend says requires the closest consideration but primarily it must be a provincial matter. All I can say is that those who are charged with the responsibility under this act will cooperate to the fullest possible extent to ensure the best results possible.

Amendment agreed to.

Section as amended agreed to.

On section 5—Enforcement of orders and regulations.

Mr. MACKENZIE KING: I have just one word in regard to this section. I can scarcely hope the government will change its wording, but it is a little rough on those who may be affected adversely by some error on the part of the administration. As I read it, the government have power to make any orders and regulations they please and to vary, extend or revoke those orders as they see fit. But if in the process of making, revoking or extending the orders they make mistakes there shall be no redress on the part of those who may suffer therefrom. Under this section the government is free to do what it likes; it can make as many mistakes as it pleases but there is no redress for those who may be adversely affected as a consequence.

Mr. STEWART (Edmonton): What is the reason for that provision?

Mr. BENNETT: That is a usual provision in statutes of this kind; to leave it otherwise is an invitation to claim against the crown under every possible circumstance. It has not been unusual for the crown to take cognizance of situations such as those mentioned by the right hon. gentleman. This gives no ground for legal action, while still leaving the subject the right to complain, and in the estimates from year to year usually there will be found some recognition of that fact. That is all that is meant.

I may as well make this further statement at once. It was suggested that the courts might be wiped out by regulations made under this statute. No such thought was in the mind of the government, and that was indicated by the amendment to the previous section. It must be remembered that the establishment of the courts is in the hands of the provincial legislatures, and no power here is conveyed to destroy or wipe out those courts or to establish new ones.

Mr. RALSTON: That statement had not reference to the establishment of courts but to the reference of questions to any authority. It was not the wiping out of any courts; it was only the utilizing of various authorities for the determination of offences under these regulations. My hon. friend the former Minister of the Interior asked why this provision was necessary, and I thought that was the question to which my right hon. friend was directing his answer. That is what we should like to know. Why is it necessary to provide for a reference of offences under these regulations for trial, not to judicial authorities but to some other officers or authorities as are mentioned here?

Mr. BENNETT: I am afraid my hon. friend has not exercised his usual care in reading this section. The words are:

> All orders and regulations of the governor in council shall have the force of law and shall be enforced in such manner and by such court officers and authorities as the governor in council may prescribe . . . .

These are the existing officers and authorities. This does not establish new ones. Such officers and authorities as the governnor in council may prescribe are the existing officers and authorities. The word "authorities" is used because some of those who are responsible for the discharge of obligations and duties before the courts might not properly be called officers but authorities. It is the court officers and authorities such as may be prescribed. They are not a creation of this government except in the sense that the Supreme Court of Canada, the exchequer court and other federal courts—

Mr. LAPOINTE: Any other court that parliament might establish.

Mr. BENNETT: Yes; but apart from that this does not establish a court. This could not in any sense be said to establish a court. These words are used in the usual sense.

Mr. RALSTON: It does not sound as if it were referable to judicial officers. My right hon. friend has referred to other statutes

of this kind. I took occasion to look at the War Measures Act, and there is no such provision there.

Mr. BENNETT: This is not the War Measures Act.

Mr. RALSTON: No, it is a good deal broader. But on this point—the matter of regulations—the provisions of the War Measures Act ought to be sufficient. My right hon. friend suggests that "officers and authorities" means "judicial officers"; that is his interpretation.

Mr. BENNETT: Not "judicial officers." The provincial authorities establish courts and appoint the officers, and this authorizes "such court officers and authorities" to be named for the purpose of carrying the regulations into effect.

Mr. RALSTON: I submit not, though perhaps I am wrong. I thought that the court officers and authorities were those who might try the offences under the regulations.

Mr. BENNETT: No.

Mr. RALSTON: That seemed to be the reading of the act.

Mr. BENNETT: Look at it and you will see it is not that.

Mr. RALSTON: I do not know what court officers and authorities are for if not for that purpose. I thought they were the ones to whom the offences might be referred.

Mr. BENNETT: In his political zeal—

Mr. RALSTON: No political zeal.

Mr. BENNETT: —I am sure my hon. friend wishes to be fair. All orders and regulations of the governor in council, the section declares, shall have the force of law and shall be enforced in such manner and by such court officers and authorities, and so on. That does not in any sense take away the jurisdiction of the courts. But a constable, a sheriff, a bailiff, or other authorized court officer, may be directed to do these things.

Mr. RALSTON: He does not enforce the regulations; that is my point.

Mr. BENNETT: The sheriff?

Mr. RALSTON: Yes.

Mr. BENNETT: Yes; the whole theory is that these are the officers who do enforce the regulations. Certainly the courts do not enforce them, but the officers of the law.

Mr. RALSTON: That is what I am getting at.

[Mr. Ralston.]

Mr. BENNETT: And these men are the officers of the courts. We do not create the courts.

Mr. RALSTON: I am perfectly satisfied to have the court carry out the execution. But we want to see that trials do not take place before court officers or other authorities other than those properly constituted for the purpose.

Mr. BENNETT: No such intention was in the mind of anyone connected with the measure.

Mr. STEWART (Edmonton): I do not see any necessity for having in this bill any provision that a person suffering monetary loss by reason of a change in the regulations, with which he may not be kept informed, shall have recourse against the government. He has no recourse anyway, unless the government is willing to grant it. These regulations are bound to be changed. Undoubtedly this is a new venture in many respects, and regulations that would seem to be workable under ordinary conditions will be found to be not adapted to the circumstances that may arise. The regulations may be changed at any session of the governor in council. A man in perfect good faith enters into some business arrangement under a regulation, and he wakes up some morning to find that the regulation is changed; and the statute provides that he has no recourse, except by the ordinary method of bringing the matter to the attention of the government and obtaining redress through government channels or through reference to the exchequer court or some other body. I do not see any necessity for including in the statute an obnoxious reference of this kind.

Section agreed to.

On section 6—Fines and penalties.

Mr. YOUNG: I believe the penalties mentioned are intended for those who deliberately set out to disturb the peace. As this section reads, however, these penalties might apply to anyone who did not carry out the regulations in regard to the administration of relief. Let me illustrate. Last year we passed a relief measure and voted so much money to be spent by the municipalities in cooperation with the provinces. Regulations were drawn up by the provinces. In a certain municipality the council looked over the regulations and said, "We cannot carry these out. If we do there might arise a situation in which we should be personally responsible for the expenditure." And they refused to

act until they had positive assurance that this would not be the case. With a section like this in force, an arrogant official could throw a man into gaol. I do not think that is the intention of the government.

Mr. WOODSWORTH: We have no idea what orders and regulations are contemplated.

The CHAIRMAN: I would remind the hon. gentleman that we are on section 6, fines and penalties.

Mr. WOODSWORTH: That is what I am discussing. It seems to me that these penalties are extremely severe, and we have not been given much idea what the orders and regulations are. If this has reference merely to the orders and regulations with regard to the relief measures, these are very severe penalties.

Mr. BENNETT: From the fact that a penalty seems severe, it does not necessarily follow that it will be the penalty exacted. The penalty is not to exceed a fine of $1,000 or imprisonment for a term of more than three years. I have in mind—well, I must not mention cases that have been considered in this house; I will forget the one I had in mind. I pointed out, however, that the federal power, in dealing with some of these bodies, must entrust the exercise of authority to those whom we name, and if they play us false we want to be able to deal with them summarily. Suppose there were embezzlement or fraud. There was brought to my attention the case of one charged with responsibility who had derived great benefit while those who should have received assistance were defrauded and deceived. I think there should be a power to deal with such persons promptly, effectively and severely.

Mr. NEILL: I must protest against this clause. It provides that one justice of the peace, a man very often practically ignorant of law, may sentence a man to a fine of $1,000 and to imprisonment for three years. Let us suppose that there are two or three hundred men in a logging camp. A few simple rules are provided for the convenience of the men. One is that they must go to bed at a certain hour, there must be no talking after a certain time, they must not smoke in the bush during warm weather, and so on. In some camps the men are fined a small sum when they break the rules, or warning is given and then they are discharged if another infraction oocurs. The minister has hinted that it may be necessary to put men into a camp. Those men will be in charge of one man. The camp will probably be located in some remote place and there will have to be a justice of the peace on the premises so to speak. That man will be nominated by the head of the camp and will be under his influence. A man may break one of the simple rules of the camp, or other rules may be made, say in connection with seditious talk. A man may say, "This is a poor dump," or "I do not think much of the blank, blank government." This justice of the peace incited by his superior officer may take advantage of this section and give the man a very heavy sentence.

Mr. CAHAN: That could not be done under this section.

Mr. NEILL: I am talking about section 6.

Mr. CAHAN: What the hon. member is saying has no real reference to section 6. This section reads:

> The governor in council may prescribe penalties,—

A limitation is being placed upon the penalties which the governor in council may prescribe.

Mr. NEILL: I will read the section. It reads:

> The governor in council may prescribe penalties that may be imposed for violation of the orders and regulations made under the authority of this act, but no such penalty shall exceed a fine of one thousand dollars or imprisonment for a term of more than three years or both fine and imprisonment, and they also prescribe whether such penalty shall be imposed upon summary conviction or upon indictment.

I think that covers the case. If it was to be by indictment only it would not matter so much. The minister says that it does not necessarily mean that a man will be fined a thousand dollars, but I know of justices of the peace who would look at that section and say, "By jove, I will have to fine this man one thousand dollars."

Mr. BENNETT: The discretion is not there. The governor in council will assume the responsibility of fixing what the penalty shall be.

Mr. NEILL: Is a new criminal code to be created?

Mr. BENNETT: It is to prevent that very thing; this is to be something which will last only during the lifetime of the bill. This is to cover offences which may be incidental to the administration of great sums of money.

Mr. NEILL: The minister told the hon. member for Shelburne-Yarmouth (Mr. Ralston) that the courts would be invoked.

Mr. BENNETT: Surely, but this is not a criminal code.

Mr. CAHAN: The hon. member goes astray in thinking that the penalties are fixed by this section. This is simply a limitation upon the powers of the governor in council to fix the penalty, and unless the governor in council goes crazy it is not going to fix a penalty of one thousand dollars or three years in prison for a man going to bed at half-past ten o'clock when he should have gone at ten o'clock.

Mr. NEILL: Power is given to do anything.

Mr. CAHAN: After the penalties are fixed for particular offences then they may be enforced. In the distribution of large sums of money through various employees more extensive opportunity will be created for fraud than exists under ordinary circumstances. The governor in council should be allowed considerable discretion in fixing the penalties to be imposed for such frauds.

Mr. NEILL: A man who embezzles public money can be proceeded against under the criminal code.

Mr. BENNETT: This does not take that away, this is to provide merely for the special circumstances mentioned in the bill. The attorneys general, the criminal code and the machinery of the criminal law will be still there. I thought I made it clear some time ago that the fixing of these offences to be dealt with by regulation and the power of fixing the penalty were asked for in order to ensure some degree of, shall I say happiness among those who have to do with these matters rather than the opposite. Instead of making the burden greater we have endeavoured to make the administration simpler.

Mr. BOURASSA: No prosecution could be taken other than through the ordinary provincial authorities.

Mr. BENNETT: No.

Mr. RALSTON: By way of summary conviction.

Mr. BENNETT: That is the case in our courts.

Mr. WOODSWORTH: It seems to me that a regulation of this kind could be used to intimidate the men. If this were merely to provide for the punishment of fraud by officials, I would not have any objection, but this would apply to men who are seeking relief or who are engaged on government works. Although the penalty in many cases may not be as severe as the maximum, that penalty could be used for purposes of intimidation. It seems to me that we are setting up a temporary criminal code. We are changing to the status of crimes what might be regarded as ordinary misdemeanors or infractions of certain regulations. I do not think an infraction of a regulation or an ordinary misdemeanor should be put in the same category as a crime, even although that crime will exist only until March 1, 1932. It is a serious thing thus to adopt a new criminal code, even if it is only a temporary adoption.

Mr. STEWART (West Edmonton): This is one section of the bill which I think I can support. Evidently the government is willing to trust parliament to instruct them as to how far they can go with penalties. The other sections are unlimited but in this case the government is being restrained to one thousand dollars or three years in prison.

Mr. NEILL: This act expires in March 1932: Supposing a man is sentenced under it to three year's imprisonment, would that imprisonment cease on March 1, 1932?

Mr. BENNETT: Surely it is unnecessary to answer that.

Section agreed to.

On section 7—Duration of act.

Mr. MACKENZIE KING: My hon. friend promised that he would delete the word "thirty" in this section, to make it read:

This act shall expire on the first day of March, 1932.

Mr. BENNETT: I am quite satisfied to do that.

Sir GEORGE PERLEY: I will move that the word "thirty" be deleted.

Amendment agreed to.

Section as amended agreed to.

Mr. MACKENZIE KING: I have an amendment to offer in the form of a section to be added. I have endeavoured to draft my amendment in such a way as to anticipate any difficulty which may arise in connection with its acceptance. In the measure for relief which was passed at the special session there was a clause which required that a report containing a full and correct statement of the moneys expended under the act should be laid before parliament within fifteen days after the opening of the next session. The bill as now amended will expire on the first day of March. It has been promised that the session of

parliament will open not later than the fifteenth of February or thereabouts. It may take a little time after the act has expired before a report can be made. Instead therefore of fixing the time within which a report should be made relative to the opening of the session, I am proposing to fix it relative to the date of the expiration of the act. I desire to move that the bill be amended by adding the following section as section 8 thereof:

A report shall be laid before parliament within fifteen days after the expiration of the act—

Not after the opening of parliament.

—containing a full and correct statement of the moneys expended under this act and the purposes to which they have been applied, together with copies of all orders and regulations of the governor in council made under the provisions thereof.

I think that is a reasonable request. Of course when the house assembles a return could be moved for all these particulars and documents, but I believe the insertion of this clause in the act will help to effect a certain control over these matters.

Mr. BENNETT: The right hon. gentleman has given the answer, that is that a motion for a return would always be in order. But in view of what he has said, I shall be glad to accept the amendment if he will make it section 7 and call the present section 7, section 8.

Mr. TURNBULL: What would happen if parliament were not in session?

Mr. BENNETT: It will have to be. The right hon. gentleman is taking it for granted that parliament will be in session.

Mr. TURNBULL: It should read "within fifteen days after the opening of parliament".

Mr. LAPOINTE: May I ask whether those orders and regulations cannot be published in the Canada Gazette?

Mr. BENNETT: I was hoping the hon. gentleman would not raise that point, because it is obvious, if we have to do some of the matters of detail which I hope we shall not have to do and the provinces will do, this will cause a great deal of unnecessary work, and as this return asks to have them all brought down, I thought that might cover it. I had anticipated the question would be asked. I do not think any purpose will be served, but if it is desired we can provide for publication. There will be a number of very small matters that it seems to me will have to be dealt with if we are not able to escape what I conceive to be the constitutional obligations of others and have to accept them ourselves.

Amendment agreed to.

Section as amended agreed to.

On the preamble.

Mr. BOURASSA: I move in amendment to the preamble:

That in the sixth and seventh lines the words "in the national interest" be struck out and be replaced by the following:
"necessary for the maintenance of peace, order and good government of Canada"—

This would make it read:

And whereas it is necessary for the maintenance of peace, order and good government of Canada that parliament should support—

And so on. Then strike out in the twelfth, thirteenth and fourteenth lines the words:

And the maintenance of peace, order and good government in Canada.

In other words, as I explained this morning, this places the whole thing on the basis of legislation for the maintenance of peace, order and good government of Canada.

Mr. BENNETT: This morning when the hon. member for Labelle made the observations he did, I followed without difficulty his line of argument. But to enable us to exercise these powers of relief there must be somewhere a declaration of the national character of the calamity or of the difficulties that have to be overcome, and in order to make it easier than it would otherwise be, we have adopted the language of the British North America Act "peace, order and good government." In that we have predicated our constitutional right within limitations, as the hon. member for Shelburne-Yarmouth mentioned last evening, to undertake this work. I think it must be common ground to every member, whether he be a lawyer or a layman, that this is not any part of the work of the Dominion parliament. That is the real basis of this difficulty and in order to found jurisdiction there must be somewhere a declaration. A declaration about war is, of course, a national matter. If you mention the word "calamity", it might be that it was referable to one section of the country—I am talking about relief now—but when we use the words of the constitution, "peace, order and good government", as the former Minister of Justice pointed out, the case of Russell and the Queen would form some little foundation for the exercise of that power.

although recent decisions have cast some doubt upon that case. I think if the hon. member for Labelle will look at the preamble again he will find that the sequence in which he puts it makes it difficult to say it is such a declaration as founds a constitutional power with respect to relief. During recess I looked at it, and I do not think the use of the words in the sequence in which he desires to employ them would enable us constitutionally, without question, to do this work. I asked the Secretary of State to look at it, and perhaps he will speak on the matter.

Mr. CAHAN: It is obvious the amendment of the hon. member for Labelle would strike out from this bill all authority which is now vested in the governor in council to take measures for the maintenance of peace, order and good government in Canada. He has suggested striking out the words "in the national interest" and inserting in lieu thereof the words:

Necessary for the maintenance of peace, order and good government of Canada.

But when he strikes out at the end of the paragraph the words—

Maintenance of peace, order and good government in Canada.

—by striking out those words from the position they occupy in the preamble, he takes away the authority which is now vested in the governor in council to make rules and orders for maintenance of peace, order and good government in Canada. I think he is taking away from the bill far more than he is adding to it. He is adding no new constitutional provision, but he is depriving the governor in council of all authority to make orders for the maintenance of peace, order and good government in Canada in connection with the carrying out of these relief measures.

Mr. BOURASSA: Surely the Secretary of State does not mean to say that outside of the new powers asked by the government in its legislation of seven months, the government has no authority to execute the existing laws for the maintenance of peace, order and good government. I want to meet the very object of the government, and the object under this language is to afford relief to sufferers and maintain peace, order and good government. I would leave to them unhampered all the powers that they enjoy at the present time either under the criminal code, the Militia Act or any other act. With great respect for the legal knowledge of the Secretary of State, I think he is giving an interpretation to my amendment which the words do not carry. I think I am meeting the views of the government as expressed by the Minister of Justice.

Mr. BENNETT: I am afraid that the hon. member for Labelle has not quite appreciated the full force of his proposed amendment, because the declaration that it is in the national interest I think every lawyer within sound of my voice will regard as absolutely essential if we are going to give any relief at all.

Mr. BOURASSA: I have no objection to leaving that in. Suppose you put it "in the national interest and necessary."

Mr. BENNETT: The preamble, as the hon. gentleman knows, in the interpretation of a statute does not bear a decisive part, but I think the legal members of the house who sit opposite will agree that a declaration that it is in the national interest must be followed by something more if you are undertaking a constitutional obligation that rests upon the provinces. That is why that language is used. I do say that having regard to the doubts passed upon the decision to which reference has been made, it is not as powerful language as might be employed, but it at least serves the purpose. I would ask my hon. friend not to press the amendment under the circumstances because it deals only with the preamble and the preamble is only for the purpose of laying the foundation upon which to exercise a constitutional power which, under the British North America Act, as the hon. member for Labelle properly said this morning, rests with the provinces and not with the Dominion.

Amendment negatived.

Preamble agreed to.

On the title:

Mr. MOTHERWELL: After this bill becomes law I understand that the first act towards putting it into operation will be the writing of a letter by the Minister of Labour to each member of the House of Commons asking us our views as to how best this money can be spent in our respective constituencies—

Mr. BENNETT: Not quite that.

Mr. MOTHERWELL: In the direction of unemployment relief. After that is done, what next? My understanding is that the administration will be part provincial and

part federal, or a combination possibly of both. I just want to know what all this is about because when I go home I am sure that I shall be asked about it.

Mr. BENNETT: What I said this afternoon was that the Minister of Labour, the appropriate minister, would communicate with every member of the house as to what federal undertakings, as distinguished from others, they might be interested in their particular constituencies, but necessarily the province itself must be the body in the first instance with whom we communicate. Some of the provinces suggest that they do not require so much. I just wanted to make that clear.

Mr. MOTHERWELL: That is clear, thank you.

Title agreed to.

Bill reported.

Mr. BENNETT moved the third reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition) moved:

That the said bill be not now read a third time but that it be referred back to the committee of the whole with instruction that they have power to amend it by adding in section 2 thereof the words, "not exceeding such amounts as may be appropriated by parliament."

I would support the proposed amendment by everything that has been said on this side of the house. While we are but a mere handful now, I offer this amendment as a protest up to the last sitting of this session against the enactment being made in the form in which the bill still stands.

Mr. BENNETT: I oppose the amendment by everything that has been said or may be said on this side of the house, and I oppose it with the last breath that I have in this last sitting of the session.

The house divided on the amendment (Mr. Mackenzie King) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Bourassa,
Brown,
Cardin,
Chevrier,
King, Mackenzie,
MacInnis,
McIntosh,
Motherwell,
Neill,
Ralston,
Sanderson,
Stewart (Edmonton West),
Weir (Macdonald),
Woodsworth,
Young.—16.

NAYS

Messrs:

Anderson (Toronto-High Park),
Arthurs,
Beaubier,
Bennett,
Bury,
Campbell,
Cantley,
Chaplin,
Coote,
Cowan (Long Lake),
Dickie,
Esling,
Gardiner,
Gobeil,
Gordon,
Hay,
Irvine,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
LaVergne,
Loucks,
Lucas,
Luchkovich,
MacNicol,
McGillis,
McGregor,
McLure,
Maloney,
Murphy,
Myers,
Plunkett,
Rhodes,
Ryckman,
Senn,
Shaver,
Spankie,
Speakman,
Spence,
Spencer,
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stitt (Selkirk),
Sutherland,
Swanston,
Tétrault,
Thompson (Lanark),
Weir (Melfort),
Willis,
Wright.—51.

PAIRS

(The list of pairs is furnished by the chief whips).

Messrs:

Anderson (Halton),
Arsenault,
Baker,
Barber,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John Albert),
Black (Halifax),
Bowen,
Bowman,
Boyes,
Burns,
Cahan,
Casselman,
Charters,
Cormier,
Cotnam,
Cowan (Port Arthur),
Dorion,
Duguay,
Dupré,
Duranleau,
Edwards,
Embury,
Ernst,
Fortin,
Fraser (Cariboo),
Gagnon,
Garland (Carleton),
Geary,
Gott,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Harris,
Johnstone,
Jones,
Laflèche,
Factor,
Thauvette,
Bertrand,
Totzke,
Mercier (St. Henri),
Raymond,
Dubois,
Dubuc,
McKenzie (Assiniboia),
Hanson (Skeena),
Deslauriers,
Butcher,
Rinfret,
Blair,
Howard,
Dumaine,
Hurtubise,
Ilsley,
Verville,
Denis,
Ferland,
Boucher,
Elliott,
Bothwell,
Spencer,
Fafard,
MacMillan (Huron),
Boulanger,
Goulet,
Mercier (Laurier),
Rutherford,
Lapointe,
Perras,
Veniot,
Jacobs,
Donnelly,
MacLean (Prince),
Girouard,

Laurin,	Fontaine,
Lawson,	Gray,
Lennox,	Pouliot,
McDade,	Dupuis,
McGibbon,	Power,
Manion,	Euler,
Matthews,	Moore (Ontario),
Morand,	Parent,
Mullins,	Howden,
Nicholson,	Bradette,
Peck,	Beaubien,
Perley (Qu'Appelle),	Munn,
Perley, Sir George,	Marcil,
Pettit,	Bouchard,
Porteous,	Macphail (Miss),
Robinson,	Desrochers,
Ross,	Roberge,
Rowe,	Lacroix,
Ryerson,	Taylor,
Sauvé,	Séguin,
Short,	Heenan,
Simpson (Simcoe),	Fraser (Northumberland,
Simpson (Algoma),	Casgrain,
Smith (Cumberland),	Duff,
Smoke,	Cayley,
Spotton,	Hepburn,
Stevens,	Malcolm,
Stinson,	Hall,
Stirling,	Hanbury,
Sullivan,	Brassette,
Thompson (Simcoe),	Robitaille,
Tummon,	St.-Père,
Turnbull,	McPhee,
Weese,	Buckley,
White (London),	Gershaw,
White (Mount Royal),	Fournier,
Wilson,	Vallance.

Mr. McDADE: I was paired with the hon. member for Laprarie-Napierville (Mr. Dupuis). Had I voted, I would have voted against the amendment.

Mr. LAWSON: I was paired with the hon. member for West Lambton (Mr. Gray). Had I voted, I would have voted against the amendment.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted against the amendment.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted, I would have voted against the amendment.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted, I would have voted against the amendment.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Being late, I am precluded from announcing my intention.

Mr. BARBER: I was paired with the hon. member for Humboldt (Mr. Totzke). Had I voted, I would have voted against the amendment.

Mr. SMITH (Cumberland): I was paired with the hon. member for Antigonish-Guysborough (Mr. Duff). Had I voted, I would have voted against the amendment.

Mr. SIMPSON (North Simcoe): I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted, I would have voted against the amendment.

Mr. BURNS: I was paired with the hon member for Last Mountain (Mr. Butcher). Had I voted, I would have voted against the amendment.

Mr. BROWN: I was paired with the hon. member for Assiniboia (Mr. McKenzie). Had I voted, I would have voted against the amendment.

Mr. BOWMAN: I was paired wth the hon. member for Skeena (Mr. Hanson). Had I voted, I would have voted against the amendment.

Mr. DUPRE: I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted, I would have voted against the amendment.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted, I would have voted against the amendment.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted, I would have voted for the amendment.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted, I would have voted for the amendment.

Mr. TAYLOR: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted, I would have voted for the amendment.

Mr. LAPOINTE: I was paired with the hon. Minister of Justice (Mr. Guthrie). Had I voted, I would have voted for the amendment.

Mr. BOYES: I was paired with the hon. member for St. Mary (Mr. Deslauriers). Had I voted, I would have voted against the amendment.

Mr. NICHOLSON: I was paired with the hon. member for North Timiskaming (Mr. Bradette). Had I voted, I would have voted against the amendment.

Mr. STITT (Nelson): I was paired with the hon. member for New Westminster (Mr. Reid). Had I voted, I would have voted against the amendment.

Motion (Mr. Bennett) agreed to on the same division reversed, and bill read the third time and passed.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGRATION OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, 31st July, 1931.

Sir,—

I have the honour to inform you that the Right Honourable L. P. Duff, Deputy Governor General, will proceed to the Senate chamber August 1st at 11 o'clock p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,
Your obedient servant,
James F. Crowdy,
Assistant Secretary to the Governor General.

The Honourable,
The Speaker of the House of Commons,
Ottawa.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

BEAUHARNOIS POWER PROJECT

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY, LIMITED—RIGHT TO DIVERT WATER—WORKS FOR GENERAL ADVANTAGE OF CANADA

The house in committee on Bill No. 143, respecting the Beauharnois Light, Heat and Power Company, Limited, and Bill No. 144, to declare certain works of the Beauharnois Light, Heat and Power Company, Limited, to be for the general advantage of Canada—Mr. Bennett—Mr. LaVergne in the chair.

Mr. BENNETT: Mr. Chairman, as I said this morning when moving the second reading of these bills, the right of hon. members to discuss every detail of the measures was reserved. At this stage I cannot usefully add anything to what I have already said as to the principle of the two measures in question. One bill adopts the usual language in such cases in declaring that certain works and undertakings are for the general advantage of Canada, as far as what may be described as the canal part is concerned. The other bill deals with the internal management and control of the enterprise, and in order that no question may arise as to the grant of water which it has obtained by lease from the province of Quebec being recognized by this parliament in view of what has transpired, provision is made for that matter in the measure.

My hon. friend and colleague the Secretary of State (Mr. Cahan) has given much time and attention to matters of this kind, and I have asked him to deal with certain phases of the measure. When my hon. friend the former Minister of Justice (Mr. Lapointe) has expressed his views we shall be glad to endeavour to answer any questions which may be asked in order that not only the principle of the measure may be considered but that any questions which may arise out of their consideration may be answered and dealt with as we proceed.

Mr. LAPOINTE: Mr. Chairman, there are two bills to consider, and I think my right hon. friend has taken the right course in discussing them together, because the questions that may be raised in connection with each bill are identical and it will avoid repetition to have those questions discussed immediately.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. LAPOINTE: That was understood.

Mr. BENNETT: That was understood during the discussion this afternoon.

Mr. LAPOINTE: One of the bills declares that the canal to be constructed, or being constructed by Beauharnois is a work for the general advantage of Canada. Contained in the same bill is a very important provision reserving the rights of Quebec, if any. Of course I would take rather strong exception to those two words, "if any."

Mr. CAHAN: I intend to move an amendment to that section.

Mr. LAPOINTE: That will facilitate matters considerably.

Mr. CAHAN: If my hon. friend desires I will give him the form of the amendment now. It has to do with Bill No. 144. In drafting bills sometimes one puts a position much more emphatically than is necessary, and I have discussed Bill No. 144 with Mr. Geoffrion, K.C., who has gone over it with me clause by clause. Finally Mr. Geoffrion wrote me this note:

Dear Mr. Cahan:

I am prepared to advise the Quebec government that this bill is acceptable.

I would prefer "any right" to "rights if any." This is less of a challenge.

As we have no desire whatever to challenge the rights of the province of Quebec, such as they are or as they may hereafter be deter-

mined to be, I have prepared an amendment which will strike out the words "rights if any" and insert in lieu thereof the words "any right." That section of the bill will then read:

Nothing in this act contained shall be deemed to affect any right that may be vested in the province of Quebec over or in respect of the use of the waters of the river St. Lawrence for the development of hydro-electric power.

In due course I intend to move that amendment. In order that we may understand the exact position I may tell my hon. friend that in the same spirit I propose to suggest two other amendments to Bill No. 143. Section 2 of that bill now reads:

The Beauharnois Light, Heat and Power Company, Limited, its successors or assigns, is hereby granted the right to divert . . . .

Then it goes on to say how many cubic feet of water may be diverted. By some of those who have discussed the bill with me, including Mr. Geoffrion, that was taken as an assumption on the part of parliament that it alone could grant the right to divert water from lake St. Francis, and therefore I propose to amend that section by inserting the words:

. . . . in so far as it may be within the competence of parliament. . . .

That will come after the word "assigns," so that the section will read:

The Beauharnois Light, Heat and Power Company, Limited, its successors or assigns, in so far as it may be within the competence of parliament, is hereby granted . . . .

Mr. LAPOINTE: This also is a great improvement.

Mr. CAHAN: Then it was suggested to me that section 3 of the same bill should be changed. That section now reads:

No further or additional diversion of water of the river St. Lawrence shall be made by said company except with the express approval of parliament.

As members of the federal parliament, and as members of the federal government we have certain opinions as to what may be the rights of parliament in the premises, but by that section we do not wish to declare that the grant made by the legislature of the province of Quebec has no validity. That is a question to be determined by the courts and not by a committee of the house or by members of this house. Therefore I propose to insert, in lieu of the present section 3, the following:

3. The governor in council shall not consent to any further or additional diversion by said company of water of the river St. Lawrence except with the express approval of parliament.

When these clauses are reached I shall move these amendments on behalf of the government.

[Mr. Cahan.]

Mr. LAPOINTE: I am pleased indeed at the changes suggested by my hon. friend; they will meet, to a large extent, some of the objections I had to the phraseology of both bills. It is well, if we are to discuss this matter with some intelligence, to define or try to define the respective rights of the Dominion and of the provinces. Some members on this side have asked me to do so and I shall try to be brief. At confederation the provinces that then existed had all these rights and they agreed to surrender some of them to a central, Dominion parliament, creating a new government in Canada. They surrendered some of their powers, both legislative and by way of assets, revenues and property, reserving to themselves other powers and properties. So far as the legislative power is concerned, the powers of the Dominion and of the provinces are contained in sections 91 and 92 of the British North America Act. In that sphere of legislative jurisdiction the Dominion was granted exclusive power of legislation on various subjects; and on all subjects, except those specially reserved to the provinces, the residue of power, so far as legislative jurisdiction is concerned, goes to the Dominion. Not so with regard to assets, revenues and properties. That part of the act is contained in the sections from 102 to 126. There, what was to be transferred to the Dominion parliament is specified. As regards public property, it is stated in section 108 that:

The public works and property of each province, enumerated in the third schedule to this act, shall be the property of Canada.

The third schedule to the act enumerates the property then belonging to the provinces, which was transferred to the Dominion authorities. For instance, there are the canals then existing, with lands and water connected therewith; and it has been decided that this means the water powers then existing connected with the canal. River and lake improvements were transferred to the Dominion, but not the rivers and the lakes. Improvements have been made on the rivers and lakes, and as the Prime Minister has said—I do not know whether it was yesterday or to-day—in the case of the harbour commission of Montreal a few years ago, it was absolutely decided and settled that "harbour improvements" there means the harbour as it existed then, and that neither the harbour authorities of Montreal nor the government of Canada could, without compensation and without proper legislation, take more of the bed of the St. Lawrence river for the purpose of harbour improvements because the bed of the river belonged to the province. There is therefore

a difference as between the legislative jurisdiction and the proprietary rights, and an essential difference.

So far as legislative jurisdiction is concerned, what is not mentioned goes to the Dominion. The Dominion has the residue; it has jurisdiction with respect to the subjects not specifically mentioned in either section 91 or section 92. Not so when it concerns property. When it concerns property rights, the properties transferred to the Dominion are specially mentioned and described in the British North America Act, and the provinces retain their rights to property in everything else. So that if you cannot show that certain property has been transferred to the Dominion by the British North America Act, that property is vested in the provinces. For instance, the water powers connected with the canals were transferred to the Dominion and are specially enumerated; but the other water powers are not. The other water powers remain vested in the provinces.

Reference has been made to a decision of the supreme court of a year or two ago. What the Dominion claimed mainly in that reference was that where the works producing the power owe their existence to the exercise of legislative jurisdiction vested in the Dominion, the Dominion has the right, claimed there before the supreme court, to dispose of the power so created by the works made in virtue of the legislative jurisdiction of the Dominion. But the Dominion has never claimed, either in that reference or elsewhere, that when a province desires the development of water powers not the property of the Dominion, and such development does not conflict with Dominion legislation or policy, the approval of the works which the province desires to undertake can be refused under the Navigable Waters Protection Act.

It might be well to show what was really decided by the court, because, if there was no formal answer to many of the questions that were referred to the court, principles were laid down which certainly serve as a guide to what should be the policy of the government of the Dominion and of the provincial governments. May I refer to the notes of Mr. Justice Duff, who delivered the judgment of the court. I shall do so briefly, but I think it is important in order that members of the committee may know exactly what the situation is. At page 212 of the Canada Supreme Court Reports of 1929, Mr. Justice Duff says:

> The legislative authority in respect to "Fisheries," conferred upon the Dominion parliament by section 91, does not, it was held,—

He was referring to the fishery cases decided by the privy council. The judgment continues:

> —involve the power to deal with the property of a province as if the administration of that property had been entrusted by the British North America Act, to the control of the Dominion parliament; for, as Lord Herschell, who delivered the judgment of the board, said, such a ruling would enable the Dominion to "transfer to itself property which had by the British North America Act been left to the provinces, and not vested in it."
>
> The effect of the decisions seems to be, that neither the Dominion nor a province can take possession of a source of revenue which has been assigned to the other, and as a source of revenue, appropriate it to itself, nor, as owner, transfer it to another.

And on page 218:

> But although the Dominion may, by legislation enacted in exercise of its exclusive powers relating to railways and canals, authorize the construction through the property of a province of a railway or canal, to which its jurisdiction extends, this does not involve the right to appropriate the whole beneficial interest of the site of the work (including the minerals, for example), for the purpose of making it available as an asset or source of revenue for the benefit of the Dominion or of the Dominion's grantees, where that site is vested in His Majesty and is, by the British North America Act, subject to the administration and control of the provincial legislature.
>
> Apart from the fact that such legislation would not be legislation exclusively competent to the Dominion, it would transcend the ambit of Dominion authority touching railways or canals, which was not intended to enable the Dominion to take possession of sources of revenue assigned to the provinces, and by assuming the administration of them, to appropriate to itself a field of jurisdiction belonging exclusively to the provinces. Similar considerations apply to the exploitation and disposition of water-powers appropriated by the Dominion in exercise of its legislative authority in relation to canals. Assuming such an appropriation by the Dominion to be competent without payment of compensation, the Dominion could not constitutionally assume the administration or control of water-powers so acquired for purposes not connected with the canal.
>
> We must, as best we can, reconcile the control by the provinces of their own assets as assets, with the exercise by the Dominion of its exclusive powers for the purposes which those powers were intended to subserve. This can only be accomplished by recognizing that the proprietary rights of the provinces may be prejudicially affected, even to the point of rendering them economically valueless, through the exercise by the Dominion of its exclusive and plenary powers of legislation under the enumerated heads of section 91. On the other hand, in giving effect to the provisions of the British North America Act, we must rigorously adhere to the radical distinction between these two classes of enactment; legislation in execution of the Dominion's legislative powers under section 91, which may, in greater or less degree, according to the circumstances and the nature

of the power, affect the proprietary rights of the provinces, and even exclude them from any effective control of their property; and, in contradistinction, legislation conceived with the purpose of intervening in the control and disposition of provincial assets, in a manner, which, under the enactments of that act touching the distribution of assets, revenues and liabilities, is exclusively competent to the provinces.

I should have liked to quote Lord Haldane on the fisheries case, but his ruling is to the same effect as that of Mr. Justice Duff's in the water powers reference, which I have just read.

I submit that the effect of this decision is that the water powers which do not belong to the Dominion, which did not come to it by the British North America Act, are assets of the provinces, and that the legislative control of the Dominion is limited to the requirements of navigation. The Dominion may possibly say that the whole flow of water is necessary for navigation; it does not seem that a situation would arise where the whole flow would be necessary, but the Dominion could claim that it was. However, the Dominion would be limited to the requirements of navigation, and in the use of the water for its purposes the Dominion could not take more than was necessary to achieve that purpose. It would not be just nor fair for the Dominion to take advantage of or to use the assets of the province for the purpose of paying for works which are necessary for Dominion requirements. Navigation on the St. Lawrence connot be paid for by the province of Quebec any more than by any other province, and the assets of the province of Quebec cannot be taken for the purposes of federal works any more than can the assets of Ontario or any other province. Water power is created by changing the contour of the land, whether it be the bed of the river, the beaches or the land adjacent to the river. Provincial property must be used to effect the change necessary to create the power, and I submit that this change can be made only with the consent of the owners of the bed of the river and of the land adjacent to the river. I do not believe the power to divert, diminish or change the flow belongs to the Dominion, the Dominion having only the right to see that navigation is not endangered by any such work. I admit that in order to promote or improve navigation provincial property may be used, but it must be used in such a way as not to affect provincial rights any more than is absolutely necessary for the purposes of the Dominion.

The St. Lawrence river is no different as far as property rights are concerned from any other navigable river. There seems to be an idea in the minds of many people that the St. Lawrence river must not be considered in the same light as other navigable rivers when matters of property right are concerned. The bed of the St. Lawrence river in the province of Quebec belongs to that province and the banks are the property either of the province or of the grantees of the province, as are the lands adjacent to the river. If Cedars rapids belong to the Dominion, so does Niagara, and if the water powers and the commercial assets which they represent belong to the Dominion, the hydro electric commission of Ontario should belong to the Dominion and not be the property of the citizens of Ontario. As to that I think everybody will agree with me. When this grant was made by the province of Quebec, as the province had the right to make it, an application came to the government of Canada for approval of the works under the Navigable Waters Protection Act. What had the government to do? The Minister of Public Works had to do two things: he had to ascertain as to the legal side, and also as to the engineering side of the undertaking. That is what was done.

Let me deal first with the legal side of it and the opinion that was given by the Deputy Minister of Justice.

Mr. GORDON: Have I the hon. member's permission to ask a question?

Mr. LAPOINTE: Yes.

Mr. GORDON: I ask it now because the hon. member is dealing with the law in connection with navigable waters, because of his profound knowledge of the law in this regard, and purely as a matter of information. Would the hon. member tell the committee what his interpretation is of "navigable water" under section 4 and "navigable waters" under section 7 of the Navigable Waters Protection Act?

Mr. LAPOINTE: Before answering my hon. friend I would have to look at the statute. I am speaking of navigable waters generally. I wonder whether my hon. friend challenges the assertion that the St. Lawrence is different from other navigable waters, or what is the purpose of his question? If he requires an answer I should be pleased to give it to him after looking up the matter.

Mr. GORDON: If the definition of navigable waters as used in the statute could be determined, from a legal standpoint, then the

legal argument would become a progression, and we would probably be armed with my hon. friend's knowledge, which I know is profound.

Mr. LAPOINTE: I am sorry I cannot answer the question as put by my hon. friend. The Deputy Minister of Justice said in his opinion, in answer to the Deputy Minister of Public Works:

> In my opinion there is no power in the governor in council, under the provisions of the Navigable Waters Protection Act, to authorize the diversion from lake St. Francis of 40,000 cubic feet of water per second or of any quantity of water for the purposes of the company's proposed development, except in so far as the diversion of such water is necessarily incidental to, or is the real object intended to be subserved by, the construction of works which are subject to the provisions of that act. The plans of the company's proposed development embrace the construction of certain regulating and compensating and other works in the St. Lawrence river and I think it would be within the power of the governor in council, under section 7 of the said act, to grant approval of the plans and proposed sites of these works.

Let me say a word about this question of diversion, because the question has been raised in the report of the committee. The opinion of the Deputy Minister of Justice is not challenged by the committee. It is merely stated in the report that questions were raised as to that, and the chairman of the committee in his speech also said, without making any definite statement about the matter, that doubts had been expressed; in fact, my right hon. friend said that doubts had been expressed as to the right of the governor in council to permit that diversion of water from lake St. Francis. I believe—and I have never had any doubt about the matter, I may say in all humility—that the Dominion parliament really has nothing to do with the diversion of water under such circumstances. The Dominion, as I stated before, never claimed ownership of the St. Lawrence waters. It has claimed the right through proper legislation to appropriate them for federal purposes, but as long as such legislation does not exist, the province and only the province can allow a diversion of water. It owns the bed; it owns the banks; it owns the land through which the diversion must be made. The only power of the Dominion is to protect navigation, to see to it that all the requirements of navigation are met. The diversion itself was not a grant of the Dominion; it was a consequence of the works permitted in the river, subject to the condition that more than a specified maximum quantity of water cannot be diverted. My hon. friend shakes his head, but I believe I am right in that contention, and there are many others who have expressed their views in this matter since the question has come under discussion. It is true, no water can be diverted from a river without works in its bed or on its beaches, and any work that may interfere with navigation must receive the approval of the governor in council. Whether that diversion made as a result of those works should be in or from the river, is immaterial as far as the Dominion's control of navigation is concerned. The authority came from Quebec, but the order in council No. 422 provided for remedial and control works which were deemed to be important to safeguard navigation and imposed conditions for granting its approval of the works in the river, amongst those conditions being the manner in which the diversion should be carried out. Another condition was that the works should not involve a diversion of more than 40,000 cubic feet per second. But again I repeat that the diversion itself was granted by Quebec. That was the opinion of the Deputy Minister of Justice who was the natural and official legal adviser of the Department of Public Works in the matter. That opinion has been ratified and confirmed by all the counsel for the various financial institutions which have advanced money in connection with that undertaking—counsel for the banks, the trust companies and those representing the bondholders. I have here, and if it were necessary to give it I could do so, except that it would take up the time of the committee, the opinion of Mr. Tilley who, everybody will admit, is one of the most eminent counsel. I have also the opinion of Mr. St. Laurent, who has succeeded my right hon. friend as president of the Canadian Bar Association. Their opinions coincide entirely with that of the Deputy Minister of Justice in that respect. I am free to confess that because some people have seen fit to question publicly the legality of the order in council in that regard, and the committee, without pronouncing upon it, having stated that the question had been raised, it is a good thing on the part of the government to enact legislation which will make it sure that the rights exist.

Mr. BENNETT: There might be some difficulty such as the hon. gentleman has suggested were it not that section 12 of the act specifically provides, as the right hon. leader of the opposition mentioned the other evening, for parliament exercising the power that is being exercised.

Mr. LAPOINTE: For parliament, yes. I submit that perhaps this ratification ought to be broadened and enlarged. This legislation will cover the diversions authorized for the Beauharnois company, but if there are doubts —I do not think there are doubts myself; I think the power exercised was exercised properly—with regard to validity concerning the Beauharnois company what about all those other concerns which have built works and completed undertakings at other places in the St. Lawrence and elsewhere where the very same condition existed, where diversion of water has been made, authorized by the governor in council under the Navigable Waters Protection Act? It is stated in the evidence that there are twenty-five such works, and I was given a list of the value of the works of these various concerns, amounting to over $600,000,000. I do not think it was fair to raise those doubts because they might apply to some of these other companies as well as to Beauharnois. I say, Mr. Chairman, that it was done as it had always been done before. I know that the chairman of the committee stated during the taking of the evidence that it may have been wrong all the time. In the first place, I do not think it was wrong. In the second place, those precedents certainly had some authority in the matter.

Mr. GORDON: I am sorry to interrupt, but since what I said is in a manner challenged—

Mr. LAPOINTE: No.

Mr. GORDON: —would the hon. member quote from either the British North America Act or the Navigable Waters Protection Act one single suggestion that grants or delegates to the governor in council the right to divert water from any stream, no matter what has been done in the past?

Mr. LAPOINTE: I have been trying to tell my hon. friend that the diversion is only the consequence of the works which are authorized in the river. The diversion is the result of the works made in the river itself, which works are authorized by the governor in council.

Mr. GORDON: Works made on private property.

Mr. LAPOINTE: Not at all.

Mr. GORDON: The canal is on private property.

[Mr. Bennett.]

Mr. LAPOINTE: But not the works made in the river. No water can go through unless there are works made in the river, and it is the works that have been authorized. The diversion is merely the consequence, the result, as the Deputy Minister of Justice has said, as Mr. Tilley says, as Mr. St. Laurent says, and as I humbly say myself.

Mr. GORDON: Where is the authority for the diversion of the water?

Mr. LAPOINTE: The authority comes from Quebec, the owner of the bed of the river, the owner of the banks and the owner of the land from which only the diversion can be made. The only right of the Dominion is to control navigation.

Mr. GORDON: The owner of the bed of the new ditch is not in the right of the province of Quebec because the fee simple is in the Beauharnois Light, Heat and Power Company.

Mr. LAPOINTE: The grantee or the acquirer of the rights which were granted from the province of Quebec—

Mr. GORDON: In private ownership?

Mr. LAPOINTE: If my hon. friend will allow me, it will be much shorter if I am permitted to go ahead with my own argument. Take the order in council concerning Cedars Rapids, dated August 15, 1916. There also the approval was of works, not of diversion. The diversion is created as a result of the works. But the approval which is given is the approval of the works made in the river. The same thing happened at Niagara.

Mr. GORDON: Quite true, the same thing.

Mr. LAPOINTE: I am going to show that in a moment. My hon. friend had the opinion of the Justice department and he had the opinion of a board of engineers. I need not dwell upon that phase of the question. But this being done, there are many who believe that not only had the governor in council discretion to exercise approval of the works, but that it was his duty, if there was nothing in the way of obstacles to navigation, to approve of the works which were proposed as a result of the grant by the province of Quebec, which was the owner in that case. Let me quote the opinion of the late Mr. Eugene Lafleur, whose legal qualifications were so well known in Canada, when representing the province of Quebec before the supreme court in that reference. Although the question did not specifically present itself, Mr. Lafleur in the course

of his argument, which can be found at page 1025 of the report of the argument, said:

What I want to put before your Lordships is this: When a province or one of its grantees presents a plan to the Dominion authorities here for approval, and that plan makes adequate provision for navigation, they are bound to give their assent to that plan. What I mean to say is that they cannot refuse on the ground that they want to develop that water-power themselves. Before they can refuse it has got to be a plan which is defective in that it does not make adequate provision for navigation. The moment it does, I say it is the duty of the government to approve of it. You may say to me: How are you going to force the government to do its duty in that regard? I am not concerned with that because we assume, as we have a right to assume, that the government is asking this court for direction as to what it should do under like circumstances, and when your Lordships say there is no possible interference with navigation, then the Dominion has no reasonable excuse for not approving the plans submitted. If we provide adequately, then they are satisfied. We take for granted, as we must, that the Dominion is going to act constitutionally, when it is told what the constitution requires to be done. And the competency of the remedy, the difficulty of attaining the end, I am not concerned with, because we are not here in a case taken in the regular fashion before the courts and it is not a question of procedure, it is a question of right, and if that is once settled by your Lordships I think there will be no trouble at all, I am confident that the government will follow the direction given.

But I have another opinion which I believe is of as great value. Sir Henry Drayton was acting Prime Minister in 1926, and he had to explain a certain grant that was given at that time of the Carillon power. He gave a statement to the press on Tuesday, August 16, 1927, and I take it from the Ottawa Journal of that day.

An hon. MEMBER: 1927?

Mr. LAPOINTE: He gave that statement a year after the discussion took place in the house. Here is what Sir Henry Drayton said:

An understanding of the basic conditions that ought to apply to the whole question is first necessary.

I know there was no question of the Beauharnois at the time.

They can be shortly stated as follows:

1. The water-powers afforded by the rivers of our country must be considered as absolutely subject to provincial jurisdiction.

2. That the provinces have the right to develop such powers, by such means, in such manner, and in such districts as may be determined by the policies of their respective governments.

3. That on navigable streams, where the dominion authority is charged with the right and duty of maintaining navigation, that right ought only to be exercised in the interests of navigation, and never in order to (a) delay or defeat the policy of the province; (b) make dominion revenue out of provincial undertakings.

In other words, that the interests of the dominion in navigable streams, apart from navigation, is simply that of a bare trustee for the provinces, and as such the dominion is charged with a duty to authorize and to assist to make legal all provincial works that do not interfere with navigation. Whatever other legal technicalities may be advanced, there is no doubt but that the public interest and provincial rights alike demand the acceptance of such principles and irrespective of past practices. I admit these principles have not always been followed in the past.

That was a censure.

For example the plans of the great hydro works at Niagara were only made legal last summer, years after their construction.

Well, that was worse than Beauharnois.

In connection with that undertaking in the first instance certain works in ease—

I should like to call the attention of the committee to this, that changes were made in the plans.

—in ease of navigation were to be done by the hydro commission. These works were found to be unnecessary, and further plans submitted were found by the dominion department to be satisfactory, but the validating order was never issued owing to the fact that the railways department insisted on an annual rental of $17,580. The basis of this charge is set out in the department's letter of April 9, 1926, to the commission as follows:

This was calculated at 6 per cent on a valuation of $2,000 per acre, applied to approximately 144 acres of river bed lying between the mouth of the Welland river and the point where your supply channel leads it.

Sir Henry goes on:

It may go without saying that I saw to it that the proper order went immediately without the creating of a further precedent that the Dominion had the right to enact toll money from provincial enterprises when conditions enabled the holdup to be made.

So Sir Henry expressed clearly the opinion that it is a duty on the part of the federal government to approve plans which are submitted to it to develop water powers on navigable rivers when those water powers are the property or assets of a province, and in that very case of the hydro-electric commission the work was even done before the final plans were approved, but Sir Henry Drayton saw to it that they were approved during his term of office as acting Prime Minister in 1926.

Now, sir, at the time public opinion was manifesting itself, which is rather interesting. The government was taken to task by some for wanting to rush this thing through, and by others for delaying the work which was in the interests of the country. I have here

articles published in a very important organ of public opinion, the Ottawa Journal, which I cannot find time to read. But let me quote a couple of extracts. In an editorial on January 16, 1929, entitled: That Beauharnois Power Project, the Journal states in conclusion:

In the circumstances, and seeing that it has been made reasonably clear that the Beauharnois project cannot interfere with navigation, there is nothing left for the government to do but to give its sanction. The withholding of it, in fact, would, considering the industrial possibilities which the plan holds out, be a grave dereliction of duty.

Those editorials continued until the order in council was passed. But I have in my hand an editorial of March 11; that was after the order in council had been adopted.

The CHAIRMAN: Will my hon. friend allow me? As he knows, he will require unanimous consent to speak for more than forty minutes in committee. I suppose unanimous consent is given?

Some hon. MEMBERS: Carried.

Mr. LAPOINTE: Thank you, Mr. Chairman, I am almost tempted to withdraw everything I have said. The editorial is entitled: Beauharnois, and is as follows:

After six months' of hesitation between its plain duty under the provisions of the Navigable Waters Protection Act and the fear of offending powerful rival power interests which are numbered among its political friends, the government has at last approved the application of the Beauharnois Light, Heat and Power Company.

As you see, you will be cursed if you do, and you will be cursed if you do not.

From the very first, no reason existed why the application of the Beauharnois people should not have been approved. It might well have been granted four months ago. All that the government had to do was to see that what was proposed did not injuriously interfere with navigation, and, that done, permit the company to use the rights which it had legally secured through the proper channels. As between public ownership and private ownership, there was no issue at all. The circumstances being what they were there couldn't be.

However, all's well that ends well. The application is now granted, and, reading the order in council granting it, nobody can say that navigation and all other public interests haven't been safeguarded. The government's approval, in fact, is hedged by so many stipulations, conditions and reservations that the Beauharnois people must be wondering whether they have anything left at all.

That is rather interesting, and I must say that in fact the conditions imposed were of the strictest character.

Mr. GORDON: But they paid no attention to those conditions.

[Mr. Lapointe.]

Mr. LAPOINTE: That is another question, if my hon. friend will kindly let me refer to the situation as it then existed. The conditions were very strict indeed. I do not claim any credit for it, because perhaps hon. members who were here at the time will remember that I was the unfortunate victim of an accident that winter and was kept in my room for over two months. The reference to the supreme court and the order in council were made known to me through the press. I claim no merit in the drafting of those conditions, but I say they certainly were of a very strict nature and I was not sure, when I read them, that some were within the purview of this parliament or this government to impose.

Parliament had the right, as has been stated during this debate, to cancel this order in council as soon as it was passed. It was laid on the table of the house the very day it was passed, and attention was drawn to it by the then Minister of Public Works. Any member of the house, including the right hon. Prime Minister, who was then leader of the opposition, if he had found anything suspicious, if he had found the order invalid in law or that the conditions imposed were not as they ought to have been, had the right and power to move the cancellation of that order in council. What happened? I direct the attention not only of the house but of the country as well to what happened in connection with that order in council and the action of parliament with regard to it. The order was passed on March 8, 1929. In 1930, during the following session, the then hon. member for Toronto Northwest, Mr. Church, introduced a bill which was really very similar to one of the sections of one of the bills introduced to-day, making it imperative that any approval of such plans should be made by parliament itself instead of by the governor general in council. But the bill was made retroactive to January 1, 1930, and could not apply to Beauharnois. Mr. Church was asked by the then Minister of Public Works why the bill was not made retroactive so as to include Beauharnois, which was then in existence, and Mr. Church replied, "Well, I had a separate bill for that purpose, but I have been ill and that is why the bill has not been introduced."

What happened to the bill introduced by Mr. Church? It was discussed by him on the second reading, when he made quite an extensive speech, but when he concluded his remarks the bill was negatived without a division being taken. Hon. members will find that at page 501 of Hansard for 1930.

Not only did no hon. member of this house make a move towards the cancellation of order in council P.C. 422, but when a bill was presented the following year which would have made it imperative that parliament should control such approval instead of the governor in council, the bill was lost without a division being recorded in the house at the time.

I desire to refer briefly to condition 28 of the order in council in which obviously nothing is sacrificed. In that condition it is clearly stipulated and understood that nothing is thereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act, upon and subject to those conditions.

My right hon. leader has mentioned the fact that at the time there was an application by the Hydro Electric Power Commission of Ontario, supported by the Ontario government, for permission to construct works of the same nature in the international section of the St. Lawrence river. I shall not refer to that matter except to assert again that the conditions imposed on Beauharnois were considered unfair to the provinces of Ontario and Quebec when they came to deal with the government of Canada in an endeavour to come to an arrangement as to a future policy with regard to water powers. They did not want to accept the situation created in connection with Beauharnois, under which the company or the province doing the work would be assessed for many millions of dollars for the purpose of creating and constructing a canal for the general advantage of all the citizens of Canada.

I do not want to take much more time on this subject, but the question of public ownership is very often raised in this regard. I do not want to discuss the merits or demerits of public ownership. If there were an academic discussion on the question I am not sure that I would not be tempted to side with the advocates of public ownership, but I say that when it concerns the assets of a province it is for that province to decide. It will be for us, the citizens of the province of Quebec, to decide among ourselves whether we shall have public ownership with regard to the assets of the province. It is not for the gentlemen from Ontario or those from Alberta or some other place to dictate the policy to be followed by the people of Quebec. The federal parliament has no more right to interfere with the water powers of Quebec with regard to public or private ownership than we would have the right to interfere with the hydro electric of Ontario. That was a question settled by the citizens of Ontario, and we were never tempted to dictate, to advise or to suggest what they should do as between public or private ownership of electricity and water powers in their own province. The same principle applies to the province of Quebec. I repeat, it is for us to decide that; and when the people of Quebec discuss the question and decide which side they will take, it will be the people of Quebec who will be the judges. Therefore, while I am grateful for the excellent advice which we are receiving right and left, I suggest that we can do without it. It is our own business, and so I thank the hon. gentleman for nothing —the hon. gentleman who offered that advice. I think this is pretty clear. I cannot understand the way of thinking of hon. gentlemen like my good friend from Winnipeg North Centre (Mr. Woodsworth), for whom I have the greatest esteem, as revealed in his speech of yesterday. I cannot understand the way of thinking of gentlemen who for years have been pleading and arguing for the transfer of the natural resources of their own provinces from the Dominion to those provinces, and who wish to take away from Quebec some of the natural resources which that province has always had from the beginning. That is beyond my comprehension.

Mr. STEWART (Leeds): Has anyone on this side of the house suggested—

Mr. LAPOINTE: I did not say that; I said that we were receiving advice.

Mr. STEWART (Leeds): Not from this side.

Mr. LAPOINTE: No; I did not mention my hon. friend or his associates.

Mr. GORDON: The hon. gentleman certainly leaves the implication that something we have done seeks to take from the province of Quebec some right it has. Let me say now—

Mr. LAPOINTE: I am not talking—

Mr. GORDON: I say now, if I may be permitted, that there is not one single, solitary thing done in connection with this Beauharnois project that would seem to indicate for a moment that there is any such intention. There is no intention that the rights of the province of Quebec shall be imperilled one way or the other.

Mr. LAPOINTE: My hon. friend is too sensitive, and he puts into my mouth words I have not used. But speeches have been made in this house, last year and this year, even when the charges which led to this investigation were made, in which it is more

than suggested, more than hinted at. I have not spoken at all about my hon. friend nor about the Minister of Public Works. Indeed, I have under my hand extracts from a speech of that hon. gentleman, made in 1927, I believe, on the Carillon power scheme, when he spoke eloquently on the side of the provinces. I was far from suggesting anything of the kind, far from insinuating what my hon. friend has denied; and if he had only permitted me to conclude I am sure he would not have risen. Especially with the amendments suggested by my good friend the Secretary of State, the suggestion put forward in the present legislation might be, I believe, the best under the circumstances, more particularly with the elimination of the words "if any," which I intended to challenge as vigorously as possible. With those words left out, I must admit that my good friend has taken the wind out of my sails.

Now the canal will be declared a work for the general advantage of Canada. I believe that under section 92, paragraph 10, subparagraph (c), a canal, although entirely situated in one province, can be declared for the general advantage of Canada. The effect will be, however, that what was primarily a work for water power purposes—and all that the province of Quebec could do would be to deal with the water power side of the matter —becomes under this bill a work primarily for the general advantage of Canada, for navigation purposes, the water powers being incidental. The rights of the province of Quebec will be reserved as they existed. I have no objection on the ground that this qualification is not in the bill; it is expressed by the Secretary of State; because this parliament could not grant rights to the province of Quebec if they did not exist, any more than the province of Quebec could grant to the Dominion of Canada rights which it did not have.

There is one feature of the bill to which I wish to direct attention.

Sir GEORGE PERLEY: I do not want to curtail the hon. member's remarks on a matter of this kind, but I would point out to him that this is supposed to be the last night of the session and someone else might wish to speak.

Mr. LAPOINTE: Had my hon. friend been here this morning he would have known that we agreed not only to the introduction of the bill without sufficient notice, but to the first reading and the second reading, and we agreed to have it referred to the committee. This was done on the understanding that I should have latitude in the expression of my views.

[Mr. Lapointe.]

Sir GEORGE PERLEY: I was only suggesting to my hon. friend that time is passing and someone else might wish to speak.

Mr. CAHAN: The hon. member has dealt with the general features of the matter and I would suggest that we might now proceed with one of the bills.

Mr. LAPOINTE: My personal friend from Argenteuil (Sir George Perley) has lost an opportunity to be kind to me, because I was just concluding. He might have allowed me to finish my remarks.

Sir GEORGE PERLEY: I am not objecting at all; I was only calling the hon. member's attention to the fact that the time is going.

Mr. LAPOINTE: I should have liked it better had my good friend allowed me to conclude without that reminder. However, as I was about to say, this work has been declared for the general advantage of Canada, and the preamble reads:

> Whereas the improvement of inland navigation by the development of a deep waterway, which is now in progress, from lake Superior to the sea, through the great lakes and connecting waters and in part in, over or along the St. Lawrence river, requires that the canal now being constructed or to be constructed by the Beauharnois Light, Heat and Power Company, Limited should hereafter be under the legislative jurisdiction of the parliament of Canada.

For the first time parliament is committed by this bill to a deep waterway scheme. I do not suppose there was any way of taking over a canal situated entirely in one province—I am glad that my right hon. friend agrees with me—and making it for the general advantage of Canada without linking it up with this other great national undertaking. Obviously this bill commits us to the development of a deep waterway system from the great lakes through the waters of the St. Lawrence.

I thank you, Mr. Chairman, and the members of the committee for the courtesy extended to me. I have perhaps trespassed too much upon the time of the committee, but this is a matter of vital interest and I have tried to deal with it as best I can without hurting the feelings of anyone.

Mr. CAHAN: Mr. Chairman, I do not intend to enter into what would be for me a very pleasant discussion regarding the respective rights of the two provinces and of this dominion in and to the use of the waters of the St. Lawrence river for the development of power. My hon. friend has delivered a lengthy opinion in a most admirable and rather convincing manner, but if we had ample time for

discussion I would repeat to him some of his former speeches in which the views expressed were not those which he has expressed to-night.

Mr. LAPOINTE: That was before the judgment of the supreme court; I bow always to the decisions of the tribunals.

Mr. CAHAN: We all learn; as we grow older may we advance in wisdom and experience. From the point of view of the province of Quebec, I might congratulate that province upon the development of my hon. friend's opinions. However, there remain certain issues which cannot be decided by a committee of this house or by parliament itself; those issues must be left, and I trust they may be left at an early day, to the final decision of the supreme court and of the privy council. During the discussions which I have had during the last few days with the counsel of the government of the province of Quebec, he has suggested that the government of that province will be quite willing to facilitate a decision on these issues by the highest judicial tribunal of the country. In view of that possibility it would be useless for me to advance arguments with respect to the powers and jurisdiction of the dominion parliament, save to say that with respect to Bill No. 144, which should be dealt with first, there is no doubt that the declaration that this work is a work for the general advantage of Canada is within the legislative jurisdiction of the parliament of Canada, and, as the hon. member has said, in view of the present conditions, it is a very necessary piece of legislation. I suggest to the committee that we should consider the provisions of Bill No. 144 clause by clause in order that we may now dispose of them and that I may be enabled to propose some amendments which will meet with the approval of the hon. gentleman.

Mr. DUPRE: Mr. Chairman, I intend to take only a few minutes in order to answer my hon. friend the former Minister of Justice (Mr. Lapointe).

Mr. LAPOINTE: Why be afraid?

Mr. DUPRE: The questions dealt with by the hon. member for Quebec East have to do with provincial rights. May I say to him that there are two schools of thought. One school contends that the development of hydro electric power belongs to the provinces, while the other school holds a somewhat different view. My hon. friend has quoted a number of extracts from judgments in connection with this question. I have before me quite a number of opinions which I had intended to read to the committee, but as the time is rather late I will ask that special permission be granted me to place these upon Hansard. I do this in order to give an idea of the opinions expressed by those who are the champions of provincial rights.

Mr. LAPOINTE: Surely my hon. friend will tell the committee who the authorities are before he puts them on Hansard.

Mr. DUPRE: Some are obtained from the same source as those quoted by my hon. friend, there is a judgment of Chief Justice Sir Charles Fitzpatrick in Leamy vs. The King, and also the opinion of Viscount Haldane, from which my hon. friend quoted.

The first question then is, did the province have the rights in regard to power development or did these rights rest with the Dominion of Canada.

There has been a long series of decisions bearing on this question both in the Supreme Court of Canada and in the Judicial Committee of the Privy Council.

The first of these authorities is that known as the First Fisheries case, cited as the Attorney General of Canada versus the Attorney General of Ontario, et al, 98 Appeal Cases 700, and in that case, in the judgment delivered by Lord Herschell, he says, at page 709:

> It must also be borne in mind that there is a broad distinction between proprietary rights and legislative jurisdiction. The fact that such jurisdiction in respect of a particular subject matter is conferred on the Dominion legislature, for example, affords no evidence that any proprietary rights with respect to it were transferred to the Dominion. There is no presumption that because legislative jurisdiction was vested in the Dominion parliament proprietary rights were transferred to it. The Dominion of Canada was called into existence by the British North America Act, 1867. Whatever proprietary rights were, at the time of the passing of that Act, possessed by the provinces remain vested in them, except such as are by any of its express enactments transferred to the Dominion of Canada.

In Leamy versus The King, 54 Supreme Court Reports 143, in the judgment of Chief Justice Fitzpatrick, at page 14, he says,—

> Since confederation the title to beds of navigable waters has been vested in the crown in right of the province but the authority to legislate regarding the public right of navigation is, by the British North America Act, 1867, assigned to the Dominion parliament.

In the case of the Attorney General of Canada versus the Attorney General of Quebec, 1921 Appeal Cases, Viscount Haldane in referring to the 1898 case above mentioned says, at page 419,—

> What the board on that occasion had to determine was among other things, whether the

beds of rivers and other waters situate within the territorial limits of a province and not granted before confederation belong to the crown in right of the Dominion or of the province. The answer was that generally speaking the proprietary title of these beds, excepting where expressly transferred, remained provincial.

In a latter case of the city of Montreal versus Montreal Harbour Board, 26 Appeal Cases 299, it was held that the bed of the stream which the dominion wished to add as part of the harbour did not belong to the dominion but belonged to the province and must, if taken by the dominion for addition to the harbour, be compensated for.

The last case dealing with this question is that of the Water Powers Reference in 29 Supreme Court Reports 200, and the ninth question there asked was:

Has the province the right to control or use the waters in provincial rivers and to develop or authorize the development of water-powers within the province, provided that in so doing navigation is not prejudiced and that the province complies with Dominion requirements as to navigation.

and the answer to that question given by Hon. Mr. Justice Duff, on page 266 is:

As to question 9, it was not seriously disputed that under the conditions mentioned, the provinces have the rights which are the subject of the question. This, of course, on the assumption that there is no conflicting legislation by the Dominion under an overriding power, a power, for example, conferred by the combined operation of section 91 (29) and 92 (10a).

From these authorities it seems that the proprietary right to control and use the waters in provincial rivers and to develop or authorize the development of water powers within the province rests with the province and not with the dominion.

There is another school of thought which holds a view contrary to the opinions I have just cited. Among my authorities there is one which is quite familiar to my hon. friend, the opinion of the ex-Minister of Justice himself in 1927. If my hon. friend will refer to the speech he delivered in this house in 1927 in connection with the Georgian bay canal he will find that he then expressed an opinion contrary to the one he expressed to-night.

Mr. LAPOINTE: My hon. friend is not being fair.

Mr. DUPRE: I do not want to bore the committee—

Mr. LAPOINTE: My hon. friend is not being fair.

Mr. DUPRE: —but I would like to read a few extracts from the opinion given at that time by the hon. member for Quebec east, to be found in Hansard of 1927, at page 1619. In his letter to the premier of Ontario which my hon. friend then quoted, he said:

So far as I am aware, any interest which the province may have in the matter—

Of power development.

Mr. LAPOINTE: That is not fair at all.

Mr. DUPRE: My hon. friend continues:

—is of a limited character, depending possibly upon the ownership of lands in the bed of the river or within the area to be flooded.

Continuing, my hon. friend said this—

Mr. LAPOINTE: I shall have to speak again.

Mr. DUPRE: I will go back to an opinion expressed this evening.

Mr. LAPOINTE: I shall have to speak again, as my hon. friend is not being at all fair.

Mr. DUPRE: I do not want to make any misrepresentation of the facts. A few minutes ago my hon. friend said that he was satisfied with the amendments as presented by the hon. the Secretary of State, especially with regard to the words "if any" which are going to be erased and which words he declared himself ready to challenge. The very words he used were that he was ready to challenge the term "if any."

Mr. LAPOINTE: In this bill surely, in connection with the Soulanges power, which is entirely in Quebec, Quebec property, the bed of the river in Quebec. That was not the case there.

Mr. DUPRE: In other words, my hon. friend said that he was going to challenge the words if the bill were not amended.

Mr. LAPOINTE: With regard to Beauharnois.

Mr. DUPRE: In the last clause of Bill No. 144.

Mr. LAPOINTE: Yes.

Mr. DUPRE: Very good. If my hon. friend will refer to Hansard of March 28, 1927, he will find that in his speech on that date this is what he said, speaking of the water powers of the provinces and the rights of the provinces with regard to water powers.

Mr. LAPOINTE: Where?

Mr. DUPRE: This is what my hon. friend said:

The question of what interest, if any, the province may have in any water-powers which may come into existence by the erection of works for the improvement of navigation beyond what is required to operate the works has not yet been judicially determined.

Therefore in 1927, my hon. friend was less severe and exacting than he is to-day.

Mr. LAPOINTE: Why this attack?

Mr. DUPRE: Just to prove to my hon. friend that he is not the only one who may rise to champion the rights of the provinces. If my hon. friend wants to know the other reason it is that he rose in his place to-night just to assert himself as the champion of provincial rights in order to help his party in the next provincial election in Quebec.

Mr. LAPOINTE: The hon. member is still young.

Mr. DUPRE: My hon. friend said this also:

When the question comes to be determined, I believe the court will have to take cognizance of the fact that the provincial title to the bed of the river is burdened by the public right of navigation, which considerably decreased its value; that upon payment to the province of compensation for its proprietary interest in the bed of the stream, such interest according to the judgment of the Privy Council in the Montreal Harbour Commissioners' case, will be extinguished. Furthermore it has been held that the ownership of the bed of a river does not carry with it any proprietary interest in the waters which flow over it.

May I draw the attention of the hon. member for Quebec East to his own words, which are exactly the opposite of what he said a few minutes ago. I will repeat them:

Furthermore it has been held that the ownership of the bed of a river does not carry with it any proprietary interest in the waters which flow over it. The surplus waters in question do not exist by nature but are brought into being by the Dominion in the exercise of its powers.

That is just the contrary of what my hon. friend said a few minutes ago.

Mr. LAPOINTE: But that was before the judgment of the supreme court. May I say to my hon. friend that those contentions were submitted to the supreme court? The Attorney General of Canada by his representatives there submitted the very point my hon. friend is reading, but the supreme court has decided otherwise and I am abiding by the judgment of that court.

Mr. DUPRE: Shall I, being an ignoramus in these matters and my hon. friend being an expert, abide by the opinion given by my hon. friend in 1927 or by the opinion he expressed to-night?

Mr. LAPOINTE: That is childish.

Mr. BENNETT: Which—the opinion?

Mr. DUPRE: To continue, this is what my hon. friend said as reported on page 1621 of Hansard of March 28, 1927:

It follows that until the matter is judicially determined, the Dominion must regard the provincial interest in such water-powers as not being so considerable as some hon. gentlemen in the course of this debate have claimed.

That is the contrary of what my hon. friend said to-night. Provincial rights were not considerable in 1927, but to-night, on the eve of a provincial election in Quebec, they are of very considerable importance.

Mr. RALSTON: Does my hon. friend notice the words "until the matter is judicially determined?"

Mr. DUPRE: Yes, but "until it is determined," the hon. member for Quebec East took the opportunity then to express his own views. What I am quoting to-night, may I say to the hon. member for Shelburne-Yarmouth is not the judgment of the supreme court but the personal opinion of the hon. member who was Minister of Justice in 1927.

Mr. BENNETT: Which the privy council said was of equal validity and reliance to that of a court itself to which the matter might be referred.

Mr. RALSTON: Until judicially determined.

Mr. BENNETT: Yes, and it is not yet determined.

Mr. LAPOINTE: In the matter of the Carillon power where the federal government has rights because the canal existed at confederation. There is a difference in the situation.

Mr. DUPRE: I do not care whether my hon. friend changes his mind or not. Why should he not do so? He has a perfect right to do so; but when I hear him say he is going to challenge the words "if any" which we use in clause 4 of Bill No. 144, I take the liberty of reminding him that we are using the very words he himself used in 1927, when speaking of the rights of the provinces. He talked of those powers and rights and

said: Those rights, if any, are very hard to determine, and if they are in existence are not considerable.

This is why the committee on the Beauharnois question took the trouble to insert in the first two paragraphs of its conclusions a proviso that the rights of the province must be respected. May I read just a paragraph or two:

Your committee recommends:

1. That the parliament of Canada take such action as may be within its power, and without prejudicing the rights of the province of Quebec, to procure the development of this project in such a manner as will best serve the people of Canada.

2. That should the rights of the Dominion and the province of Quebec come in conflict, every effort be put forth to arrive at a satisfactory agreement, so that the project may not be imperilled by delay.

I conclude by saying this: The provincial rights of Quebec I have at heart as much as has the hon. member for Quebec East.

Mr. LAPOINTE: Who said otherwise? Why this attack?

Mr. DUPRE: My hon. friend said a few minutes ago that some people did not share this view. When challenged by the hon. the Minister of Public Works he explained that he did not intend to apply this remark to the members on this side of the house. But I know quite well that part of the speech of my hon. friend will be circulated through Canada and particularly in the province of Quebec. That is why I want to show exactly where we stand. Without knowing or affirming what the provincial rights are or may be, we say: Whatever those rights are they must be respected in their entirety. With regard to the rights which may belong to the province of Quebec we say: Hands off Quebec; hands off provincial rights! As soon as those rights are determined once and for all by our courts or the privy council, it will be the duty of this or any other government or party to see that they remain untouched.

On Bill No. 144, to declare certain works of the Beauharnois Light, Heat and Power Company, Limited, to be for the general advantage of Canada.

Section 1 agreed to.

On section 2—Governor in council may make orders, rules or regulations.

Mr. GARDINER: Before we proceed further, Mr. Chairman, may I call the attention of the committee to the fact that one of the reasons why this Beauharnois project is going to be declared a work for the general advantage of Canada is that it is intended eventually to use this section of the river as part of the St. Lawrence deep waterway system. My first inquiry of the minister in charge of the bill is this: When they deal with this matter is it the intention of the government to take over the property rights of the Beauharnois project in so far as the canal section is concerned?

Mr. CAHAN: So far as this canal section is concerned, it is brought under the legislative jurisdiction of the parliament of Canada, and the government of Canada is authorized by purchase or otherwise, even by expropriation, to acquire the lands and works appertaining to navigation. I think that is quite sufficient an announcement for the present. I cannot give an expression of opinion as to whether that will be done immediately or not.

Mr. GARDINER: It is not my intention to delay the committee. I merely desire to find out if possible what are the intentions of the government with regard to this legislation. We know that order in council 422 contains certain provisions which were made for the purpose of using this Beauharnois project as part of the St. Lawrence deep waterways navigation canal. If this Beauharnois project had been gone on with without interference, and if later this country had decided to develop the St. Lawrence deep waterway, we would have been in the position as a country of using this stretch of the canal which was owned by private interests. I cannot conceive of anything more humiliating to this country than to be placed in that position. In view of the fact that the government intend to deal with this matter I should like to get a very plain answer from the government, yes or no, as to whether, when they take over this project, it is the intention of the government to retain possession so that when the St. Lawrence deep waterway is finally developed we shall not have to pass through private property but through the property of the Dominion of Canada.

Mr. CAHAN: I understand that it is the intention of the government that when the deep water canal is completed through the Soulanges section, that is between lake St. Francis and lake St. Louis, it and the works that appertain to it, which are necessary for navigation, shall be vested in the

crown in the right of the Dominion to the same extent as the lands and canal and appurtenances of the new Welland canal are now vested in the crown in the right of the Dominion.

Mr. GARDINER: That is very satisfactory, so far, Mr. Chairman. Now in view of the possibility of the government using this as a deep waterway, I come to this question: Heretofore when the Dominion government has constructed a canal in any part of the country for the use of the people of Canada, and where they have created a head of water by virtue of that canalization, it has always been the practice of governments to claim the ownership of the head of water that comes from such canalization. Is it the purpose of this government to claim the head of water because of the canalization in this case, and to use it for the purposes of the Dominion?

Mr. CAHAN: I can say, I think, Mr. Chairman, that it is the intention of the government that the issue as to the right to use the water of the river St. Lawrence for the development of hydro-electric power will be placed before the courts either by agreement and common consent or by initiating proper action to that end. It is the intention of the government to secure from the highest tribunal of this country a clear decision with regard to this particular project as to the respective rights of the Dominion and the province.

Mr. GARDINER: I appreciate very much the answer the minister has given. I think the sooner this question is decided by the highest court in this land, and even by the privy council, if necessary, the better it will be for all concerned. The Dominion and the provinces will then know where they stand, and I am quite sure that because of that fact the relations between the provinces and the Dominion will be much happier in the future than they are at the present. I appreciate therefore very much the decision of the government in that regard.

There is another point on which I want information, and I believe this is very important. This work is going to be declared to inure to the benefit of Canada. I have heard some rumours which have disturbed me during the last few days. I never like to deal with rumours unless there is some real evidence supporting them, but in view of the nature of this legislation and the statement of the Prime Minister yesterday, would it be possible for the minister to give this house any information as to what is going to be the management of this project in the immediate future? Is the government going to take it over and put it under the Department of Public Works in the same manner as the new Welland canal, or is the Prime Minister's statement to be taken as the attitude of the government, that this project will be handed over to the banks? Or is it possible that the government may hand it over to a certain firm in Toronto, Nesbitt, Thomson and Company, which has been rumoured very strongly within the last few days? Just what is going to be the attitude of the government? Before I take my seat may I say that I should be very sorry indeed to see the government hand this over to the banks, which have advanced certain moneys against certain bonds, or to any other company that they might select. I hope and trust that until such time as the courts have given a clear decision, the government will keep control of the project and therefore be in a position to deal with it adequately. As far as I am concerned, I am an advocate, as I think the members of this house know, of public ownership, and I would regret very much if after getting out of one difficulty in so far as this project is concerned, we stepped into another which might have to be dealt with at a future time. Is there any possibility of any of these things happening which I have mentioned, or is it the intention of the government to keep control until such time as there is a clear decision from the courts?

Mr. BENNETT: The hon. gentleman suffers perhaps from the disability of not having followed, although he has been on the committee, just what the legal implications of the present position are. It is necessary to keep clearly in mind this fact. This property is the property of a private company created by the legislature of the province of Quebec. The province of Quebec has complete and absolute power to create that company, as it has done, and this parliament cannot destroy that company or take from individuals the shares of the company which they own. About that there could be no manner of doubt. That is the difficulty always of being too late. No action that this parliament can take at this moment will set aside the corporate rights of that company, or deprive its members of their property in the shares which they own. Everybody must realize that. Who is responsible for it is not now the issue. The question is: What are the facts? This government has not taken possession of that company; it cannot do so. The province of Quebec made that company and controls it. So far as the immediate

future is concerned, I can assure the hon. gentleman that I know of no foundation for the rumours to which he has referred. I have heard a great many more rumours than those which he mentioned. But at the moment this company is an entity and that entity functions by reason of the powers received from a body over which this parliament does not exercise control. The government by every means in its power will endeavour to do the following: (a) secure continuance of the enterprise; (b) secure the rights of those who bona fide have put their money in that enterprise; (c) secure proper control and management; (d) take such other steps as may be necessary when terms and conditions are fixed as will ensure the greatest possible benefit to this dominion as a whole by reason of the undertaking now being declared to be a work for the general advantage of Canada.

Mr. CAMPBELL: That can only be done in cooperation with the province of Quebec?

Mr. BENNETT: Absolutely.

Mr. EULER: I do not wish to embarrass the Prime Minister, but—

Mr. BENNETT: You cannot embarrass me.

Mr. EULER: He is never embarrassed. He stated a moment ago, and I agree with him absolutely, that this is a company incorporated by the province with certain rights with which the Dominion cannot interfere. But he said he would endeavour to secure proper control and management of the company. As this parliament has no control over a Quebec-organized company, I was wondering by what means the government would secure proper control and management.

Mr. BENNETT: Perhaps my hon. friend from North Waterloo (Mr. Euler) was not in the house when my colleague, the Secretary of State (Mr. Cahan), was indicating the basis of the legislation in the other enactment; that is on such terms and conditions as may be thought desirable by the governor in council. This does not touch of course the corporate existence of the company. We will endeavour to ensure what I have indicated, namely, proper management of the enterprise.

Mr. EULER: I presume this means that as the government has now taken over the canal as a work for the general advantage of Canada it has a weapon in its hands which it can use for the purpose of—

Mr. CAHAN: Moral suasion.

Mr. EULER: That is about all.

[Mr. Bennett.]

Mr. STEWART (Edmonton): Have the government now definitely decided to utilize the Beauharnois canal as a link in the canalization system.

Mr. BENNETT: It has to be.

Mr. STEWART (Edmonton): Not necessarily, because my hon. friend will remember it was never definitely decided to do so in the event of international difficulties.

Mr. BENNETT: Subject to that.

Mr. STEWART (Edmonton): I was curious to know whether the government now had definitely decided that this was to be the route. I say that because precaution was taken in the event of its ultimately being chosen the route that it might be utilized for the purpose; but if the government has decided that this, and no other route, will be chosen, I should like to know.

Mr. CAHAN: I do not think we should be asked that question to-night. As I am instructed, the latest and best engineering advice available to the government is that this is one of the most practicable routes down through that section.

The CHAIRMAN: It is not a relevant question.

Mr. STEWART (Edmonton): I beg your pardon, it is.

Mr. BENNETT: It has nothing to do with the matter now.

Mr. STEWART (Edmonton): It has a great deal to do with it. In the event of a canal being built on the north side of the river, and being a link in the waterways, then it would make a vast difference in the attitude that the government might take towards this undertaking. If it is now chosen by the government as the route which the great waterway system will take, then there is good reason for many of the things being done by this legislation.

Mr. BENNETT: The hon. gentleman surely hardly expects the government to answer that question at the moment. Having had this matter thrust upon us without having had an opportunity to consider all the details, we can make no declaration of policy beyond what is involved in what has been said. The canal is there, it is an available route, it has been treated as the one that would be used, and has been held out in the order in council as the route proper for the purpose, although not the one that the international board thought at first should be the route selected.

But it is said to be available for that purpose and to be satisfactory because you can get a depth of water the same as in the Welland canal. The government has not expressed any settled policy in regard to the matter.

Mr. LAPOINTE: And the committee endorsed that as the proper route.

Mr. BENNETT: Yes, I forgot that.

Section agreed to.

Section 3 agreed to.

On section 4—Rights of province of Quebec.

Mr. CAHAN: I desire to move an amendment as follows:

That section 4 be amended by striking out in the second line of the said section the words "the rights, if any," and inserting in lieu thereof the words "any rights."

Mr. LAPOINTE: Does not my hon. friend think that he might strike out or alter those words "for the development of hydro-electric power?" It seems to limit the rights of the province in the use of the waters to the development of hydro-electric power. The waters could be used for mills or other undertakings.

Mr. BENNETT: That seemed to be what the province desired, for the reason that it was the question at issue that the courts might have to decide. It was settled in that way with my friend the Secretary of State, for reasons that he will explain to him.

Mr. LAPOINTE: But that is a limitation, there is no doubt about it.

Mr. CAHAN: The question of using the waters of the St. Lawrence for watering cattle or driving an old-fashioned grist mill is not in controversy. The only question in controversy is this of the use of water for hydro-electric power, and the amendment is made at the suggestion of counsel for the government of the province of Quebec. He says:

I am prepared to advise the Quebec government that this bill is acceptable.

That is, before it was amended. He adds:

I would prefer "any rights" to "the rights, if any."

Mr. LAPOINTE: Of course, that does not bind us altogether.

Mr. CAHAN: No; but the hon. gentleman is not now expressing the opinion of the Canadian parliament so much as expressing a view that he thinks prevails in the province of Quebec. Anyway this clause cannot affect any other right than that dealt with by the general terms of the bill.

Mr. BENNETT: This does not take other rights away.

Mr. STEWART (Edmonton): Ever since I came to Ottawa I have taken the ground that the water powers belong to the provinces, and I have waged battle on that ground on a good many occasions. I do think that this to some extent restricts the right of the province to the use of the water for hydro-electric industry only. Frankly I do not think any other rights would be very much affected, because the courts will decide ultimately what are the respective rights of the province and the Dominion. But I do not see why you seek to restrict the province to the right to develop hydro-electric engineering only.

Mr. CAHAN: What would you suggest?

Mr. STEWART (Edmonton): I would give them a general water power.

Mr. BENNETT: That was not the question at issue; there was a single question. This is a matter which affects the province of Quebec and without their consent it is very doubtful whether we should have introduced this measure, because in a complicated matter of this kind it is very desirable not to bring about a conflict. Good will and cooperation are essential, and the province of Quebec narrowed the controversy to a single point, which was explained by my colleague, namely the rights of the province with respect to the development of hydro-electric energy as against those of the Dominion. That being the only question at issue it does not detract from or add to the other issue, and that is the only franchise this particular company obtained.

Mr. STEWART (Edmonton): That is quite true, but you are creating precedents all the time, and after all my hon. friend is very fond of precedents. If the question should arise in the future, as it may, in connection with the development of power not for hydro-electric energy but for some other purpose, it will be pointed out that a precedent was created in this particular bill.

Mr. BENNETT: All that is done is to say that this is without prejudice to the rights of the province of Quebec as asserted with respect to the development of hydro-electric energy. That is all. I think any hon. gentleman who will look can see that. This cannot be a precedent with respect to Ontario or Manitoba or some other province.

Mr. STEWART (Edmonton): I am not so sure that it could not be so used.

Section agreed to.

Bill reported.

Mr. BENNETT moved the third reading of the bill.

Mr. ARMAND LAVERGNE (Montmagny): I just wish to state, as a member from Quebec, that I do not believe Quebec rights are in danger in this bill. Also, I think the St. Lawrence is a dominion asset and that dominion rights should be preserved before anything else in a question of this kind.

Motion agreed to, and bill read the third time and passed.

The house in committee on Bill No. 143, respecting the Beauharnois Light, Heat and Power Company, Limited.

Section 1 agreed to.

On section 2—Right to divert water.

Mr. CAHAN: I wish to move that section 2 be amended by inserting after the word "assigns" in the second line the following:

in so far as it may be within the competence of parliament.

Amendment agreed to.

Section as amended agreed to.

On section 3—Further diversion to be approved.

Mr. CAHAN: I desire to move that section 3 be struck out and the following substituted therefor:

3. The governor in council shall not consent to any further or additional diversion by said company of the river St. Lawrence except with the express approval of parliament.

That leaves entirely open the question as to whether or not and to what extent such consent is necessary.

Amendment agreed to.

Section as amended agreed to.

Section 4 agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. LaVergne in the chair.

Auditor General's office—salaries, including the Auditor General at $10,000 additional to 7-8 Edward V, chapter 6, $443,825.

Mr. BENNETT: Under the new statute the salary is a charge against the consolidated revenue fund, and this will be the last year in which it will be dealt with in this way.

Item agreed to.

[Mr. C. A. Stewart.]

Loan to harbour commissioners of Montreal, with interest at a rate to be fixed by the governor in council, for such period and upon such terms and conditions as the governor in council may determine, and to be applied in payment of deficits resulting from the operations of the Montreal harbour bridge, $681,600.

Mr. BENNETT: This item might be reduced by payments that have been received since it was placed in the estimates, but it is unnecessary to do so because it will only mean that so much less will be required, so it might pass as it is.

Item agreed to.

To provide for payment annually from the consolidated revenue fund of the sum of $2,000 to each minister of the crown charged with the administration of a department, the solicitor general, and the leader of the opposition, and the sum of $1,000 each to the speaker of the Senate and the speaker of the House of Commons, in lieu of motor cars and their maintenance, including chauffeurs, the acceptance of such sums not to vacate their respective seats in parliament; and to authorize the governor in council to appoint any person now employed in the public service as a chauffeur of a passenger automobile at Ottawa, whose position is abolished, to a vacant position in the public service, provided such chauffeur has been continuously employed as such for at least two years and that the appointment will be made at no higher remuneration than he is now receiving, $42,000.

Mr. BOURASSA: I do not want to delay the committee, but I do not think this estimate should have been imposed upon the house under the circumstances in which the country finds itself just now. It is perhaps a small matter in itself and I am not going to say that the ministers are sufficiently paid without receiving a further remuneration. But this matter has been commented upon in many quarters and it creates a very bad impression. The practice of ministers having automobiles of their own has grown up without special statute, and this is interpreted as simply a disguised increase in salary for ministers and the leader of the opposition; and in the present circumstances it is a very bad way of terminating the session.

Mr. BENNETT: I should hesitate to speak about this, but it is desirable that a wrong impression should not be left on the minds of the committee. The cost of ministerial cars last year was $47,266.52; the cost of departmental cars was some $34,000, making a total of $81,267.26; with a net purchase price for ministers' cars and others of $106,748.04. Of the 36 cars, 20 have been turned over to the departmental garage, Department of National Defence, for storage and ultimate disposal.

I have no desire that at this time in the country's history additional salaries should be granted to ministers. On the other hand, I can speak, perhaps, with a little more freedom than my colleagues, and I am not concerned whether or not this vote is allowed, so far as I am personally concerned. But I do say this, that while cars were allowed to ministers for a long time, a practice grew up the example of which was bad, and we determined to discontinue it. But it is unfair to ask men to leave their homes and their professions, in many instances their future, and come to the city of Ottawa and live here, maintaining that position which they are bound to maintain by virtue of their office, and then find themselves, at the end of a term of office, hopelessly bankrupt. That has happened in this city. It has happened during the last few years that one of the leading ministers of the crown found himself in that position, and when he departed this life his estate indicated that that was so.

Men in politics should not be compelled to rely upon the benefaction of friends or otherwise, so far as the duty they owe the state is concerned; and when men serve Canada for the miserable pittance they get, as compared with what they would receive if they were practising their professions—they would get twice as much—to say that they should come here and find themselves, after a term of office, with their little savings gone, with their families on the threshold of life, without much opportunity to get an education because of the cost, and then to expect them to maintain the dignity of their office, entertaining, dispensing hospitality, treating visitors as they should treat them, moving to and fro, from one place to another, maintaining cars, I do not believe that anybody would suggest that this is at all reasonable. Least of all do the Canadian people expect it, and it cannot be done on the salary that is provided.

I did consult with the leader of the opposition with respect to the matter, and I am sorry he is not here at the moment. A sum was arrived at after consultation with automobile men and garages, and there is not a member of this house who does not appreciate just what is involved. I can only say that this item does not represent the cost of gasoline and service which I pay, without any question of loss or depreciation to the car; and I do not want my colleagues, nor does anyone in this house want them, to be placed in a different position because of the accident of our circumstances. Moreover, in the end it is a saving. I ask the committee to realize that this sum of money is here for a specific purpose and is used for that purpose. So far as I know, it is not adequate for the purpose, but it saves the country $40,000 or $50,000 a year or perhaps a good deal more than that in the end. At least it will save $5,000 a month.

None of my colleagues will engage in this discussion and I want to be fair to them. I think most of us know that there is not a single occasion on which a charity list or some other subscription list is opened when every minister is not asked to subscribe. And if we are to have that probity in public life which has been spoken of in the house so frequently we must at least put men in positions that will be self-sustaining, positions in which they can support themselves and their families and maintain that dignity which by virtue of the offices they hold they are bound to maintain, not because they want to but because they have to. It is not a matter of choice but of necessity. I ask the committee to pass this item as offering to the country an indication of the fact that the people do not expect their servants to serve them without being at least placed in a position that will not leave them the poorer for the services they render. The labourer is worthy of his hire, whatever may be his position. In every walk of life I know of men receive compensations in keeping with the services they give. If anyone has any doubt about that, let him look at the lawyers' bills which we pass in the estimates, or at those bills entailed in connection with the recent committee. I speak strongly about this, although I have no personal interest in it; but I believe it is the fair thing to do by men who serve the state on either side of the house, giving of their best to the country. And it is better than the indiscriminate use of automobiles in the manner that grew up out of the war. This is in the interests of the country. It represents a saving to the people and is a fair recognition of the fact that you do not expect people who serve you to be poorer in consequence of that service.

Item agreed to.

DEPARTMENT OF THE INTERIOR

Salaries—further amount required pending the final adjustment of staffs by the department and the Civil Service Commission, owing to the transfer of natural resources, such sum to cover allowances to those retired and salaries of those retained, $100,000.

Mr. CHEVRIER: Mr. Chairman, I do not intend to delay the committee at this late stage, but I am very sorry to see that the administration has not seen fit to include in

the supplementary estimates something in the way of relief for those who have been let out from the Department of the Interior. I thought at one time that this matter was being favourably considered, especially the suggestion that five years should be added to the length of service of those who had not reached thirty-five years of service. To have done this would have served a very useful purpose. I had other observations to make on this item, but I will defer them until next session.

The Prime Minister is very much concerned, as it is his duty to be, about unemployment, and I hope that he will find some way of using some of the money which has been appropriated to-day in an endeavour to relieve the situation in Ottawa. Six hundred employees have been let out, and when their families are considered the total number affected would amount to probably 2,500. This has caused a tremendous disturbance of ecenomic conditions in this city, as a large number of merchants, dealers and others have thereby also been affected. These employees have been let out without notice and I trust the administration will give their case favourable consideration.

Mr. BENNETT: The observations of the hon. gentleman have been noted and his representations have not been overlooked. However, it is impossible to deal with this matter until such time as we have ascertained to what extent the other departments of the service will be able to absorb these employees. If the hon. gentleman sees fit between now and next session to make such representations as he may be advised to make on behalf of those for whom he speaks, they will be looked into and if possible consideration will be given.

Mr. CHEVRIER: I thank the Prime Minister for his very considerate reply.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Salaries—to provide hereby for the continuance in office of G. W. Dawson as departmental purchasing agent, grade 5, from February 13, 1931 to March 31, 1932, $1.

Mr. BENNETT: This is a case where the gentleman involved is beyond the age of seventy. As he is continuing in the service, the vote of $1 is to indicate that no order in council is being passed. This vote is being put in the estimates in order to show that parliament is giving its approval of this action.

Item agreed to.

[Mr. Chevrier.]

Mr. NEILL: There are a number of works urgently required throughout the province, and I hope that advantage will be taken of the sum voted for unemployment in order to complete some of these requirements. Much of this work would be in the nature of a stitch in time; if it is not done to-day it may prove to be very costly in the future. This work would supply employment to the local people as well as to make much needed repairs of wharves, floats and so on.

To provide for payments to the railways in connection with movements of coal under conditions prescribed by the governor general in council and for the cost of administration thereof, $1,428,000.

Mr. BENNETT: This is superseded, because of its wording, by a new item which appears in the estimates which were submitted this morning.

Item dropped.

DEPARTMENT OF NATIONAL REVENUE

To provide for the administration of the Income War Tax Act, 1917, and amendments thereof, and authority for this purpose to create positions and make appointments, notwithstanding anything contained in the Civil Service Act, and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act—further amount required, $350,000.

To provide for expenses of maintenance of revenue cruisers and for preventive service—further amount required, $150,000.—Total, $500,000.

Mr. RALSTON: I notice the Minister of National Revenue is not in the chamber at the moment.

Mr. BENNETT: He is not in very good health to-day and he has retired, but I am familiar with the matter.

Mr. RALSTON: I wish to refer to a matter that came up the other night with regard to the dismissal of an officer in the provincial service, concerning which I spoke to my hon. friend, and he said he would have the matter looked into. Since then I have received a return. I am sorry at this late date to have to take up the time of the committee to bring the matter up, but I shall take only a moment. This is the case of a man named Norman MacDonald, in Pictou, Nova Scotia. The minister stated the other night that this man was a very efficient officer in every way. He seems to have been appointed in May, 1927. On March 19, 1931, a certificate was given by the hon. member for Pictou to the minister as follows:

I have personal knowledge that Mr. Norman MacDonald, preventive officer at Trenton, N.S.,

was guilty of active political partisanship prior to and during the last election contest and, as a member of parliament, I ask for his dismissal on that account.

On March 22 the recommendation went forward for his dismissal. On April 2 he received notice of dismissal and on April 11 he sent to the commissioner of customs this letter:

I wish to acknowledge receipt of departmental letter of April 2 advising me that an order in council was passed dispensing with my services as a customs-excise enforcement officer on account of active political partisanship during the recent federal elections.

This notice comes as a shock to me, as I have not taken any part in politics, and I have always done my duty without fear or favour, as an examination of my record will show. I think this order is neither fair nor just and I appeal in all fairness that I be reinstated in the service and given a fair investigation.

I am sending a copy of this letter to the Hon. R. B. Bennett, Prime Minister; Hon. E. B. Ryckman, Minister of National Revenue, and A. T. Logan, Divisional Chief Customs-Excise Preventive Service.

Yours respectfully,

Norman MacDonald.

Then telegrams were sent, not by Mr. MacDonald or by personal friends of his, but by the social service council and by Mr. H. R. Grant, President of the Nova Scotia Temperance Association, protesting in the strongest terms against MacDonald's dismissal. On April 15, Mr. H. R. Grant wired the commissioner of customs as follows:

With reference to recent dismissal Preventive Officer Norman MacDonald social service council of Nova Scotia believes charge of active political partisanship cannot be substantiated. Request impartial investigation.

On April 14, the previous day, a longer telegram was sent, which is on the file, in which the Social Service Council of Nova Scotia protests against the dismissal of preventive officer MacDonald as follows:

The Social Service Council of Nova Scotia protests against the dismissal of Preventive Officer Norman MacDonald, who since his appointment has been doing excellent work in Pictou, Antigonish and Guysborough. The charge against him is active political partisanship. From information we have we know the charge is unfounded. His dismissal would give satisfaction to the liquor interests and the baser element of the people of the province, and would outrage the moral sense of the law-respecting citizens. We further protest against the dismissal of any officer in the preventive service without an impartial investigation.

MacDonald ceased duty on April 15, the next day after this telegram was sent. A further protest was sent by Mr. Grant on May 13 when he wrote to Mr. Breadner, commissioner of customs, as follows. I am leaving out the first part where he refers to Mr. Breadner's telegram:

I now write to ascertain if although "it is not the practice in such cases to have an investigation" an opportunity will be given Mr. MacDonald to produce evidence that he has not violated section 55 of the Civil Service Act.

We respectfully protest against the regulation of the Civil Service Commission, which empowers an individual member of parliament to be prosecuting attorney, judge and jury in such cases, and we ask for an impartial investigation.

In behalf of the Social Service Council and Temperance Alliance of Nova Scotia.

Yours sincerely,

H. R. Grant,
General Secretary.

On the 22nd April MacDonald sent in to the department a statutory declaration as follows:

I, Norman MacDonald, of Trenton, Nova Scotia, ex-customs-excise enforcement officer, appointed permanently by order in council passed on the 21st day of December, 1929, do solemnly declare:

That by departmental letter dated April 2, 1931, I was notified that an order in council had been passed dispensing with my services as customs-excise enforcement officer on account of active political partisanship. This notice was a complete surprise to me as I have not taken any part in politics in any way whatsoever at any time whatever since my appointment as such customs-excise enforcement officer, or since my temporary appointment to said office, made June 1, 1927, or for a long time prior thereto, and I have not at any time whatever while a servant or employee of the Dominion of Canada or any department of the government of the Dominion of Canada taken any part whatever in political activities of any kind, and I have always done my duty without fear or favour, and I submit that a fair investigation of my record as an officer will substantiate the facts herein set forth and show that I have had a record for efficiency at least a good deal above the average.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Norman MacDonald.

Declared before me at New Glasgow, this 3rd day of May, 1931.

A. Johnston Chisholm.

A commissioner of the supreme court of Nova Scotia authorized to take affidavits to be used in the supreme court of Nova Scotia.

What I am asking my right hon. friend, who has had a letter addressed to him regarding the matter, is that under the circumstances shown him, an investigation should be granted to this officer into the conditions of the case. Not only has this man given his own declaration, but we have had three different protests from the Social Service Council of Nova Scotia. The minister himself said that he

was an efficient officer in every way, and the other night he intimated that he was very sorry to lose this man's services. The hon. member for Pictou thinks this man was guilty of political partisanship. He should be given an opportunity to defend himself in view of the fact that he has gone on the stand, as it were, and made a solemn declaration that he was not guilty of political partisanship.

Mr. BENNETT: The hon. member raises a question that this house dealt with on a previous occasion. It will be recalled that one of the then ministers took the responsibility of making a declaration similar in terms to that which was made by the hon. member for Pictou and action was taken by his colleague, the Minister of Trade and Commerce, upon such recommendation. The house decided then by a majority that this was the proper course to take. Under those circumstances there seems to be no reason why the rule thus established should be departed from. Where a member has pledged his word that a condition exists, the action taken upon it one should not say is irrevocable; but action at any rate has been taken upon it, and it is a matter between the member and the constituency which he has the honour to represent in the house. That has been the action previously taken by this house. What action it may take in the future I cannot say, for I have not had the opportunity to do more than just look through the correspondence and see that the facts were as I have indicated and as the hon. member for Shelburne-Yarmouth has clearly indicated from correspondence. The matter can be further considered, but I have no opinion beyond that which I have just expressed.

Mr. RALSTON: I would urge my right hon. friend in the strongest way I can to reconsider the case in view of the representations that I have received. I do not think the case to which he refers is on all fours with the case I put before the house. I do not think there was a denial of the act in that case. The question was whether or not the acts constituted offensive partnership, but the acts were not denied. Here the acts are specifically denied, the man says he is innocent, and he is backed up by people who know him and his services, and he is backed up as well by the minister. I do submit that he ought at least to have a trial because after all the rule with regard to members certainly is only a rule of evidence; dismissal is made under section 55 of the act, which must be on proof of active partisanship. I ask my right hon. friend to consider not only carefully but favourably the ordinary application for an investigation.

Mr. CANTLEY: The member for Shelburne-Yarmouth (Mr. Ralston) brought my name into this matter on a previous occasion, and has done so again to-night. I asked for the dismissal of Norman MacDonald, preventive officer. Yes, I certainly did, and I was fully justified in doing so. My action was taken at the urgent request of prominent Conservatives, my political friends, who were fully aware of the rabid and excessive political partisanship of the man known to be such and by them resented for years. While my action was taken as stated, it was, as of necessity it had to be, on my own definite, personal knowledge and in conformity with section 55 of the Civil Service Act.

As to the demand for an investigation, that is not a matter for me to decide and I can only refer my hon. friend to the proper authorities. May I suggest, however, that MacDonald and his friends, including the hon. member for Shelburne-Yarmouth, might perhaps be well advised to drop their demand in that connection.

Of olden time, a judge in Israel contracted a matrimonial alliance with a Philistine woman of the Clachan of Tinmath. The men of the place being poor sports, lacking in imagination and devoid of honour, meanly and cowardly secured information by fraud and threats which won them thirty shirts and thirty changes of raiment. This brought from the victim of the fraud the classic: "If ye had not ploughed with my heifer, ye had not found out my riddle." The friends of the hon. member for Shelburne-Yarmouth, with much the same high sense of honour, obtained access to correspondence marked "private and confidential." This they lacked the intelligence to understand and jumped to the erroneous conclusion that my action had been undertaken solely on the suggestion of some of my friends and not on my own personal knowledge.

If the hon. ex-minister wishes to further ventilate the matter, I shall be glad to accommodate him and, in that case will submit some facts to the house as to the action of his friends both prior to and after July 28, 1930, which, peradventure, will cause him and them to regret his action. He and his friends may need thirty shirts and thirty changes of raiment, but they will not get them from me. If he thinks he can, I say "Lead on MacDuff."

Mr. RALSTON: All I say to my hon. friend is that after the assurance which he gives I am sure that he will welcome the investigation, and I am sure the Prime Minister will grant it now. That is all I am asking for. My hon. friend seems satisfied with that, and I am.

Mr. CANTLEY: Under the act to which I have referred and under the conditions existing I understand that he is not entitled to an investigation. I saw his affidavit. He denies doing certain things, but there are many other things which he does not deny which he did do.

Mr. EULER: There is an amount of $350,000 in this item which constitutes an increase under the Income War Tax Act. I think that is an increase over anything that we have had in the last four years, and I should like to know what is the reason for it.

Mr. BENNETT: That $350,000 is provided for the purpose of enabling the auditors to carry out the very work that was suggested by my hon. friend to-day in connection with the income tax and other revenues. It is thought that closer investigation will bring to the government of the country greater revenue. The officials assure us that with the expenditure of this sum of money they will be able to recover this year ten times the amount thus appropriated. They did ask for half a million dollars. There are only seven months left of the fiscal year, and this amount of $350,000 gives them $50,000 a month to carry on their investigations. One matter alone in which they are now interested would net to the treasury a sum at least three times the amount thus appropriated.

Item agreed to.

Miscellaneous—to provide for payments in connection with movements of coal under conditions prescribed by the governor in council and for the cost of administration thereof, $1,428,000.

Mr. NEILL: Under this item a bonus is to be paid on coal mined on Vancouver island for export and the bunker trade. I wish to ask whether it provides for a bonus at the rate originally contemplated of 25 cents per ton, or at the rate of one dollar per ton which I had some reason to hope the Prime Minister might agree to on further consideration.

Mr. BENNETT: Twenty-five cents a ton is the sum provided for under this estimate.

Mr. NEILL: Then I must take up ten minutes of the time of the house. I have seen a lot of time wasted to-day and this is not going to be wasted. It will take me a great deal longer if there are interruptions. This is one of the occasions, Mr. Chairman, when you can show yourself by keeping order.

The CHAIRMAN: It is pretty hard in certain circumstances.

Mr. NEILL: What does that mean?

The CHAIRMAN: The circumstances the hon. member referred to.

Mr. NEILL: When this matter was up before I was particularly careful to make no kind of political or other attack or criticism on the government. I merely pointed out that their policy was such and so, and that it apparently stopped short when it came to Vancouver island. Now that the government have definitely decided against us I still do not propose to waste the time of the house in reproaches against the government. It is a local matter, and while constituting a very bitter grievance it does not interest the members in the east. Also I want to lose no possible opportunity and to close no door through which we may still get relief.

I want to refer to three or four items. The Prime Minister, speaking the other day, said that it was one thing to be asked for aid to prevent an industry going to disaster, and another thing to encourage a new and thriving industry. I would point out that the coal mines on Vancouver island will average some forty years in age. Ten minutes before the Prime Minister made that remark his supporter from Cape Breton South, where the coal mines have been in operation for something like two hundred years, made the remark that the industry in his district was a dying industry—I have the Hansard here but I shall not take the time to quote his exact words—and must be rejuvenated or it would perish, and he congratulated the government on taking steps to prevent it dying; that was the word he used. If his argument is good and sound, and I admit that it is in regard to Nova Scotia, the same argument should be equally applicable to mines not one-fifth part of their age in British Columbia.

There are two matters which give me still some hope that the Prime Minister may give us at any rate some relief, in the matter of which I am speaking. While speaking of these coal mines at Nanaimo and in Cumberland he commented on the fact of how hard up these miners would be this winter. He said that the tales of poverty and destitution that had been told to him would almost justify the bonus of one dollar per ton which we were

asking for, being given by way of a relief measure. Further, speaking directly to me, he informed me that his policy was a national policy and that wherever it was necessary compensating adjustments would be made. I tell him that here and now is the hour and the moment at which the compensating adjustments should be made, and this is the place in which to make them. They are obviously due now.

There was another feature in connection with this matter in respect to which I think a mistake arose in the Prime Minister's mind. It was in connection with lignite. At one place he said that in his opinion the lignite to which I had referred, coming into British Columbia from the state of Washington, was not true lignite, and therefore the matter was at an end.

Mr. GORDON: You mean from Bellingham?

Mr. NEILL: Yes, and from Newcastle in the state of Washington. He said that it was not lignite. In a sense that is true, but unfortunately it comes in as lignite. You cannot tell the difference between lignite and bituminous coal by looking at it. You must have some rule of thumb or scientific method of finding out the moisture content. I agree with the Minister of Mines that it is not lignite, but bituminous coal, but it is coming in and will continue to come in as lignite.

Mr. GORDON: What is the difference between bituminous coal and lignite?

Mr. NEILL: The difference is in the moisture content.

Mr. GORDON: How much difference is there between the two?

Mr. NEILL: It may be half of one per cent. When it was necessary to make a dividing line between lignite and bituminous coal—

Mr. BENNETT: It is six per cent or over.

Mr. NEILL: Yes, if it is six per cent moisture content or over it is classified as lignite, and if it is a fraction under six per cent it is classified as bituminous coal. That is the point I want to make. It is not the coal that is wrong; it is the definition. It is no use saying that that is not lignite because it is, so long as it comes in under the definition of lignite. What is needed to be changed is the definition, which was wrongly or carelessly made a number of years ago. I have the records here. I allude to one which the minister can check up. There was a special committee in 1926 investigating the coal resources of Canada, and on June 9, at page 179 will be found a reference to lignite and a description of the difference between it and bituminous coal. Dr. Camsell, the Deputy Minister of Mines, was giving evidence. I tried to pin him down. I asked him what was lignite, and he said that it was coal containing about ten per cent moisture. The definition says only six per cent, but I say that it was carelessly drawn at the time. Then I have statements from Mr. McLeish, who is one of the officials of the minister's department, and he says that it is quite possible, as the scientific classifications of coal are not sharply defined, that parliament if it so desired—the department itself could do it—could quite justifiably adopt seven per cent as the limiting point for lignite coal. The British Columbia chamber of commerce suggests eight per cent.

Mr. GORDON: What effect would that have on the movement of coal so far as we are concerned?

Mr. NEILL: As regards coal going from Alberta to the United States?

Mr. GORDON: Any place.

Mr. NEILL: If it was judiciously done it would keep their coal out and allow our coal to go into the United States.

Mr. GORDON: What does the hon. member mean by "judiciously done"?

Mr. NEILL: Not making it either ridiculously high or ridiculously low, as it is at present. If it were put at eight per cent it would probably exclude Bellingham coal. I have the records here of the coal coming in from the United States and the moisture content runs from 6.1, 6.2 and so forth. The definition could be changed to exclude Bellingham coal from Canada and allow southern Alberta coal to go into the United States.

The CHAIRMAN: Shall the item carry?

Mr. NEILL: No, it is not carried, and I consider it a piece of gratuitous impertinence, Mr. Chairman, for you to say so when a member is on his feet and speaking.

Unless the definition is changed this coal must come in as lignite. If the definition were changed it would help us materially. It would then come in as bituminous and carry a duty of 75 cents per ton. That would give us that trade, which amounted last year to 17,000 tons, not a very big amount, but still quite an item.

The other matter about which I think the minister was inadvertently mistaken was this. He stated that doing away with this lignite

would do away with the grievance that I was alleging in connection with the countervailing duties. That is not so. The coal is not classified simply as coal when it goes into the United States, but as lignite or bituminous or anthracite, and a duty on one would not affect the other. There are two situations, the bituminous coal situation and the lignite situation. The lignite coal came in for years free of duty. The Finance minister in his budget the other day put on a duty of 40 cents a ton. Later he took that off, so we are left exactly as we were before, with no duty on lignite entering Canada and no duty on the Canadian products entering the United States. It would help us if it was classified properly and made liable to the bituminous duty.

The bituminous coal situation was this. We paid a duty of 50 cents a ton going into the United States, on a countervailing basis. When we raised our duty from 50 cents to 75 cents a ton, automatically, without any action by congress, the Americans raised their duty to 75 cents also. That cuts off a trade for us, not of 17,000 tons, but of 48,850 tons. That was the shipment of that class of coal into the United States last year. I am entitled I think to say that we will certainly lose that trade. I shall not give the figures now because I gave them before, but it means a loss of about $270,000 a year. It is easy to find the remedy. It would be to put the duty back on again, but the Finance Minister cannot do that without upsetting the whole fabric of his fuel policy. It would affect the situation in Nova Scotia. I do not ask him to change the duty again. The obvious thing to do is to give us a compensating adjustment, as he readily can, to take care of the injury we suffer by the operation of this policy. I am still slow to believe that the Prime Minister, once he understands the matter thoroughly, will refuse to remedy this grievance, especially as he is committed to a policy that demands precisely this action. The increased duty on coal in the east and the increased subsidy with respect to railway transportation call for a compensating adjustment which, as I say, we have not been given. He may help us with the lignite, but that is a small matter; the main thing would be to raise the bonus to $1 a ton. He has denied that request, but even yet there is a possibility of helping to some extent by giving this bonus of $1 a ton out of the relief fund. That would be a cheap way of doing it, because it is far better to keep men working steadily at fair wages, even though they work only three days a week, than to cut them off completely and have to give them a dole. So I say the money could be taken out of the relief grant with great satisfaction and benefit.

Mr. GORDON: How much will the mines get under the present bonus?

Mr. NEILL: They will get about $25,000 and lose a trade of $293,000. Of course this aid by way of relief would not be so satisfactory to us as assistance given under the other policy, for this reason: Coal mines are not like corner grocery stores; they must lay their plans for months and years ahead, and if this money were granted out of the relief fund it would be liable to peter out next November, or certainly next March because this act does not operate after that, whereas the policy applied to the eastern and Alberta coal mines runs until 1932, so it would not be nearly so satisfactory. Still, as a drowning man grasps at a straw, certainly it would help us and would relieve the situation there during the coming winter, so I would earnestly implore the Prime Minister to give this request his consideration.

I have only a word more to say, and I am going to quote the Prime Minister. As I said before, he stated that conditions there would almost warrant this money being taken out of the relief fund, and further he said that where adjustments were necessary they would be granted. A day or two ago the right hon. gentleman spoke about the bonus on wheat being a compensating adjustment for the taxes the wheat growers paid through the higher tariff. This is exactly the same situation; I am asking for a compensating adjustment for the loss we have sustained through the increased duty on coal, which cuts us off from a profitable market in the United States. Curiously enough the price of a ton of coal represents twenty bushels of wheat; the bonus on twenty bushels of wheat comes to $1, and we are asking a bonus of $1 a ton.

If some measure of this kind is not introduced it cannot be denied that the government has been unfair to the industry and unfair to the district. I think in all moderation I could go further and say they have been untrue to the promises made at election time and to the very pronounced and definite pledges given in their platform. I know there are occasions when prime ministers, governments and sometimes candidates make promises in all good faith which they are unable to carry out because of subsequent circumstances, but that is not so in this case.

The government of the day has found a remedy for the coal situation in Canada, but it has not been applied as far as British Columbia is concerned. I can see no excuse for them; they have the support of the provincial government and of a very large number of public bodies. The responsibility must be with the government. I have done my best and I am willing to believe the hon. member for Nanaimo (Mr. Dickie) when he says he has done everything he can. The result is in the hands of the government.

Item agreed to.

Loan to the Quebec harbour commissioners for the construction of harbour improvements and terminal facilities, including renewals and repairs, additional to the amount authorized by the Quebec Harbour Loan Act, 1928, notwithstanding the limitation expressed in the last phrase of section 2 of the said act, but to be otherwise subject to the provisions of the said act, $500,000.

Mr. LAPOINTE: I am heartily in favour of this item and supported the request for it. Of course one of the main arguments in its favour is that it will help relieve unemployment in the city of Quebec. I am sorry the Minister of Marine is not here, but my colleague from Quebec city, the Solicitor General is here, and I would like him to give me the assurance that Liberal unemployed will have a chance to work on the harbour works as well as Conservative unemployed.

Mr. GORDON: One hundred per cent.

Mr. DUPRE: Is the question addressed to me? I am not the Minister of Marine, but I may say that certainly we will do as well as my hon. friends did when in power; we will treat everyone with the same justice.

Mr. LAPOINTE: This is a question of helping the unemployed; I should like to know whether they will be considered. I am a little afraid, because since the last election many Liberal workers have lost their jobs there.

Mr. STEVENS: Is that possible?

Some hon. MEMBER: Good.

Mr. LAPOINTE: Somebody says "good," but I would not like to think that money voted for the relief of unemployment would go only to Tories.

Mr. DUPRE: If the Liberals were put out of their jobs I may say that in 1921, in 1925 and in 1926 Conservative workmen also were put out of work, but that is not the question. The unemployed will be dealt with justly, irrespective of political creed.

Item agreed to.

[Mr. Neill.]

Experimental farms, $2,325,000.

Mr. MOTHERWELL: May I ask a question with regard to item 112?

The CHAIRMAN: Item 112 has been carried.

An hon. MEMBER: You cannot carry them in that way.

The CHAIRMAN: No one objected when it was called.

Mr. MOTHERWELL: I object, just for a moment.

Mr. BENNETT: These estimates have been discussed very much longer than any other agricultural estimates have been discussed, and if this is to continue I do not intend to attempt to prorogue on Sunday morning.

Mr. MOTHERWELL: I was just going to ask the Prime Minister whether he wished to prorogue to-night. If he does I am not going to stand in his way.

Mr. BENNETT: I thank the former Minister of Agriculture. I did mention the matter to his leader and it was thought we might be able to do so, but time is passing very rapidly, and the deputy of His Excellency was asked to come about eleven o'clock. Many circumstances combined, perhaps, to take up more time than was expected; for instance, I promised two of my hon. friends an opportunity to discuss some other matters. If it is desired that the house should sit on Monday I will accommodate myself to that desire; otherwise if we can dispose of the business in the next few minutes we might prorogue to-night.

Mr. MOTHERWELL: I am not going to take the responsibility of holding this house over until Monday, nor am I going to take the responsibility of engaging in this midnight farce. A proper discussion of these items cannot be undertaken in this way, so I am just going to let the chairman call the items out and the Prime Minister call them "carried" while I sit by, look on and behold the procession go by.

Mr. BENNETT: I am sorry I cannot let that remark pass; I should like to do so but I cannot, because of the government. No items have been more fully discussed in this house since I have been here than those of the Department of Agriculture this year.

Mr. MOTHERWELL: I beg to differ with my right hon. friend. They were discussed on four different days; there was one return

asked for having to do with the total production of milk for the last ten years, and that return was not supplied to the committee until the fourth day. When it was supplied by the minister the discussion ceased.

Mr. WEIR (Melfort): That is not a correct statement. According to Hansard it was asked for on May 28 and was produced on May 29.

Mr. MOTHERWELL: It was produced on the fourth day after being asked for.

Mr. DONNELLY: In regard to the time taken in discussing these agricultural estimates, I do not think there is any more important subject to discuss. We spent most of our time in committee discussing this question of dairying; I think if we did spend three days it was well spent, and we can spend a longer time at it. There are many other things that should be taken up and discussed, and I do not think it should be left to the last minute of the last hour of the last day to bring up the rest of the estimates of agriculture and ask us to put them through in two or three minutes. They should have been brought up some days ago. We spent time in other less important discussions, and this all important question, a question of importance to the greater part of the Dominion, should not be dismissed summarily.

Mr. VALLANCE: The next item has to do with live stock. The present Minister of Agriculture has announced on various occasions a new agricultural policy along live stock lines, and it should be fully discussed. We have not discussed in committee the marketing of farm products. No report has been concurred in by this house and no opportunity has been given to members who are particularly interested, representing agricultural constituencies, to deal with the subject in the manner in which it ought to be dealt with. I am absolutely in agreement with the hon. member for Willow Bunch.

Mr. BENNETT: I move that the committee rise and report progress.

Mr. MACKENZIE KING: No, no.

Mr. BENNETT: This cannot possibly go on. I think the right hon. gentleman will agree that more time has been given to agriculture this year than in any year, at least since I have been in the house. Agriculture has been the subject of study by a special committee and all these matters have been under consideration. If hon. gentlemen have taken up more time on one item than another, the blame cannot be put on the government. This house has not sat after eleven o'clock except on two occasions, and the business has been conducted in a proper and orderly manner. I do not, therefore, propose to have the house prorogued when hon. gentlemen say that they have not had an opportunity for discussion. They have had an opportunity and if they have not taken advantage of it they cannot blame the government. I have the pages of Hansard taken up in discussion, and for every page covered by the whole of the government forces two pages have been covered by the opposition. That is the record. Under these circumstances, if hon. gentlemen say that they desire an opportunity for further discussion of agriculture on Monday, I shall certainly move that the committee rise and report progress. If they are satisfied with the discussion that has taken place in the special committee, in this house, and in this committee, then I will endeavour, although it is difficult, to prorogue the house before midnight.

Mr. BOTHWELL: Some days ago it was intimated that an opportunity would be afforded to discuss the tariff items of last September. There are some members who wish to discuss those items and who will not be able to do so. It is not my intention to take up the time of the house but I do want to commend to the Prime Minister the address delivered on June 12 and also the address of June 15, and to ask him to consider the remarks that were made then. The condition has not changed since that time; in fact, it has become worse. If you read the newspaper reports since that time you will see that the people of this country are in a worse position possibly than they were then. I ask the Prime Minister to consider those addresses and to take proper action, as he has intimated that he will do, under section 18 of the act which he has passed at this session of parliament.

Item agreed to.

Mr. HANSON (Skeena): Mr. Chairman—

Mr. BENNETT: I move that the committee rise and report progress.

Progress reported.

Mr. SPEAKER: When shall the committee have leave to sit again?

Mr. BENNETT: Next sitting.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT: I move the adjournment of the house.

Mr. MACKENZIE KING: Will it be eleven o'clock on Monday or three o'clock in the afternoon?

Mr. BENNETT: I was going to move that the house stand adjourned until either eleven o'clock or three o'clock, as the right hon. gentleman thinks his friends desire. If they wish to talk from eleven o'clock to one o'clock, discussing the items, very well; if not, the house will meet at three o'clock.

Mr. MACKENZIE KING: My right hon. friend has shown his capacity to make decisions. He had better say which

Mr. BENNETT: Eleven o'clock, so that hon. members may have an opportunity to discuss the estimates on agriculture.

Mr. SPEAKER: This house stands adjourned until Monday morning at eleven o'clock.

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

Monday, August 3, 1931.

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

QUESTION AS TO REGULARITY OF PROCEDURE RESPECTING ELEVEN O'CLOCK SITTING ON MONDAY

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I rise to a question respecting the privileges of this house. Standing order 2 reads as follows:

The time for the meeting of the house is at three o'clock in the afternoon of each sitting day . . . .

As hon. members know, and as you Mr. Speaker are aware, that rule cannot be changed except with the unanimous consent of the house and by resolution to that effect. No motion has been put to this house to alter that rule with regard to the sitting of the commons to-day, and I submit that in the absence of a formal resolution, duly passed and assented to, the whole proceedings of this House of Commons would be irregular. I should be very sorry to see this parliament break up with a violation of the rules of the house as its last act, particularly where the effect might be to render irregular all the business done this morning, if not also possibly the business of prorogation itself.

Let me read what took place on Saturday evening last with respect to adjournment. Hansard, at page 4516, records the following:

Mr. Bennett: I move the adjournment of the house.

Mr. Mackenzie King: Will it be eleven o'clock on Monday or three o'clock in the afternoon?

Mr. Bennett: I was going to move that the house stand adjourned until either eleven o'clock or three o'clock, as the right hon. gentleman thinks his friends desire. If they wish to talk from eleven o'clock to one o'clock, discussing the items, very well; if not, the house will meet at three o'clock.

Mr. Mackenzie King: My right hon. friend has shown his capacity to make decisions. He had better say which.

Mr. Bennett: Eleven o'clock, so that hon. members may have an opportunity to discuss the estimates on agriculture.

Mr. Speaker: This house stands adjourned until Monday morning at eleven o'clock.

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

I think that record makes it very clear that no motion was put to suspend the rule of the house with regard to sitting at three o'clock, and that to that end the unanimous consent of the house was not so much as even asked, but that the Prime Minister himself declared that the house would sit at eleven o'clock. In view of that fact I am more than surprised that in the votes and proceedings of Saturday I should find the following record of the alleged proceedings of the house, at page 685:

On motion of Mr. Bennett, it was resolved,—That when the house adjourns this day it do stand adjourned until Monday next, at eleven o'clock a.m.

That is not a correct statement, Mr. Speaker, of what took place in this house. There was no motion made by the Prime Minister to suspend standing order 2, as the record of the house shows.

Mr. BENNETT: These Journals are the record of the house.

Mr. MACKENZIE KING: Yes, the Prime Minister now says the Journals of the house are the record, but unfortunately in this case, the Journals are not accurate. That is what I am taking exception to with regard to the privileges of this house, that someone, with no authority from this House of Commons, has included in the Journals a record of a motion which was never introduced in this house, never made and never

passed. In the name of the rights of the commons I demand that this part of the record, as it here appears, shall be effaced. If the Prime Minister desires to have the proceedings of parliament conducted in a regular way he should formally put to the house a motion asking that standing order No. 2 be suspended in order that the house be permitted to sit this morning. I shall do what I can to secure for such a motion unanimous consent. I submit that unless that motion is put and agreed to as regularizing proceedings, in order that to-day's proceedings may be regular it will be necessary to adjourn this house until three o'clock, which is the time fixed for the regular sitting. As Your Honour very well knows, notice has to be given of a motion of this kind.

Mr. BENNETT: Not a motion to adjourn.

Mr. MACKENZIE KING: But notice has to be given of a motion to change the time of sitting.

Mr. BENNETT: Not when the hour is fixed at adjournment.

Mr. MACKENZIE KING: Notice has to be given to change any rule of the house; the Prime Minister knows that very well. He knows that the rules of the house required that before this house could sit on Saturday last a notice had to be made to suspend standing order No. 2 in order to give the house authority to sit. In the same way a motion must be made formally and passed by this house in order to give the house authority to sit in the morning today.

Let me make it perfectly clear that I am not raising this point to prolong the proceedings of this parliament further than may be necessary. I would go as far as to say that I would advise hon. members on this side of the house, if a motion is formally put to suspend standing order No. 2 and that the house sit at eleven o'clock this morning, to give their unanimous consent, but I am going to request as emphatically as I can that this alleged resolution, which appears in the votes and proceedings, which was never passed and which has no right to appear in the votes and proceedings of Saturday, August 1, be deleted, and that the records of this parliament be a faithful and true record of what transpires in this house. On Saturday last a measure was put through this House of Commons which removed the necessity of parliament meeting for a period of seven months. That is serious enough. So long as parliament continues to be sitting, if it is at all possible so to do I propose to see as far as I can that the commons exercises its rights at least in regard to its own business and that a faithful and true record is given in the Journals of parliament with respect to what transpires.

Right Hon. R. B. BENNETT (Prime Minister): I cannot say that I am at all surprised at the observations of the right hon. gentleman; they are wholly in keeping with what I would expect, but the record shows that the Journals correctly record what transpired. At page 4516, from which the right hon. gentleman read, it will be observed that I started to move the adjournment of the house when my right hon. friend asked, "Until when?" It was he who raised that very question, speaking for the opposition as I assumed, and no question came from any other quarter of the house. Thereupon I said I was going to move that the house stand adjourned until either eleven o'clock or three o'clock, whichever the right hon. gentleman and his friends might prefer, whereupon he said:

> My right hon. friend has shown his capacity to make decisions. He had better say which.

I said eleven o'clock, therefore, and the motion was that when the house met on Monday it would meet at eleven o'clock.

Mr. MACKENZIE KING: There was no motion; my right hon. friend said—

Mr. BENNETT: It is here; I moved the adjournment of the house.

Mr. MACKENZIE KING: It is not there.

Mr. BENNETT: It is here, and what is more the excitement of the right hon. gentleman is not in keeping with the calm repose that should mark an occasion of this character, the last day of the present session. The fact is that I did not conclude the motion to adjourn by fixing the hour at which we should meet this day; I asked my right hon. friend, as a matter of courtesy, to fix the hour having regard to the fact that his friends had said they had not been given an opportunity to discuss these items. When I extended that invitation my right hon. friend said, "No, do it yourself," whereupon I said eleven o'clock in order that there might be no question. The house thereupon accepted that motion unanimously.

Mr. MACKENZIE KING: The house did not accept it.

Mr. BENNETT: It was accepted unanimously, when I said I would suggest the hour

of eleven o'clock. The Speaker, in the Journals, recorded the arrangement arrived at, the considered decision of the house given unanimously, to which no objection was taken. If it had been otherwise; if a single suggestion had been made that the proper time would have been three o'clock, we should not have met until that hour. I invited my right hon. friend to suggest the hour he preferred, but he declined that invitation and the Speaker recorded what took place, namely that this house agreed to adjourn until Monday morning at eleven o'clock.

There is only one man in this chamber who will see any doubt about that. That was the understanding arrived at; I, having moved the adjournment, was about to indicate the hour on Monday when my right hon. friend interrupted and asked whether it would be eleven o'clock or three o'clock. Could anything be more significant than that? What did the right hon. gentleman mean by asking in this house on Saturday night whether we would meet at eleven o'clock or three o'clock? Now he says it was neither. I met his views by saying I would make it whichever he chose, and when he told me to make my own decision I said eleven o'clock so that hon. members would have an opportunity to discuss these items. Whereupon, in pursuance of that consent, Mr. Speaker said, "This house stands adjourned until Monday morning at eleven o'clock." Could anything be more clear than that? If there was any objection or if the right hon. gentleman did not mean what he said he should have so stated then. If the right hon. gentleman desired to play fast and loose that was the time to do so, not now. If he desired to make a joke of the proceedings of this house that was the time to do so, not now. He asked, "When will you meet on Monday, at eleven o'clock or three o'clock?" He did not ask me what were my views; I was in the position, as leader of the house, of merely consulting the house as to what would meet its convenience. My right hon. friend himself said Monday; he himself said eleven o'clock; he himself said three o'clock, and all I did was to ask him what would best suit his convenience. Mr. Speaker recorded the decision arrived at and consented to by this house. The house has been opened in accordance with the common agreement arrived at and understood by everybody, except possibly in the subtleties of the right hon. gentleman's mind, and after having asked at what hour on Monday we would meet; after having left it to me; after I said eleven o'clock, I cannot think that my right hon. friend should now come to this chamber seriously and so stultify himself as to suggest that we are not here at all.

Mr. MACKENZIE KING: I am afraid that in this matter, in order to make it clear I will have to ask Your Honour to advise the house whether you put any formal resolution that we should sit on Monday morning at eleven o'clock. You, sir, know the rules of this house as to the necessity of a formal motion being put, and I am prepared to abide by whatever you say as to what you did on Saturday evening. I do wish to make clear that my right hon. friend's own words, which he quoted a few moments ago, bear out the contention I have been making that no motion was put. He said:

> I was going to move that the house stand adjourned until either eleven o'clock or three o'clock, as the right hon. gentleman thinks his friends desire.

The Prime Minister said, "I was going to move." He never did make that motion which to enable the house to sit at eleven would have had to include the suspension of standing order No. 2; he did not make any motion, which is made very clear by the record. My right hon. friend now says in reference to your action, Mr. Speaker, that you took the view that the house agreed to stand adjourned until Monday at eleven o'clock. I submit, Mr. Speaker, that there were no words of yours which indicated that there was an agreement, and you never used the expression "agrees to stand adjourned." You simply put the motion for the adjournment of the house. The Prime Minister had said eleven o'clock, so that hon. members might have an opportunity to discuss the estimates on agriculture. We recall the nature of the proceedings on Saturday evening. The Prime Minister took the business of the house out of your hands, Mr. Speaker, and into his own; he simply stated that we should meet at eleven o'clock, and that was the end of it. No motion whatever was put. Now, I do not think it is very fitting on the part of my right hon. friend, when I draw attention to this matter in order to regularize the proceedings, to save him from his own impetuous and dictatorial acts, and point out emphatically to him and to the house that the whole proceedings of this House of Commons this morning might be violated by virtue of—

Mr. BENNETT: What a joke.

Mr MACKENZIE KING: —the fact that no resolution was passed—I do not think he should take occasion to follow his usual course

of delivering a lecture to anyone who ventures to make mention of any shortcomings on his part, especially where it is only to point out where, in the excitement of the moment, he omitted to have regard to one of the important rules of the house.

Mr. BOWMAN: Why did not the right hon. gentleman question the proceedings on Saturday night?

Mr. MACKENZIE KING: In the first place, it was not my business so to do—

Mr. BENNETT: You agreed to it.

Mr. MACKENZIE KING: —and in the second place there was no opportunity so to do. Had there been a little time, had some consideration been shown and had we been allowed to discuss the matter, I certainly would have pointed out to my right hon. friend that a unanimous resolution of the house was necessary.

Mr. BENNETT: So there was.

Mr. MACKENZIE KING: My right hon. friend cannot deny that on several occasions during this session I have sent word to him, or crossed over to him myself and pointed out where something in the proceedings had been irregular, or threatened so to be, and that some necessary step would have to be taken to regularize matters. I have done that because I realize from experience how difficult is the position of the Prime Minister, with the multitude of things to which he must give his attention. But there was no opportunity for anything like that on Saturday night. The conclusion of affairs took place in a few minutes, I should say seconds, and no one was afforded any opportunity to speak. The Prime Minister said, "It will be eleven o'clock," and that was all there was to it.

Mr. LAVERGNE: May I point out that there was a terrible noise while his honour was putting the motion. I remember speaking to my hon. friend from Northumberland (Mr. McDade) at the time. As I say, there was considerable noise while His Honour was putting the motion and, absentminded, I was under the impression that I was still in the chair and so I called for order. I remember remarking to Mr. McDade, "I am absentminded; I am under the impression that I am still in the chair and am calling for order". But I remember His Honour putting the motion.

Mr. MACKENZIE KING: His Honour did not put any motion and I leave it to him to say whether or not he did. His Honour said:

This house stands adjourned until Monday morning at eleven o'clock.

That was what His Honour said. Why has Hansard no record of a motion to meet at eleven o'clock?

Mr. STEVENS: It is on record.

Mr. LAVERGNE: The right hon. gentleman knows that Hansard is not a correct report.

Mr. MACKENZIE KING: I think the hon. gentleman will see that it is a correct report. After the proceedings were over that night I said to my secretary, "I think it was an extraordinary thing that the Prime Minister did not put a formal motion to suspend standing order No. 2 with regard to the matter of meeting at eleven o'clock".

An hon. MEMBER: There was such a motion.

Mr. BENNETT: I made the motion and it was agreed to by consent.

Mr. MACKENZIE KING: I do not want to take up more time than is necessary, but my purpose is to regularize this morning's proceedings, and if hon. gentlemen wish to have this house continue in session this morning, notwithstanding the record of Hansard, which does not show any motion having been put to suspend standing order No. 2 and thereby run the risk of the fact of violation of the rules of the house and of a bad precedent being established for all time, well and good. But as leader of the opposition I am doing my part to maintain the rules of the house, and so to regularize matters as to enable the business to be proceeded with. Let me repeat, I am quite prepared—

Mr. LAVERGNE: May I say that my hon. friend from Northumberland also remembers the incident.

Mr. MACKENZIE KING: The record is there and speaks for itself. But may I say that if the necessary motion is formally put, to enable this house, by unanimous consent, to sit this morning, I will ask all hon. members on this side to support the motion. I do say, however, that the first duty of the House of Commons is to maintain its rules. Your Honour, as Speaker, is primarily responsible in that regard; and I leave it to the word of Your Honour, as Speaker, whether any motion was put into your hands with respect to the matter.

Mr. BENNETT: Put into his hands!

Mr. MACKENZIE KING: We will not say put into his hands, then, but whether any motion was formally put.

Mr. BENNETT: Yes, it is there on Hansard.

Mr. MACKENZIE KING: The Prime Minister says the motion was put. I ask, Mr. Speaker, whether he himself formally put the necessary motion that the house should meet at eleven o'clock by unanimous consent. If Mr. Speaker says he did put that motion I have nothing else to say.

Mr. SPEAKMAN: I did not hear all that went on on Saturday night, but I understood that by consent we were to meet at eleven o'clock. But may I ask this question: If we have no right to be sitting this morning, is not the suggestion of the leader of the opposition also out of order?

An hon. MEMBER: He is trying to make the proceedings in order.

Mr. BENNETT: That would not make it in order; that would be a joke.

Mr. SPEAKMAN: If we are not regularly in session this morning we can no more pass a resolution to the effect of the suggestion made by the leader of the opposition than we can proceed to anything else.

Hon. H. H. STEVENS (Minister of Trade and Commerce): The leader of the opposition bases his whole argument on the assertion that no motion was made for adjournment. He also—

Mr. MACKENZIE KING: Not for adjournment; I did not say anything of the kind. I said that no motion was made to obtain unanimous consent for the house to sit at eleven o'clock instead of at three o'clock—in other words, to suspend standing order 2 of this House of Commons. The motion that was needed was a motion to suspend order No. 2.

Mr. STEVENS: The right hon. gentleman rests his case on the fact that there is an absence of that motion. He also takes Hansard as the basis upon which he rests his contention. As a matter of fact, it is well known that the Journals of the house are the official records. But, taking Hansard, the record is so abundantly clear that the right hon. gentleman must see he has not a scintilla of evidence to support his position. At page 4516 of Hansard the incident is reported under the heading:

Adjournment—Business of the House

That is the usual heading under which the adjournment is reported.

Mr. Bennett: I move the adjournment of the house.

[Mr. Mackenzie King.]

That motion was before the house. It is not a debatable motion, but from time immemorial it has always been permitted the leader of the opposition to query the leader of the house as to the business of the next sitting, and any little matter of that kind. Before the Speaker had an opportunity to put the motion in the usual and regular way the right hon. gentleman asked a question:

Mr. Mackenzie King: Will it be eleven o'clock on Monday or three o'clock in the afternoon?

That was speaking to the motion for adjournment. I remember very well sitting beside my right hon. leader (Mr. Bennett); and when he said, "I move the adjournment of the house", his sentence was not complete at the time. But we will not raise that point. The record shows a period there; we will not discuss whether it should be a period or whether it should be a dash. Then the leader of the opposition asks, in a perfectly proper way:

Mr. Mackenzie King: Will it be eleven o'clock on Monday or three o'clock in the afternoon?

Mr. Bennett: I was going to move that the house stand adjourned until either eleven o'clock or three o'clock, as the right hon. gentleman thinks his friends desire. If they wish to talk from eleven o'clock to one o'clock, discussing the items, very well; if not, the house will meet at three o'clock.

That was giving an opportunity to the right hon. gentleman to indicate what his friends wished which is a common arrangement or practice followed in the house. The right hon. gentleman replied:

Mr. Mackenzie King: My right hon. friend has shown his capacity to make decisions. He had better say which.

The Prime Minister then said:

Mr. Bennett: Eleven o'clock, so that hon. members may have an opportunity to discuss the estimates on agriculture.

This is on the motion to adjourn the house —a motion which was still undecided and still properly and officially before the house; and no other business could intervene until that motion was disposed of. He spoke in the usual and regular fashion, and he is reported in Hansard as saying:

This house stands adjourned until Monday morning at eleven o'clock.

There was absolutely no objection; there was a general and complete understanding that we were to meet again at eleven o'clock on Monday to carry on the business of the house. A meticulous examination of the Journals, or of Hansard, which is the unofficial record of the house, will disclose no grounds to support the right hon. gentleman. When he invites the Speaker to say this or that on

his word of honour, I submit that Your Honour must be guided by what actually occurred and what is shown by the Journals of the house. The record is abundantly clear. I must say that I am amazed at the right hon. gentleman raising this point. What is to be gained by it? Nothing whatever. There is no doubt that all hon. members are anxious to conclude the business of the house and to get away. If there was any objection to be raised to meeting at eleven o'clock this morning, the time to have raised it was when the right hon. gentleman was courteously invited so to do. He did not do so; he left it to the Prime Minister to decide, and the Prime Minister named eleven o'clock. The motion to adjourn was before the house at the moment and there was nothing further which could have been done by the Prime Minister or by the Speaker.

Mr. MACKENZIE KING: Perhaps I could make my purpose still more clear by referring to the procedure which was adopted when the house received permission to sit on Saturday morning. Hansard of Wednesday, July 29, 1931, at page 4273, under the heading "Business of the House" has the following to say:

Right Hon. R. B. Bennett (Prime Minister): I cannot say what progress will be made with the business of the house, but I thought it desirable that we should provide for a sitting on Saturday morning next at eleven o'clock, as we may likely conclude business that day. With the consent of the house I shall move the motion, or I shall put it on the order for consideration to-morrow as the house may think desirable.

Some hon. Members: Hear, hear.

What was said by the Prime Minister on Saturday night is to all intents and purposes in accordance with what up to this point he said on July 29. In other words, the Prime Minister expressed his intention of moving that we should sit on Saturday and when it became apparent that there would be no objection, then the Prime Minister made a formal motion as follows:

Mr. Bennett: I beg to move:

That on Saturday first August next, the house shall meet at eleven o'clock in the morning. That in addition to the usual intermission at six o'clock, p.m., there shall also be an intermission from one to three o'clock, p.m., and that the order of business and procedure shall be the same as on Friday.

That motion was formally adopted by this house by unanimous consent. That is what gave us permission to sit on Saturday morning, it should have included words suspending standing order No. 2; that is what regularizes all the proceedings of Saturday. A similar motion was not put on Saturday night.

Mr. BENNETT: Because no notice is required with respect to adjournment—

Mr. MACKENZIE KING: Certainly not.

Mr. BENNETT: —nor the business of the house.

Mr. MACKENZIE KING: A notice is required to suspend standing order 2.

Mr. BENNETT: No notice is required to fix the hour for sitting. Surely my right hon. friend must admit that he is estopped from repudiating what he agreed to the other night.

Mr. MACKENZIE KING: The rule of the house is:

The time for the meeting of the house is at three o'clock in the afternoon of each sitting day.

That standing order cannot be changed except by formal motion such as was put on Wednesday last with respect to the sitting on Saturday.

Mr. BENNETT: The decision is the other way.

Mr. MACKENZIE KING: Apart from there being no record of any motion in regard to the suspension of standing order No. 2, I can see no justification whatever for the votes and proceedings purporting to report a motion which was never put to this house.

Mr. SPEAKER: I think the discussion has gone far enough. It is true that under standing order 2 the time for the meeting of the house is three o'clock in the afternoon, but if hon. members will refer to standing order 45 they will find the following:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper, but this rule shall not apply to bills after their introduction, or to private bills, or to the times of meeting or adjournment of the house.

No notice is required of a resolution with reference to the meeting or adjournment of the house. That would seem to settle that point in the controversy.

It was very clear to me on Saturday night that all parties present agreed that this house should meet again at eleven o'clock this morning. As is quoted in Hansard, a discussion on the point took place between the right hon. the Prime Minister (Mr. Bennett) and the right hon., the leader of the opposition (Mr. Mackenzie King). The leader of the opposition leaves it to me to say whether or not I put the motion. My recollection is that I did put the motion. That is as far as I can go; if I was put on oath I would not

be prepared to swear that I did, and I was astonished to see that the motion was not reported in Hansard. After all, Hansard is not the official record and we must be guided by the votes and proceedings, which reports:

On motion of Mr. Bennett, it was resolved,—That when the house adjourns this day, it do stand adjourned until Monday next, at eleven o'clock, a.m.

I think the house is bound by that record, and I do not think the proceedings will be irregular if we proceed.

Mr. MACKENZIE KING: If Your Honour says that you put the necessary motion, I have nothing further to say.

Mr. SPEAKER: As to whether or not a motion should now be made is a matter entirely for the government, the Prime Minister and the house. I am in the hands of the house as to that.

QUESTIONS

(Questions answered orally are indicated by an asterisk):

ST. EMILE POSTMASTERSHIP

Mr. SEGUIN:

1. Who asked for the appointment of Mr. Azarias Rivest, to replace Mr. Adolphe Grenier as postmaster of St. Emile, in the county of Montcalm?
2. Was Mr. Emile Provost appointed in his stead, and if so, why, and for what reason did Mr. Rivest not take charge of his office?
3. Who asked for the cancellation of Mr. Azarias Rivest's appointment, were complaints made against him, and if so, by whom?

Mr. RHODES (for Mr. Sauvé):

1. Mr. C. E. Jeannotte of Mascouche.
2. Yes. Mr. C. E. Jeannotte had first recommended Mr. Provost but the department had raised certain objections. It was found later that the objections no longer existed and instructions issued in accordance with the original recommendation.
3. Appointment cancelled in view of Mr. Provost's appointment. There were no complants against Mr. Rivest.

MOTIONS FOR PAPERS

WESTERN CLOCK COMPANY LIMITED

Mr. BOUCHARD:

For a copy of all correspondence, letters and telegrams passing between the Western Clock Company Limited, of Peterborough, or any official of the company, and the Minister of Finance, and to any other member of the Dominion government, during the year 1931.

Mr. SPEAKER: This motion not being in proper order, it will be expunged.

[Mr. Speaker.]

GASPESIA RAILROAD

Mr. LARUE:

For a copy of the report of Mr. S. A. Desmeules, civil engineer, regarding the possibility of building a railroad in the inland part of Gaspesia.

Mr. BENNETT: This motion asks for departmental communications, and the house has decided that such communications cannot be asked for by an hon. member. I stated the position of the government the other day, and as the hon. member is not in his place this motion might be dropped.

Motion dropped.

MEETING OF PARLIAMENT

SUGGESTION THAT NEXT SESSION BE CALLED EARLY IN JANUARY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, will my right hon. friend consider favourably between now and the beginning of next year the calling of parliament early in the month of January instead of at a later time in the year. Of course, my right hon. friend has the decision in this matter but I believe he will be meeting the wishes of all hon. members of this house and will be doing what would be most in accord with the needs of the country if he would bring parliament together at the latest very early in the new year.

Right Hon. R. B. BENNETT (Prime Minister: Mr. Speaker, the right hon. gentleman had control of the calling of parliament for some nine or ten years, and from 1922 up to date parliament met as follows:

March 8, 1922.
January 31, 1923.
February 28, 1924.
February 5, 1925.
January 7, 1926.
December 9, 1926.
January 20, 1928.
February 7, 1929.
February 20, 1930.

The right hon. gentleman is fully aware of the change of Governors General which took place and matters of that sort which caused a delay in the calling of parliament this year. The convenience of hon. members and the needs of public business will be considered when the house is called to transact business.

Mr. MACKENZIE KING: The first date —the only one in March—to which my right hon. friend has referred is the day on which parliament was called after a general election which was held in the month of December.

With the exception of that single date the house met frequently in January, and when in February, it was called at an early date. I am not referring to the late date at which parliament was called this year, but rather to what is desirable as regards the coming year. My right hon. friend even with the house meeting in January, will have five or six months without any session of parliament, and I again express the hope that he will find it possible to call parliament in the month of January, if indeed necessity does not compel him to call parliament sooner.

HUDSON BAY RAILWAY

TEST SHIPMENTS OF GRAIN THROUGH CHURCHILL THIS SEASON

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, as this will be the last opportunity, I would like to ask the Minister of Railways and Canals (Mr. Manion) if satisfactory arrangements have been made for the volume of wheat to make a test shipment from Churchill through the bay.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I have received no communication from anyone wanting to make a shipment of wheat from Churchill except that to which I have referred, a telegram from the On-to-the-Bay Association which stated that they had control of 150,000 bushels of wheat, which would make about half a cargo. Speaking for the government, I may say that we are endeavouring and will continue to endeavour within the next two or three days—it must be done immediately—to arrange this matter. No help that I know of has been received from anyone in the western provinces, and it should be from that part of the country that the cargoes should come.

MINISTER OF LABOUR

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (leader of the Opposition): Mr. Speaker, at the outset of the session the Prime Minister (Mr. Bennett) indicated that the arrangement of having the Minister of Labour occupy a seat in the Senate was to be temporary and that his intention was to have the Minister of Labour occupy a seat in this House of Commons. May I ask my right hon. friend whether between now and next session he will endeavour so to readjust the portfolios or existing arrangements as to make possible the presence in this House of Commons of whoever holds the portfolio of Minister of Labour. It must be wholly apparent that the most important question to-day in this country is the labour question, and it is of importance that hon. members of this house should have in this chamber the presence of whoever fills the office of Minister of Labour. Otherwise it will be quite impossible for us to discuss many all important matters or even to obtain information required with respect to labour matters in a manner most desirable in the public interest.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the onerous duties of the Minister of Labour have been discharged by the present incumbent of that office with such satisfaction to this country and such credit to himself and the government that at the moment I am not prepared to make any statement. It is desirable that this House of Commons should have control over many matters but during the time when Sir Wilfrid Laurier was Prime Minister the Secretary of State was in the Senate for a considerable number of years. During that same period the Minister of Justice in the person of Sir Oliver Mowat was in the Senate, if my memory serves me aright. It is desirable that the Senate should in some sense be made a body of considerable importance in view of existing circumstances and also in view of the Senate reform that has been proceeding in the last ten years. Under those circumstances, I can give no assurance when the government will take such action as may be thought desirable in the public interest.

MINISTER OF FINANCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to ask another question in regard to a matter which affects the cabinet. May we assume from all that has been said that when parliament re-assembles the Prime Minister will have in his cabinet someone other than himself who will be performing the duties of Minister of Finance?

Right Hon. R. B. BENNETT (Prime Minister): That is probable.

FREIGHT RATES ON COAL

SUBVENTION ON SASKATCHEWAN COAL SHIPMENTS TO MANITOBA AND ONTARIO

On the orders of the day:

Mr. ROBERT McKENZIE (Assiniboia): Has the Prime Minister anything further to report with regard to the amount of the subvention that will be paid for the removal of

coal from the Saskatchewan coal fields to Manitoba and Ontario? A few days ago he said that the question was under consideration.

Right Hon. R. B. BENNETT (Prime Minister): It has been, but in view of the pressure of work in the house the Minister of Mines (Mr. Gordon) has not been able to arrive at any conclusion. He informed me, however, on Saturday, that the matter was still engaging his attention and he thought that some satisfactory arrangement could probably be reached.

INDIANS—INFANTILE PARALYSIS

On the orders of the day:

Mr. J. A. BRADETTE (Timiskaming): I should like to ask a question of the Minister of the Interior in regard to infantile paralysis that is prevalent amongst the Indians in the Moose Factory section. I understand an aeroplane was sent to that region with serum?

Hon. T. G. MURPHY (Minister of the Interior): A quantity of serum has been sent by aeroplane into the district affected; I understand the disease is well under control.

LEAGUE OF NATIONS

INQUIRY AS TO REPRESENTATION OF CANADA AT APPROACHING MEETING

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Last week I asked my right hon. friend if he could indicate to the house and to the country who would be the representatives of Canada at the meeting of the League of Nations this year. He said that he could not give the information last week but he would be able to do so this week. He said that a decision had been made with regard to one of the members, but he did not wish to announce any names until the representatives were all decided upon. Is he in a position now to indicate who will be the representatives of Canada at the league. With respect to the one representative with regard to whom the decision has been made is that himself or someone else?

Right Hon. R. B. BENNETT (Prime Minister): I cannot give my right hon. friend the information he desires, and I am certain he must know me well enough to appreciate the fact that under existing conditions nothing would induce me to leave this country to go to the League of Nations or any other body across the Atlantic ocean.

Mr. MACKENZIE KING: I am very glad to hear that.

[Mr. R. McKenzie.]

AIR MAIL SERVICE

On the orders of the day:

Mr. C. R. McINTOSH (North Battleford): Since the Postmaster General (Mr. Sauvé) is not in his seat, could or would the Prime Minister inform the house and the country as to the approximate date when the government will be able to arrive at a decision in connection with air mail routes in the west?

Right Hon. R. B. BENNETT (Prime Minister): Between now and August 15 there will be an immediate curtailment of air mail service in western Canada and in other parts of the country as well.

JASPER PARK—MOUNT ROBSON

On the orders of the day:

Hon. CHARLES STEWART (West Edmonton): May I ask the Minister of the Interior if any progress has been made with the government of British Columbia in the matter of including Mount Robson in the Jasper Park area? Has the matter been under consideration?

Hon. T. G. MURPHY (Minister of the Interior): An offer of Mount Robson has been made by the British Columbia government to the Dominion government. The matter is still under consideration.

SUPPLY

DRAINAGE OF WATERHEN LAKE—TERMINAL OF HUDSON BAY RAILWAY

On the order:

House again in committee of supply (the message of His Excellency with estimates, supplementary, and further estimates, referred).

Hon. W. R. MOTHERWELL (Melville): Before you leave the chair, Mr. Speaker, I desire to discuss one or two questions. It is somewhat late to bring them up, but it is never too late to mend. First I wish to refer to a reference made by the Minister of Agriculture (Mr. Weir) in his maiden speech in this house and to a reply which was given to a question of mine on May 13, 1931, with reference to a certain lake in the riding of the hon. minister called Waterhen lake. Before discussing that I wish to give notice to the Minister of Railways and Canals (Mr. Manion) of a little matter that I propose to discuss with him. It is with respect to a statement he made regarding the Hudson Bay railway and the alleged approval of the Hon. George P. Graham of the port of Nelson. The minister will have time to look that up

while I am discussing the other question. I refer him to pages 1879 and 1883 of Hansard of May 22 of this year.

Mr. MANION: I shall not have time to look it up because there is no staff on duty.

Mr. MOTHERWELL: I am giving my hon. friend more notice than he gave me, for I was absent the other day when he brought this matter up, the first day I have been absent this session.

Mr. MANION: Go ahead. I do not think anybody pays any attention to the hon. gentleman anyway.

Mr. MOTHERWELL: We will see whether the minister pays any attention or not before I am through with him.

With respect to the Waterhen lake trouble, the Minister of Agriculture intimated in his speech that the former Minister of the Interior in the late government, the hon. member for West Edmonton (Mr. Stewart) and myself, were responsible for the drainage of this lake. I was in hopes that the minister would have felt some contrition of conscience, some repentance with respect to that monstrous statement of his and would correct it, but he has not done so. Now that we are on the last day of the session—

Mr. SPEAKER: On what is the hon. gentleman basing his remarks? There is no motion before the house at the present time.

Mr. MOTHERWELL: Was there not a motion to go into supply.

Mr. SPEAKER: I have not heard it made.

Mr. MOTHERWELL: I thought I saw you, Mr. Speaker, rising to leave the chair.

Mr. BENNETT: The clerk assistant called the order and I thought the motion had been made. However, to remove any doubt, I now move, Mr. Speaker, that you do now leave the chair for the purpose of enabling the house to resolve itself into committee of supply.

Mr. MOTHERWELL: Is this the correct time now for me to speak, Mr. Speaker?

Mr. SPEAKER: Yes.

Mr. MOTHERWELL: I am glad that my right hon. friend the Prime Minister is regarding the rules of the house. He was not so particular in connection with the recent suggestion of my right hon. leader.

The Minister of Agriculture in his speech in this house on May 7 spoke of all the weeds around Regina, and blamed me for the weeds being there, although it is thirteen years since I ceased to be Minister of Agriculture in that province. Was I supposed to administer some sort of absent treatment to the weeds?

Mr. LAVERGNE: I rise to a point of order, Mr. Speaker. The hon. gentleman is alluding to a past debate and discussing a question that has been discussed in the house this session.

Mr. MOTHERWELL: My hon. friend should be satisfied with making interruptions when he is in the chair. I have the floor, and I am glad the deputy speaker is not in the chair.

Mr. SPEAKER: No member has the right to quote from the record of former debates of this session.

Mr. MOTHERWELL: All right, Mr. Speaker. I think I know it by heart anyway. The hon. Minister of Agriculture intimated distinctly on one or two occasions during that debate and at the conclusion of it—this is the first time, Mr. Speaker, that you have insisted upon that rule, but I am going to comply with it—that the former Minister of the Interior and myself were responsible for beginning the drainage of the Waterhen lake. I asked for a return with respect to the matter and under his own signature my hon. friend the minister intimated that the contract was let on October 20, 1920, fourteen months before either the former Minister of the Interior or myself came into this house. When the debate was on I drew attention to the fact that that drainage was started by the Conservatives. My hon. friend looked at his notes and said that it was done in 1921 and 1922. Well, Mr. Speaker, the Liberals were in power only for the three last days of December in 1921, and they would not be doing much drainage at that time of the year. The point I want to make is that the minister's statement was absolutely incorrect, as is proved by his own return, indicating that the contract was let on October 20, 1920. Anybody can figure out how many months there were between that date and the time we came into power. May I quote, at all, Mr. Speaker, from Hansard, with reference to the return brought down by the minister?

Mr. SPEAKER: It is against the rules to do so.

Mr. MOTHERWELL: May I quote from an order in council passed a good while ago, confirming and authorizing this work?

Mr. SPEAKER: Yes.

Mr. MOTHERWELL: Thank you, Mr. Speaker. Here is a certified copy of a report of the committee of the privy council, approved by His Excellency the Governor General on June 25, 1920. It is P.C. No. 1416, and reads:

The committee of the privy council have had before them a report dated 11th June, 1920, from the Minister of the Interior, submitting that complete investigations were made during 1919, by the reclamation service, on behalf of the Dominion government, to ascertain the feasibility and desirability of reclaiming by drainage the land underlying and adjoining Waterhen lake and Waterhen marsh in townships 44 and 45, range 21, and townships 44, 45a and 45, range 22, west of the second meridian. The report of the investigation indicates that the project is economically feasible and in the public interest, and that 13,920 acres of land now practically worthless can be reclaimed at an estimated cost of $143,273.91, which will increase the value of the reclaimed land by about $312,220,000.

Further:

The sum of $150,000 was provided in the estimates for 1919-20—

That is two years and two months before the hon. member for West Edmonton and myself entered this house:

—to cover the cost of the work and a revote of a similar sum is included in the estimates for the current year.

So my hon. friend the Minister of Agriculture is shown to be absolutely incorrect by the record. He must have known he was incorrect because he was quoting from data that he had before him. If he says that he did not know at the time that it was incorrect, why did he not admit that long ago, instead of waiting until this last day of the session and then imposing upon me the necessity of correcting his misstatement? The order in council continues:

All the requirements of the laws and regulations have been fulfilled and a drainage district has been organized by the government of the province of Saskatchewan designated as "drainage district No. 18."

In order to take in the territory to which my hon. friend alluded. The order in council is signed by Rodolphe Boudreau, clerk of the privy council, and at the bottom is this note:

Published in the Canada Gazette of 24th July, 1920, Vol. 54, No. 4, for the fourth consecutive week.

So my hon. friend was entirely incorrect in his statement. I have often wondered if he knew what he was saying on different occasions, and I find myself still wondering. He went on to say:

[Mr. Motherwell.]

But that is not all. His work was not yet completed. There was a patch in Saskatchewan that was still not weedy enough.

Mr. SPEAKER: Order. What is the hon. member reading from?

Mr. MOTHERWELL: I am reading from Hansard.

Mr. SPEAKER: Of this session?

Mr. MOTHERWELL: I forgot. We are going to be very correct on the day of prorogation. I am sorry I am not allowed to read the minister's exact words, but I think I can summarize them. The Minister of Agriculture intimated that anyone could read the monument that had been left by the member for West Edmonton and myself on this Waterhen lake, and he described in a most spectacular way how the weeds had been distributed all over the Carrot river district. He said that he who runs may read the record of our alleged deeds as an epitaph on that monument. Now instead of introducing the names of my former colleague from Edmonton and myself, I am going to insert the names of Right Hon. Arthur Meighen and Dr. Tolmie, because they were the two ministers in office in the government here at Ottawa at that time. So this graphic description by the minister supposed to apply to the minister from Edmonton and myself should, would, and did apply—if they applied to anybody—to the Right Hon. Arthur Meighen and Hon. Doctor Tolmie. The whole thing was bunk. I do not think either of them deserve these strictures. They were responsible however although I do not think Doctor Tolmie had anything to do with it or that I can censure Mr. Meighen for it. The fact is however that one of these gentlemen was Minister of the Interior and brought down the recommendation to council; I have read a copy of the order in council. If the Minister of Agriculture has anything to say on behalf of himself I should be glad to give place to him, with the understanding that when he is through I shall have the floor. Just a minute—will that be the understanding.

Mr. BENNETT: No.

Mr. SPEAKER: If the hon. member wishes to give way so that any other hon. member may make a remark or ask a question he has the right to resume his speech.

Mr. MOTHERWELL: We have to have our T's stroked and our I's dotted this morning for the Prime Minister.

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, in the remarks to which the hon. member refers, I was endeavouring to fix the responsibility for the weed menace in the Waterhen lake area. If the former Minister of Agriculture says he had no responsibility for that menace, I am willing to take his statement to that effect. If that is correct the only conclusion we can come to, is that his colleague, the former Minister of the Interior, knew him so well that he did not think it was worth while to ask his opinion concerning an agricultural project as great as that in the Waterhen lake area. There is no doubt in the mind of anybody who lives in that part of the country that the weed menace did develop during the administration of the previous government. That is what I have reference to.

Mr. MOTHERWELL: That is just some more bunk and rubbish, and has nothing to do with it. What has that got to do with it? How could the minister think that the Minister of the Interior could have had anything to do with it? Who began it? It was begun in 1919.

Mr. WEIR (Melfort): Who was responsible? I think we should compliment the former Minister of the Interior on—

Mr. MOTHERWELL: I gave the minister a chance to explain himself and he has messed himself from top to bottom in trying to do so.

I now come to the Minister of Railways—and at this time I do not know whether or not I will be allowed to quote. Why do you, Mr. Speaker, on this particular date, put a crimp in one—

Some hon. MEMBERS: Order.

Mr. CAHAN: Order.

Mr. VALLANCE: Quote the whole of Hansard; get an old Hansard.

Mr. MOTHERWELL: Could I quote Hansard of past days?

Mr. MACKENZIE KING: Of past years.

Mr. MOTHERWELL: I shall read the words of Mr. George Graham about Nelson as quoted by the minister. An attempt was made by the Minister of Railways and Canals to pass on the responsibility to Senator George Graham and the Liberal party for choosing Nelson as a harbour. There was no justification whatever for making such a statement. Here is what Mr. Graham said:

> If the traffic is to assume any dimensions at all—and unless the department were satisfied it will, they would not go to the expense of having very costly terminal facilities there—if the traffic is to assume any proportions a good harbour is necessary, and from the information in the department the best harbour is to be found at Nelson—

Mark you, he said:

> —the best harbour is to be found at Nelson.

That is where the Minister of Railways ceased quoting. He did not notice the following words however, or the following proviso:

> "Provided the difficulty referred to is overcome."

Why did the Minister of Railways stop when he came to a comma, when there was a full stop at which he might have stopped if he had quoted those seven additional very significant words which make Mr. Graham's answer entirely different from the way in which it was said.

Mr. VALLANCE: That is what he did it for.

Mr. MOTHERWELL: "Provided the difficulty referred to is overcome." What was the difficulty? It was recited by the Hon. Mr. Oliver when he intimated that Nelson was an impossible port because there were no banks for shelter, that there was nothing but mud flats, and that the harbour had to be dredged but would not stay dredged. There were sand bars on the outer part of the harbour and in spring great cordons of ice would form and prevent ingress to or egress from it. After the harbour was opened it could not be used because of ice piled up sometimes twenty-five feet high. These are the difficulties which surrounded the selection of Nelson. The Hon. Mr. Dunning also intimated his preference for Nelson, if these difficulties could be overcome; we were all in favour of it, because of the possibility of a shorter rail haul. Here the significant points are omitted. Why? I am not permitted to quote the hon. gentleman's remarks and I do not know whether he will be allowed to quote them. I am quite prepared to give my permission, if Mr. Speaker will do likewise. I would discriminate in favour of the Minister of Railways so that he may hunt around and find words to describe his remarkable conduct. Probably he could set up an alibi, and blame it on some official in the department, as his leader has done on more than one occasion. We would accept that; an alibi of any kind is better than straight guilt. Here are the

words left out "Provided the difficulty referred to is overcome." Why were those words left out? Mr. Speaker, I shall again retire to my chair, as I retired formerly, so that I may hear what the Minister of Railways has to say. I hope he will do better than the Minister of Agriculture has done in his bogus alibi. It would seem that he has not much inclination to speak.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I do not intend to waste much time of the house, nor do I intend to copy my hon. frend's example of wasting time. I cannot lay my hand on the incident at all. I had the whole matter looked up at the time, and gave the information in connection with it. As to being unfair to Mr. Graham, I can say only that he is a friend of mine and I would not have attempted to be unfair to him. I had the evidence before me at the time, and I think it was quite conclusive that Mr. Graham was favourable to Nelson, just the same as others were.

Mr. MOTHERWELL: Of course, we all were, provided Nelson could be made into a good harbour.

Mr. MANION: Well, what is the matter then?

Mr. MOTHERWELL: We were all in favour of it—only, we were not in favour of it, because it was no good. I would be pleased to hand the minister a copy of Hansard, to which there could be no objection. Imagine anybody stopping at a comma only seven words away from a full stop. Did he go into a trance; he does not do that very often. My hon. friend has often stood up and invoked an infusion of red Canadian blood into hon. members on this side of the house. I believe he has it, just as we have, but it seems to me there was a yellow streak infused into the hon. member when he perpetrated such a dastardly garble of the record as he did on that occasion. He could not find it he says; he and his colleagues have not been able to find a lot of returns which were asked for, and many letters are coming down only at the last minute. Now, Mr. Speaker, so far as I am concerned I am content to go into estimates.

Hon. CHARLES STEWART (Edmonton): Mr. Speaker, as my name has figured rather prominently in the controversy respecting Waterhen lake I think I should clear myself of any responsibility alleged to lie at my door concerning the spread of noxious weeds. What the ex-Minister of Agriculture has said is true; we inherited this project. I may say that throughout my whole administration of the Department of the Interior I set my face religiously against the drainage of any area and I do not think the statement can by made that any single area was drained while I was minister of that department. I took the stand that there was plenty of dry land in western Canada for settlement purposes, without any drainage whatever. Having inherited this project however something had to be done with it. Certainly there was no sow thistle in that lake when the water was taken off, and at the request of the municipalities on different occasions we spent money to meet the difficulties brought about by the sow thistle; I am speaking from memory. I do think my hon. friend the Minister of Agriculture went somewhat out of his way to be critical of the administration of that particular project. I know if it had not been for the appearance of things I would have restored the dam and flooded the lake again, but when you get one of those difficult propositions you just have to do the best you can. It is quite true, as my hon. friend has inferred, that until perhaps the last two years we were in power the Department of Agriculture was not consulted about the matter. The land was leased and I believe farmed in an improper manner as far as land of that character is concerned. Land is always sour when water leaves it and difficulties will arise unless you leave it in grass and cultivate it in that manner for a few years.

I just desired to make these remarks, although I am not particularly interested in what the Minister of Agriculture or anyone else has to say with regard to my administration; I am always ready to defend it when it comes under review. I just want to say that as far as Waterhen lake is concerned we used our best judgment in the matter, and it is wholly erroneous to say we were responsible for seeding that lake or that community with sow thistle. I visited that district on two or three occasions, and every time complaints were made by the weed inspector, mowers were put in and the weeds cut. I am bound to say that from my observation that was not done to the same extent on the surrounding land. If my hon. friend looks up the records of the department he will find that expenditures were made for this very purpose on at least three occasions.

SUPPLY—AGRICULTURAL CONDITIONS

Mr. T. F. DONNELLY (Willow Bunch): Before you leave the chair, Mr. Speaker, I desire to say a few words with regard to the position in which agriculture finds itself to-

day. On Saturday evening some of us were accused of holding up the estimates because we wished to say a few words in connection with agriculture. I think to-day, of all the industries in Canada, agriculture finds itself in the most precarious situation. From one end of Canada to the other we find farmers in all branches of agriculture complaining and wondering what the end will be. I do not care what branch of farming activity they carry on, whether it be wheat or fruit or cattle or dairying; we find them all bitterly complaining that they are unable to make ends meet because prices to-day are only about fifty per cent of what they were a year ago. As I say, from one end of Canada to the other we hear these mutterings, these groans and denunciations of present conditions. Farmers see nothing before them but darkness and blankness; there is not a rift in the clouds as far as agriculture is concerned, yet every man must know that if as a country we are ever to get out of this depression the first people to feel the effects of better times must be the primary producers, the agriculturists.

During the last election, a little over a year ago, the unemployed were told they were going to have lots of work. There was to be work for all at good wages; no one was going to be hungry. There is no doubt also that the farmer was led to believe, either directly or indirectly, that he would be able to market anything he could produce, at a good price. He was going to get real money for his butter and eggs and wheat, and if there was one thing for which the Liberal government was condemned during the last election it was that Mr. Dunning did not step out and sell Canada's wheat at a good price. Why did he not sell it? That was the cry. What was he doing? We were told to wait until the Conservative government got into power, they would sell it. They are selling it, all right; they are giving it away now. That was the whole cry during the campaign, and say what you like now the farmer believed in his heart that when the Conservative government came into power he was going to get a better price for his product. You may side-step that all you like, but it is a fact. That is why so many farmers voted Conservative; they voted in favour of those promises. All I can say is that they are reaping their whirlwind now, and they regret their action most deeply.

Well, the election was held and we came to Ottawa for the session of the house. Hon. members from western Canada demanded from the government time after time what was their program in regard to agriculture. All the press throughout Canada proclaimed the present minister the greatest Minister of Agriculture we ever had; they said he was a wonder man. We hoped he was; we really and sincerely hoped he was such a man, because we thought that if ever there was a time when agriculture needed a real minister this was the time. We wanted that to be so; do not make any mistake about that. As farmers we were all anxious to see the farmer get out of his present condition. Well, we came here and asked him for his policy. We continued to ask and finally, after a lot of bantering and talking, and after the session had been going on for two or three months, he made a speech in this house. At that time he was supposed to tell us what was his program, but he started in and took a long time to tell us he was a new man in politics and that he was the graduate of a university. I do not know what that had to do with it, but he took a long time to make those statements. Then he made nothing but a political speech, the most rabid political speech we have had in this house. The very first thing he did was to attack the former Minister of Agriculture and tell us he was the worst minister we ever had. Before he even had his own seat warm he was telling us that the last minister was the worst minister Canada ever had.

Mr. WEIR (Melfort): What authority has the hon. gentleman for making such a statement?

Mr. DONNELLY: I am not allowed to look up Hansard; if I do so I will be called out of order, so I am just giving the impression we got.

Some hon. MEMBERS: Take it back.

Mr. DONNELLY: Take back nothing.

Mr. WEIR (Melfort): I will have to ask the hon. gentleman to take it back.

Mr. DONNELLY: I am quite ready to take back the words, but that was the impression left with us and with the country. The minister said, "Look; he left nothing outside Regina but a trail of weeds," but what do we find? The trail of weeds in Saskatchewan was left by the Union government, the Conservative government sitting in Ottawa at that time.

Mr. WEIR (Melfort): I would like the hon. gentleman to adhere to a certain degree of accuracy. I did not say anything of the kind, and I do not think the hon. gentleman can blame the Union government for spreading weeds around Regina.

Mr. DONNELLY: Hon. members may look up the record to see if the minister did not mention the trail of weeds around Regina, and I say that the trail of weeds in Saskatchewan was left there by the Conservative government in 1914.

An hon. MEMBER: Prove it.

Mr. DONNELLY: I am going to do so. That trail of weeds is south of the main line; it is about one hundred and fifty miles long and two hundred or three hundred miles in width. In 1914 the Conservative government at Ottawa sent seed to that district; it was full of wild weeds and stinkweed which polluted the whole country, and no one is to blame but this government, who did it. They are the ones that spread the weeds. And what are they doing to-day? Let me ask the Minister of Agriculture that question. What are they doing to-day to see that no weeds shall be sent in?

Mr. WEIR (Melfort): All seed is inspected.

Mr. DONNELLY: This past winter, I know for a fact, they have brought in Canadian thistle and sow thistle, and this in a country which is supposed to be new. Then hon. gentlemen opposite accuse the former Minister of Agriculture of spreading weeds.

Next we hear the story of the drainage of Waterhen lake. I do not need to say more about that, because we heard what the former Minister of Agriculture had to say. He indicated his position in that regard. The Minister of Agriculture went on to tell us what a wonderful market he had obtained for our cattle in Europe. Why? Because the price of cattle in this country had been so reduced that England could afford to buy them. Hon. gentlemen were instrumental in having the price come down in this country. We had Mr. Brown before the committee, and he told us that in the years 1927, 1928 and 1929 we could not ship our cattle to England because there was a better price in Canada than could be obtained over there, and that if we did ship our cattle we should lose money. That is the whole explanation. The hon. gentleman says, "I got a place for you on the ships; I obtained satisfactory ocean rates, a cheap rate for your cattle. I was instrumental in doing that". Well, I looked up Hansard myself—

Mr. WEIR (Melfort): Does the hon. gentleman say that I ever at any time took credit for obtaining a $15 rate.

Mr. DONNELLY: Look up Hansard.

Mr. WEIR (Melfort): I never said so.

Mr. DONNELLY: I am not allowed to quote from Hansard of this session, but apparently the hon. gentleman took credit for obtaining a good price. He says—

Mr. SPEAKER: Order. The hon. member has already heard me rule with reference to quoting from previous debates in the same session.

Mr. DONNELLY: I am not referring to a previous debate.

Mr. SPEAKER: I thought the hon. gentleman was referring to Hansard.

Mr. DONNELLY: I was looking at Hansard to see what the date was which I have in mind. It was on March 27.

Mr. SPEAKER: In order that there may be no misunderstanding I shall quote from Bourinot. After reciting various prohibitions, Bourinot goes on to say:

> Neither can a member, in speaking, refer to anything said or done in a previous debate during the same session—a rule necessary to economize the time of the house, and a restraint upon members to prevent them from reviving a debate already concluded.

Mr. DONNELLY: I am not referring to any debate, Mr. Speaker. I asked a question on the orders of the day on March 27, 1931, when the minister made a reply. That is all. That was why I said to the Minister of Agriculture that I could not refer to any of the debates to see what he had said during this session, because it would be out of order.

Mr. SPEAKER: The rule is intended to economize the time of the house.

Mr. DONNELLY: The minister also referred to the feeding of cattle and said that he had performed experiments in connection with barley, chopped oats and one thing and another. Well, these experiments have been carried on for years and along the very same lines. The whole question of the marketing of farm produce was referred to the committee on agriculture who apparently were asked to evolve a policy. The minister had no policy of his own, but he wanted to shoulder on the committee on agriculture the responsibility of evolving one for him. I sat in that committee, and after our deliberations the only conclusion we arrived at was that the former Minister of Agriculture had been correct; his actions were justified. Indeed, he had done a whole lot that members of the committee knew nothing about, and our inquiry confirmed in every way the actions of the former minister. That committee brought in a report which has never been concurred in;

we have never asked for concurrence in the report. We brought it in and that was all. It was not important enough, it would seem, to be bothered with at all. When we went into that committee we found that the grading of cattle and beef, of butter and eggs, of fruit and vegetables, had been started by the former Minister of Agriculture, and the committee recommended that this be continued. That is about all we arrived at.

We asked that not only the marketing of produce but production as well should be studied, inasmuch as production was of great importance in many parts of Canada. During the last five years the farmers of Canada would seem to have forgotten that we had a Minister of Agriculture in the last eight years or so, because the farmers prospered so under the Liberal government that they were not aware that a Minister of Agriculture was there. They forgot that their Minister of Agriculture had been doing things for them.

Let me briefly put before the house a few of the things which the former Minister of Agriculture did, because no doubt many hon. gentlemen are as ignorant as were the members of the committee of what the former minister did. In the committee on agriculture the other day the fact was brought out that the former minister passed regulations with regard to the grading of eggs, and a member got up and said he did not think that a man should be compelled to sell eggs according to grade, but should be allowed to sell as he wished to. It was brought out in the committee that the provinces that did not concur in that legislation did not have to sell eggs according to grade within their own territory. One member got up and said that everyone in his constituency knew it, and another member of this house said he did not know anything at all about it. He said they were allowed to sell in the open market as they liked, either according to grade or not. I am willing to let that go; but apparently he did not know what the situation was in his own province.

Under the former Minister of Agriculture excellent work was done in our experimental farms, and any money spent on these farms anywhere in Canada is warranted. In my judgment, no branch of the Department of Agriculture has done as much for the farmers of the country as the experimental farms have done. Take spring wheat in this country. In Canada we do not produce wheat as they do in the United States. We do not spend on our experimental farms one dollar for every ten dollars they spend there; yet, in spite of that fact, our farms have done well and every step in the progress they have made has been of real benefit to the wheat growers of Canada. Discovery of Garnet has made possible the growing of wheat in the Peace River district and in many parts of northern Saskatchewan. Seventy million dollars at least has been added in one year to the wealth of western Canada by the growing of Garnet wheat.

Then there is the matter of a rust-resisting wheat. The experimental farms which have investigated this matter have taken different views. Some have been attempting to find a cure for the disease by dusting the wheat with certain powders. Others contend that the cause should be removed, but the experimental farms in Canada have attempted to find a wheat which would be immune to this disease. They have succeeded and many parts of Manitoba which could not formerly grow wheat are now enabled to do so. By these two things alone the experimental farms have justified their existence; the discovery of Garnet and Reward wheats occurred under the regime of the former Minister of Agriculture.

What else do we find? I have summarized these matters, and I will refer briefly to them. The next is the fact that we have secured the participation of the provincial government of Ontario in financing the erection of a new live-stock building at the Royal Winter Fair. This government is to grant $35,000 per year for twenty years to assist what is probably the greatest winter fair on the North American continent.

The next accomplishment under the former Minister of Agriculture is the work performed in connection with bovine tuberculosis. Restricted areas have been created in the attempt to prevent this disease spreading throughout the country. At the present time we find involved $1,400,000 in this and the related policies of graded herds and testings. I have referred already to the fact that there has been instituted a system of grading butter, cheese, bacon, eggs, fruits and vegetables, all inaugurated by the former Minister of Agriculture.

The next thing was the creation of a system of inspection of fruits and vegetables at the different shipping points. Inspectors make sure that these products are properly graded and are in proper condition before being sent out. The next matter inaugurated by the former Minister of Agriculture is the system of pre-cooling or refrigerating of fruits and vegetables. There are all advanced steps which were taken by that hon. gentleman.

The next is the establishment of a seed cleaning and storage elevator at Moose Jaw.

This is one of the things spoken of several times during the speech of the Minister of Agriculture. He said that probably too much money had been spent along this line. This seed cleaning plant is self supporting. There is no other system of inspection in any department which pays its own way, except that of wheat inspection. This government has taken out of the farmers something like $1,700,000 more than it needed and there is in the public funds of this country that amount of money which rightly belongs to the wheat growers of western Canada.

Last year or in the previous year we said: You cannot raise cattle unless you have pure bred stock; you cannot grow good wheat or other grain unless you have pure seed. We said: We think some of this $1,700,000 that is lying in the national treasury and that belongs to the western farmers, should be taken out and given to them in order to establish a seed cleaning plant. We took some of that money; we did not as a matter of fact take much more than the interest on it, and we erected a seed cleaning plant at Moose Jaw. That plant is still in existence and it is a place where a man may go in order to get pure, clean seed. In this country at this time, the necessity for such a plant is greater than ever, because we want to know where we can get clean grass seed in order to have a rotation of crops which seems to be essential at present in western Canada. The plan outlined at that time was to erect another of those plants in Alberta and one in Manitoba. I do not think eastern interests or anybody else should have anything to say with regard to this. It is the wheat grower's money and he has a right to take it and use it as he chooses. As long as what has been done is satisfactory to the wheat growers of the west, outsiders in eastern Canada should not have anything to say about the matter. It is the wheat grower's money that has been taken from him in connection with the inspection and grading of his wheat.

Another thing that was done was to take the initial steps for holding a world seed fair at Regina this year. I believe such a fair will do much to enlighten the farmers in regard to growing proper seed.

Then in 1923 we had the prohibition of the importation of oleomargarine. This is something which our Conservative friends like to forget. During the session of that year there was quite a discussion in regard to the importation of oleomargarine. The former Minister of Agriculture fought strenuously for the prohibition of its importation. Many of our Conservative friends supported its importation, but they like to forget all about that, and say they were in favour of prohibiting it. The record, however, shows otherwise. In 1917 some 14,000,000 pounds of oleomargarine were imported and I believe that if in 1930 it had been allowed to be brought in, something like 30,000,000 pounds would have been imported.

Mr. BENNETT: Does the hon. gentleman say that 30,000,000 pounds entered Canada in 1930?

Mr. DONNELLY: No; I said that if the importation had not been prohibited, I believe 30,000,000 pounds would have been imported. I know the importations were stopped in 1923.

Mr. BENNETT: The extent of the hon. gentleman's imagination is amusing.

Mr. DONNELLY: It would not take very much imagination to believe, when the price of butter was so high during the Liberal regime in 1929, that oleomargarine could readily have found a market in this country.

Mr. VALLANCE: It would not to-day.

Mr. DONNELLY: No, because the price of butter is not very high now. It would be cheaper to buy butter. As I said in the house some time ago, it takes about two pounds of butter to buy a pound of axle grease. Some farmers are using their butter for axle grease.

Mr. SHAVER: The hon. member has made that statement before about its taking two pounds of butter to buy a pound of axle grease. Where does that condition obtain?

Mr. DONNELLY: In western Canada.

Mr. SHAVER: It does not obtain in this part of the country.

Mr. DONNELLY: The price of butter is much lower in the west than in the east. The farmers can get only from ten to twelve cents a pound for it at the country stores, and they pay from twenty to twenty-five cents a pound for axle grease.

Mr. BOYES: Why do they not take their cream to the creameries?

Mr. DONNELLY: In many sections of the country hon. members must realize that farmers are from twenty-five to thirty miles from a railway, and it would hardly pay a farmer to haul his milk daily to the railway to ship to a creamery.

Mr. SHAVER: That explains the whole situation.

Mr. DONNELLY: That does not explain why the price of dairy butter was twenty-five cents at the time of last election and it is only ten or twelve cents now, although my hon. friends opposite made the people believe that if the Conservative party came into power, they would be getting more for their product. That is the point of the whole argument. My hon. friends opposite made the people believe during the last election they would be getting real money for their butter; it would not be any small, miserable, twenty-five cents.

Mr. BOYES: That is incorrect.

Mr. DONNELLY: The last thing to which I wish to refer is the fact that we arranged in cooperation with the different parts of the British Commonwealth for the establishment of an agricultural research bureau. These are some of the activities of the former Minister of Agriculture for the benefit of agriculture throughout Canada. All I want to say in conclusion is that when the estimates for agriculture are before the house, we hope the present Minister of Agriculture (Mr. Weir) will be able to throw out a line for our farmers and to give them a ray of hope.

Mr. McINTOSH: Throw out a lifeline.

Mr. DONNELLY: The farmers throughout the country are dreading the prospect of having to leave their farms and under present conditions it looks as though they would have to do so. There is nothing more essential to a country than a prosperous and contended peasantry:

> But a bold peasantry, it's country's pride,
> When once destroyed can never be supplied.

It looks to-day as though our farmers will have to leave the land. As a matter of fact, they are doing so, and if conditions as they are continue for very long, more and more of them will have to abandon their farms. We trust and hope the Minister of Agriculture, even at this late date in the session, will be able to give some comfort to those farmers who find themselves in this situation at this time.

Mr. JOHN VALLANCE (South Battleford): I should like for a few minutes to draw the attention of the house to a condition which exists in western Canada and that is well known to the Prime Minister (Mr. Bennett). I am going to comment upon a return for which the hon. member for Melville (Mr. Motherwell) asked the other day. It will be remembered that in the last general election the big question in western Canada as far as agriculture was concerned, was markets. I want to quote two extracts from a speech made by the Prime Minister before I deal with this return. The Prime Minister, when addressing a meeting at Winnipeg a year ago last June, had this to say:

> Recognizing that the marketing of our natural products is a foremost factor in our national welfare, I pledge our organization and machinery, in cooperation with private and financial agencies, to permanently establish effective organizations in the countries with which we trade. With these drastic adjustments and improvements to which you are entitled, and with the full employment of our great transportation system, you will have broader markets, and will have them for all time. You have known suffering and have been patient. Let us end it. Take heart.

There are many members who are behind the government to-day who will agree with me that it was the statements made by the present Prime Minister while in Winnipeg that made the greatest contribution to their being members of the House of Commons at this time. Let me quote another statement which the Prime Minister made at the same meeting:

> Listen you agriculturists from the west and all other parts of Canada. You have been taught to mock at tariffs and applaud free trade. Tell me, when did free trade fight for you? You say tariffs are only for the manufacturers. I will make them fight for you as well. I will use them to blast a way into the markets that have been closed to you.

Some hon. MEMBERS: Hear, hear!

Mr. VALLANCE: I hope hon. members will be able to say: "Hear, hear!" when they learn what has been the attitude of the government during this session of parliament with regard to those statements of the Prime Minister. Naturally, we expected that the government would bring down, shall I say some drastic measures or even some suggestions in the way of fulfilling these promises. I was rather amazed when the Prime Minister during this session stood in his place and referred the whole marketing problem to the committee on agriculture. At that time, as a member of that committee, I rose in my place in the house and objected to having the responsibility thrown on to that committee, a responsibility that he had assumed during the last general election.

I said in the beginning that the Prime Minister had some knowledge of the wheat situation. In the return to which I referred, there appears a letter written to the premier of

Saskatchewan by the present Prime Minister. This letter reveals to what extent my right hon. friend has knowledge of the situation. He writes:

My Dear Premier:

I return you herewith the papers you sent me the other day.

Your informant is in error. The officials were appointed under the War Measures Act—

I want the house to listen to this:

—to deal with Canadian wheat. They were known as the board of grain supervision on the Canadian wheat board. The wheat board sold the Canadian crop of 1919 and after paying all expenses, they credited to the Finance department the sum of $428,781. After everything was wound up, the money sent to the western provinces was $560,000. There remains upwards of $100,000 which is in process of being made available for relief purposes in the west.

Now listen to this:

The letter indicates how easy it is to have erroneous impressions regarding public matters.

I just wish to prove to the Prime Minister how erroneous his own statements are. I want to give the correct figures which I know will be substantiated even by his Minister of Agriculture. The old wheat board of 1919 had a surplus of some $732,000. Of that, $560,000 was paid to the farmers by the late lamented James Robb. In the final wind-up the grain supervisors turned over to the federal Department of Finance $428,000, making a total of $1,160,000, leaving still owing to the farmers of Canada the sum of $600,000. Therefore I think the Prime Minister had better revise his information and take it from the records within the department. In his letter he says:

The letter indicates how easy it is to have erroneous impressions regarding public matters.

I would suggest that even at this late date, while he is still having conferences with, shall I say, those who are interested in the marketing of Canada's wheat crop, he revise his figures and see whether the figures I give him are not correct, because it may have some bearing if he realizes that this country still owes some $600,000 to the farmers. I do not wish to go into details; I merely wish to draw the attention of the Prime Minister to this fact.

I was one of those who, on Saturday night, objected to the estimates on agriculture going through as they were and being assisted through the house by the Prime Minister. As I pointed out then, some very important, supposedly new agricultural policies have been brought into effect by the present Minister of Agriculture, and it is only fair and just to the farmers throughout Canada that the government and the Minister of Agriculture in particular should have an opportunity to tell the house and the country just what those policies are and just what effect it is believed they will have on the deplorable conditions existing in agriculture at the present time.

Mr. LUCAS: Why does not the hon. member give the minister a chance to discuss this question?

Mr. VALLANCE: If the house had had its way on Saturday, you would have had no chance to hear him. I would say to the Prime Minister that if he had not been so impetuous on Saturday night, the house could have got through before twelve o'clock, and it was his own fault that it did not get through.

Mr. BOWMAN: You mean if the ex-Minister of Justice had not taken up so much time we would have got through.

Mr. VALLANCE: I am not laying the blame on anyone, except to say that if the Prime Minister had not been so impetuous and dictatorial we would have got through on Saturday night. It was his own attitude that brought those of us to our feet who rose on Saturday night.

Mr. SIMPSON (Algoma): Please continue.

Mr. VALLANCE: I think that any member from western Canada sitting behind the government ought to agree with the attitude that three or four of us on this side of the house took on Saturday. I am sure it will be appreciated by the farmers of western Canada. It is because of the promise hon. gentlemen opposite made to the farmers of western Canada that they are now sitting over there. Take the election in South Battleford, for instance. If you go into the records of that election you will find that there were two thousand farmers who left the Progressive or farmer candidate and voted Tory. Why? Because of the promises you gave.

Mr. MANION: Because they were tired of your conduct.

Mr. VALLANCE: You can go through the record and you will find—

Mr. SPEAKER: The hon. member will please address the chair.

Mr. VALLANCE: I think I did address the chair, Mr. Speaker, but the hon. Minister of Railways addressed a remark to me across the floor without even referring to you, Mr. Speaker.

Mr. SPEAKER: That does not put the hon. member in order.

Mr. VALLANCE: Then, why not call him to order, too? Because he happens to sit on the front benches opposite, with apologies to you, Mr. Speaker. In the South Battleford election I gained 380 votes, but the farmers of that constituency, because of the promises the government gave them, slipped two thousand votes to the Conservative candidate. I do not think I can add anything more. I think we were justified in the action we took on Saturday night.

Mr. FRANK BOYES (East Middlesex): I just wish to make a few remarks in reply to the two hon. gentlemen who have just spoken. I have been more than amazed at the way in which these two hon. members in the past and to-day have gone into the records of their ridings and represented conditions in the west. I come from the province of Ontario, representing the riding of East Middlesex, and I am sure that I would not like to be one of those who would get up in this house and decry the province of Ontario as these two hon. gentlemen have been decrying the west. Further, it is a surprise to me that these two hon. members, who have been members of the former government for a number of years should make such extreme statements at the present time. Why did they not look after some of these things in years past when they had the opportunity? I do not wish to take up the time of the house. I will just say in conclusion that I believe this to be a fact, that these two hon. members did hold up the house on Saturday night. There is no doubt about that. On this side of the house the west is ably represented. We have the right hon. the Prime Minister (Mr Bennett) who, as all hon. gentlemen know, is as well acquainted with western conditions as anybody in this house. We have also the Minister of Agriculture (Mr. Weir). Does he not know conditions in the west as well as the two hon. members who have just spoken? I am convinced that he knows them much better, and he is giving us an administration which is very satisfactory to us. In Ontario we are not questioning where ministers come from, but my hon. friends opposite, if the minister had come from Ontario, would have complained. We are making no complaints. We are convinced that the Minister of Agriculture will do fairly by this country, no matter where he comes from. I believe that the people of this country generally, as well as the people of the west, are more and more convinced as time goes on that this government is doing the right and proper thing and I believe that the two hon. gentlemen opposite, who have been holding up this house as they have been doing for several days past, involving additional expense to the country, will have to account for it to their electors when the next election comes. I believe that they will be held to account, and that their electors will return supporters of the government now in power.

SUPPLY—COPYRIGHT ACT

Mr. E. R. E. CHEVRIER (Ottawa): Before you leave the chair, Mr. Speaker, I wish to bring up one matter. I am sorry the hon. Secretary of State (Mr. Cahan) is not in his seat. I am not saying that in any unkindly spirit; he may be busily engaged otherwise. Perhaps after I have made my remarks, which will take only a few minutes, the Prime Minister may enlighten me and indicate what action will be taken in respect to what I have to say.

I have here a return brought down by the Secretary of State just a few days ago. It is with reference to some eighteen questions that I asked about the Berne convention. I shall not deal with all the questions, though the replies to most of them are unsatisfactory, but only with this one. I asked the names of the various countries that now adhere to the Berne convention, and for this reason: Under the amendment to the act which was recently passed, article 1 says:

> The countries to which the present convention applies are constituted into a union for the protection of the rights of authors over their literary and artistic works.

Throughout the convention the articles refer to the countries of the union, and I asked the Secretary of State whether the names of the said countries would appear in the preamble of the schedule, because otherwise the whole law means nothing. His answer was no, that the names of the adhering countries will not appear in the preamble, but that they may be obtained by asking the office of the International Union for the information. That is a sorry state of affairs. If anybody wants to know to what countries the present Canadian copyright law applies, so far as the Berne convention and the schedule to the act is concerned, there is no authoritative source to which one may go to find out what those countries are. The Secretary of State says that the information may be had by asking the office of the International Union for it. The Prime Minister will see at once the difficulty one is placed in when trying to interpret the law, which applies to so and so, when the adhering countries it does apply to are not mentioned in the act. I fully appreciate that the law was passed in Canada before the ratifications were

effected on July 1, in Rome, but I submit that there ought to be some way, either by proclamation in the Canada Gazette or otherwise, whereby one could ascertain authoritatively what these countries are without having to write to the International Union office at Berne for the information. There are other questions which have been answered in a most unsatisfactory and incomplete way. For the moment however I should be satisfied if some direction could be given as to where one could secure the list so that it would be possible to give advice on the matter.

Right Hon. R. B. BENNETT (Prime Minister): The hon. member has asked a question which, it seems to me, is not unreasonable. Canada has acceded to the Rome convention, and Canada had previously acceded to the Berne convention. I understand the hon. member's question is as to what countries have acceded to both. He has received fair information with respect to Rome, but he finds it difficult to obtain information concerning Berne. Is that correct?

Mr. CHEVRIER: Information in connection with the countries now forming the union.

Mr. BENNETT: Yes.

Mr. CHEVRIER: I believe there are about forty countries.

Mr. BENNETT: It seems to me that the suggestion is not unreasonable. I shall ask the under secretary to get into communication with the proper authority, and a notice can be inserted in the Gazette stating the facts.

While I am on my feet I may say to my hon. friend it has been decided that for the month of September the hours for the Civil Service shall not be different from what they have been under previous regulations. I promised my hon. friend I would give that information in regard to the civil servants.

Mr. CHEVRIER: I am afraid I did not get the effect of the Prime Minister's words. Does he mean that the closing hours, the four o'clock hours, will extend into September?

Mr. BENNETT: No, they will not.

Motion agreed to and the house went into committee of supply, Mr. Smith (Cumberland) in the chair.

SUPPLY

DEPARTMENT OF PUBLIC WORKS

Mr. BENNETT: We shall call items Nos. 193, 194 and 208.

[Mr. Chevrier.]

Harbours and Rivers

Nova Scotia

Advocate—wharf repairs, $4,300.
Annapolis Royal—wharf repairs and improvements—under construction, $5,000.
Arichat—extension to groyne, $1,200.
Arisaig—whaf repairs, $2,100.
Baddeck—wharf repairs, $3,000.
Bailey's Brook—repairs to piers, $4,000.
Barrington Passage—wharf, $9,000.
Bay St. Lawrence—breakwater extension and repairs, $4,200.
Belliveau's Cove—wharf repairs, $4,100.
Black Point—breakwater repairs, $4,200.
Broad Cove Marsh—breakwater-wharf extension—under contract, $5,900.
Brooklyn—breakwater extension—under contract, $50,000.
Cape St. Mary's—groyne—to complete—under construction, $1,600.
Cheverie—wharf repairs, $2,000.
Cow Bay Run—breakwater extension and repairs, $3,000.
Creignish—extension and repairs to pier, $3,000.
Digby—harbour improvements—under contract, $50,000.
Dingwall (Aspy Bay)—breakwater repairs, $14,000.
Eastern Passage—repairs to harbour works, $4,000.
East Jordan—wharf repairs, $1,500.
East Port Medway—wharf extension, $1,100.
East Sandy Cove — wharf improvements, $1,600.
Englishtown—wharf repairs, $2,500.
Feltzen South—breakwater repairs, $1,500.
Freeport—breakwater repairs, $11,500.
Friar's Head—harbour improvements, $2,400.
Goose Bay—wharf repairs, $3,000.
Grand Desert—harbour protection work, $3,600.
Grand Etang—repairs to piers, $6,200.
Granville Centre — wharf reconstruction, $3,000.
Gunning Cove—wharf repairs, $1,200.
Hantsport—wharf improvements and dredging—under construction, $10,000.
Hawbolt's Cove—reconstruction of harbour works, $4,000.
Herring Cove—breakwater repairs, $7,000.
Harbours and Rivers Generally—repairs and improvements, $110,000.
Inverness—repairs to harbour works—under construction, $8,000.
Joggins—repairs to breakwater wharf—under construction, $4,000.
Kelley's Cove—wharf repairs, $2,000.
Ketch Harbour—wharf extension, $1,200.
L'Ardoise Beach — breakwater extension, $2,400.
Little Anse—breakwater repairs—under contract, $12,600.
Little Brook—breakwater repairs, $10,000.
Little Caribou—dredging, $5,600.
Little Judique—extension and repairs to harbour works, $2,500.
Long Point Banks—wharf, $5,700.
Louisburg—wharf—under contract, $65,200.
Lower Sandy Point—breakwater repairs, $2,000.
McKay's Point (Judique)—breakwater extension, $3,300.
Mabou Harbour—repairs to groynes, $1,500.
Malagash—wharf extension, $10,000.
Margaree Harbour—repairs to harbour works—under construction, $7,900.

Margaretville—breakwater repairs, $10,000.
Meteghan—breakwater repairs, $3,000.
Murphy's Pond — harbour improvements, $2,500.
Neill's Harbour—breakwater repairs, $3,800.
North East Point, Cape Sable Island—wharf, $19,000.
Northport—wharf—under construction, $2,500.
Parker's Cove—breakwater repairs, $2,000.
Parrsboro—improvements to Riverside pier, $8,000.
Petit de Grat—wharf—under contract, $7,900.
Pictou—dredging—under contract, $10,000.
Pictou—repairs to railway-wharfs—under construction, $7,000.
Pictou Island—wharf extension, $5,000.
Pictou Landing—completion of breakwater—under construction, $1,800.
Port George—breakwater repairs—under construction, $5,000.
Port Greville—wharf repairs, $2,200.
Port Lorne—breakwater repairs, $9,500.
Port Williams—extension to vessel bed—under contract, $4,500.
Poulamon—wharf repairs and extension, $3,600.
Pugwash—repairs to departmental railway wharf—under construction, $6,000.
Ray's Creek—wharf reconstruction, $5,500.
Red Island—breakwater repairs, $6,000.
Sandford—breakwater repairs, $3,000.
Scott's Bay—repairs to harbour works, $1,500.
Sheet Harbour East—wharf repairs, $4,000.
Skinner's Cove—repairs to piers, $1,500.
Smiley's Point—breakwater repairs and shed, $2,000.
South Cove—wharf repairs, $1,500.
Spencer's Island—wharf repairs, $1,800.
Swim's Point—wharf repairs, $3,000.
Sydney (Whitney Pier)—wharf repairs, $5,500.
Tangier—wharf repairs, $3,700.
The Ponds (Pleasant Bay)—harbour improvements—under construction, $12,000.
Tommy's Beach—hoisting engine and skidway, $2,000.
Toney River—repairs to piers, $2,000.
Trout Cove (Centreville)—repairs to breakwaters—under construction, $5,500.
Upper Prospect—breakwater repairs, $2,800.
Upper Woods Harbour — wharf repairs, $1,500.
Volger's Cove—wharf repairs, $1,200.
Wallace—wharf repairs, $3,500.
Watt's Settlement—wharf repairs, $1,800.
West Advocate—breakwater improvements, $1,200.
West Arichat — breakwater repairs—under construction, $2,500.
West Head, Cape Sable Island—breakwater repairs, $3,000.
Windsor—wharf extension—under construction, $13,600.
Yarmouth Bar—breakwater repairs, $5,000.
—Total, $698,500.

Hon. H. A. STEWART (Minister of Public Works): Mr. Chairman, I beg to move, seconded by Mr. Manion that the part of item No. 193 concerning Ray's Creek wharf reconstruction, $5,500 be changed to read:

Ray's Creek—wharf, $5,500.

We are leaving out the word "reconstruction," because we purpose to construct in a different location.

Item agreed to.

Mr. DONNELLY: Referring to item No. 117 I should like to ask the Minister of Agriculture what progress is being made with regard to cut worm. Crops in western Canada have suffered because of this pest.

Prince Edward Island
Belle River Harbour—Breakwater repairs, $1,500.
China Point—wharf repairs, $2,000.
Cranberry—wharf repairs, $2,400.
Graham's Pond—breakwater repairs, $1,000.
Grand River (north)—wharf repairs, $2,000.
Harbours and Rivers Generally—repairs and improvements, $15,000.
Hickey's—wharf repairs, $2,000.
Lambert's (Montague)—wharf repairs, $1,500.
Miminigash Harbour—breakwater repairs—under construction, $1,000.
North Lake Harbour—breakwater repairs, $1,700.
Pownal—wharf repairs, $2,200.
Rustico Harbour—breakwater repairs, $2,700.
Sturgeon—wharf repairs, $2,500.
Summerside—wharf repairs—under contract, $8,000.
Tignish Harbour—repairs to breakwater, $5,000.—Total, $50,500.

Mr. MOTHERWELL: I cannot hear what is going on, and I should like to know what is before the house—there is too much noise.

Mr. BENNETT: Public Works, item 194.

Mr. MOTHERWELL: Is the Prime Minister in charge, as he was on Saturday night?

Mr. BENNETT: I was trying courteously to answer the hon. member's question.

Mr. MOTHERWELL: I do not think he will be in charge of the estimates of the Department of Agriculture, if I can hinder it.

Mr. BENNETT: The hon. member is excited.

Mr. MOTHERWELL: I am not.

Item agreed to.

INDIAN AFFAIRS

Manitoba, Saskatchewan, Alberta and Northwest Territories, $1,007,639.

Mr. VALLANCE: What are we dealing with?

Mr. STEWART (Leeds): Indian affairs.

Mr. VALLANCE: Well, call out the items so they may be heard, because I should like to ask a question of the Minister of the Interior (Mr. Murphy). What is the policy of his department with regard to calling for tenders for supplies? Do they call for a list

to be given to the department so that the minister or the department may choose from that list those firms qualified to tender for supplies. I have in mind a firm in my constituency which has been sending supplies of flour to Indian reservations for a considerable number of years, not only during the regime of this government but during that of the last, and previously. Tendering for this year's supply of flour this particular firm was told they were not on the list handed to the department. I wish to learn from the minister if it is his policy or that of his department to get the names of individual firms who are to be allowed to tender on various commodities.

Hon. T. G. MURPHY (Superintendent-General of Indian Affairs): Mr. Chairman, the supplies of flour for the Indian department are, I believe, purchased to a great extent from the manufacturers of that product.

Mr. VALLANCE: I am referring to a manufacturer, a miller.

Mr. MURPHY: The different firms manufacturing in western Canada are asked to quote on that particular commodity. I am not able to state at this time whether the firm he has in mind has been asked or not. I am prepared to accept, however, his statement that it has not been asked.

Mr. VALLANCE: This particular firm had been delivering flour supplies for quite a number of years. They wrote to ascertain why they were not asked for tenders and were politely told that their name did not appear on the list of firms from which tenders were required. Is it the decision of the Department of Indian Affairs that purchases shall be confined to certain individuals? I have no objection if that is the policy; if so, however, I should like to know it. I wish to know if that is the policy of the minister and his department.

Mr. MURPHY: I do not think there has been any change of policy with respect to buying supplies. It may be that when firms are asked to quote all firms are not included. If however the name of this particular firm did not appear on the list, I suppose they were not asked to tender. I may say that on some occasions a firm which has not been asked to quote on certain orders has written asking to be allowed to quote, and permission has been granted.

Mr. VALLANCE: I refer to the Bishop Milling Company in my constituency, right in the midst of the Indian territory, who for many years have been supplying flour to the Indian department. When they asked permission to quote on this occasion they were politely told their name did not appear on the list handed to the purchasing agent, and therefore they could not tender.

If that is the policy of the government, all right. I want to be in a position to tell those who come to me regarding purchases, or tendering on produce for the Department of Indian Affairs, that unless somebody other than myself vouches for them to the department they will have no consideration. I merely wish to make it quite clear, and have it understood whether or not my opponent, the Conservative candidate, will be extended that courtesy; I wish to know.

Mr. MACKENZIE KING: I should like to ask again if the rules of the house are to be observed. I understand the time of sitting is from eleven o'clock to one o'clock. According to the clock it is now some seven or eight minutes after one o'clock.

The CHAIRMAN (Mr. Smith, Cumberland): I have not looked at the clock.

Mr. MACKENZIE KING: It is your duty to do so.

The CHAIRMAN (Mr. Smith, Cumberland): I look at the clock now, and it is one o'clock. My information, however, is that there is no rule which provides that this house must rise at one o'clock.

Mr. MACKENZIE KING: I submit it has been the custom and practice in the past; I do not know where the chairman obtained his information, but certainly the house usually sits from eleven o'clock until one o'clock. However, if my hon. friend thinks he is going to further the progress of the business of the house by causing us to depart from our usual practices, by all means let him so proceed. I am doing what I can to get the house prorogued in accordance with the rules and practices of the House of Commons, and if the deputy speaker and others desired to combine to seek to prevent that they must blame themselves for whatever difficulties they may encounter in proceeding in that way.

Mr. BENNETT: There is no necessity for threats of this kind; do not threaten us.

Mr. MACKENZIE KING: There are no threats.

Mr. BENNETT: Let us be better natured about it. I direct your attention to the fact, Mr. Chairman, that it is now one o'clock.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. MANION: With the consent of the committee, Mr. Chairman, I should like to make a brief statement with reference to Fort Churchill which I think will be of interest not only to the people of western Canada but to the country generally. I was asked this morning, and I have been asked at various times by hon. members, about the possibility of getting out a shipment or shipments of grain from Churchill this autumn. The government, through myself and my officers, has been working continuously in an endeavour to get grain shipments through Churchill. We have had the matter under consideration with Mr. John I. McFarland and various organizations, private and public, but we had not succeeded in obtaining any promise of a shipment of any kind except 150,000 bushels with the On-to-the-Bay Association had arranged through Mr. McFarland. This morning, learning that Mr. McFarland was in the city, and before I was asked anything about the matter here, I tried to get in touch with him, and I succeeded at noon in having an interview with him. My chief, the leader of the government (Mr. Bennett), Mr. McFarland and myself discussed the matter, with a view to having Mr. McFarland cooperate with the government to have Fort Churchill tested. He has consented to cooperate with us in an endeavour to get out two cargoes through Churchill this fall.

Mr. BRADETTE: Carloads?

Mr. MANION: Two cargoes. I do not know the number of bushels, but Mr. McFarland feels that two cargoes are as much as he can reasonably assure us of. Under the circumstances we are hoping to have these two cargoes go from the port of Churchill some time after September 15. If someone else comes forward with a third cargo almost immediately—because the boats will have to be arranged for—we could probably handle a third cargo. As I stated previously, apart from what we have accomplished through the kind offices and cooperation of Mr. McFarland, we have not succeeded in getting anyone to ship wheat that way. In view of this arrangement, however, we hope to be able to ship the two cargoes out this fall as a test.

The CHAIRMAN: There is nothing before the committee. The next item is:

Indian Affairs — Manitoba, Saskatchewan, Alberta and Northwest Territories, $1,007,639.

Mr. McKENZIE (Assiniboia): I wish to ask the minister a question with regard to the lake resort at North Carlyle. I understand that there was a movement on foot to cancel the lease held by the town of Carlyle of a portion of the Indian reserve near the lake. The reserve is in the Moose mountains. I wonder what progress has been made with regard to the cancellation, or whether the matter stands.

Mr. MURPHY: I believe that some years ago a lease was granted to the town of Carlyle by the Indian department, giving rights in connection with a summer resort near there. The term of the lease was I believe for a period of ninety-nine years at $400 per year. The matter is now in the hands of the Department of Justice and will go before the court.

Mr. McKENZIE (Assiniboia): I want to present the point of view of the town of Carlyle in regard to this matter. It is true, as the minister says, that there was a lease in 1907 or 1908 or thereabouts made between the town of Carlyle and the Indian department, in connection with a portion of that reserve. The significant point is that for about twenty years the Indians were apparently satisfied with that lease. It is true that the lease was for ninety-nine years, the amount being $400. Someone who pretended to have considerable interest in the Indians persuaded them that they were not getting enough for the lease of that land. At the time the land was leased it was just a rocky lake front and, in that condition, no one would think of paying $400 a year for a lease of that property. However, it went on from 1906 until about two years ago. I wish to read a letter which I have received from the mayor of the town of Carlyle, to show their position in the matter. Up to this time I had not heard of any dissatisfaction among the Indians, but the question was raised about two years ago when the town of Carlyle wanted to rent an additional piece of land for a golf course. The town of Carlyle has spent a considerable amount of money establishing their summer resort, which is second to none in Saskatchewan. This letter, addressed to myself, reads:

Re town of Carlyle and Carlyle lake resort lease.

You will remember that about two years ago the town of Carlyle wrote you requesting that you intercede with the Indian department on our behalf in an endeavour to have them lease the town an additional piece of land to be used as a golf course.

At that time we offered the Indians $400 per year rental, although the estimated rental on this land was approximately $50, with the idea of clearing up any dissatisfaction there might be concerning the old lease.

These negotiations were unsuccessful, and the Indian department have now instituted proceedings in the exchequer court of Canada asking for cancellation of this lease.

Previous to the issue of this writ, the Indian commissioner at Regina wrote me, stating that the Indians were dissatisfied with the present lease, and that he thought a representative from his department and the town of Carlyle should meet and discuss the situation with a view to settling the differences. I replied immediately to the effect that the town of Carlyle would be very pleased to meet himself or his representative and he then wrote stating that he would arrange a meeting.

After the writ was issued the matter was fully discussed by the council, and they were of the opinion that a town such as ours should not be expected to carry on an expensive lawsuit with the government. Consequently the town solicitor and myself interviewed the department's solicitor, and he agreed to write to his clients explaining that the town was quite willing to enter into negotiations with the department, and the action still stands in that position, with the exception that they have asked us to file our defense, and this means that we are already becoming involved in legal expenses that the town cannot afford.

I would again impress upon the minister and the committee the fact that for approximately twenty years the Indians were to all intents and purposes satisfied with the lease. But someone, who apparently had a great interest in the Indians, persuaded them that they were not getting sufficient money. The town of Carlyle has spent a considerable sum developing that summer resort and it is very unfair to put them to a great deal of expense at this time in connection with that lease.

Mr. McINTOSH: I was waiting to see whether the minister would reply to the hon. member for Assiniboia (Mr. McKenzie), but if he is not going to do so I have something to say in connection with what we were discussing before recess. I understand that the situation in connection with the flour mills of the Battlefords, in respect to the needs in a flour way of the Indians in the northwestern part of Saskatchewan, is this. If you are on the patronage list for the riding, if the milling organization is on the constituency patronage list, it can compete for this business and tender. If it is not on the patronage list for either riding, it cannot do so. Is that the position? I should like the minister to say.

Mr. MURPHY: That is not correct.

Mr. McINTOSH: If that is not the position, will the minister define exactly the situation in both ridings. There is a mill in each riding and certainly each mill ought to have an opportunity to tender on departmental business. As I understood the statement of the minister before recess, it was that the mill in Battleford was not allowed to tender. It was not on the list, and that list must be the patronage list. What kind of business is that for a department to carry on?

Mr. BENNETT: Just what was going on in the last ten years.

Mr. McINTOSH: If the Prime Minister makes that statement will he bring forward a specific example to prove it?

Mr. BENNETT: Calgary.

Mr. McINTOSH: Name the man and the organization.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Hundreds of them.

Mr. VALLANCE: I may tell the Prime Minister that that statement is hardly true, because in the Battlefords—

Mr. McINTOSH: It is not true.

Mr. VALLANCE: —the Bishop Milling Company was supplying a portion of the flour prior to the coming into office of the previous government. They did not tender during the life of the last government and they were not asked this year to tender. They inquired as to why they had not been asked to tender and they were politely told, maybe properly so, that their name had not been handed to the purchasing agent so that he could ask for tenders.

Mr. MURPHY: The hon. member for North Battleford (Mr. McIntosh) asked if only certain people in these ridings were allowed to tender, and I answered, no. We are asking for quotations from the different flour mills throughout Canada. The mills in Winnipeg, Moose Jaw, Saskatoon or wherever they may be situated are asked to tender. As to whether or not there are patronage lists, the hon. member seems to have quite a knowledge in that regard.

Mr. McINTOSH: We are seeing it every day.

Mr. MURPHY: There is a list of names in the department from which they were asked to request tenders. It may be called a patronage list or whatever hon. members want to call it.

Mr. VALLANCE: Let us call it that, because that is what it is.

Mr. MURPHY: I will take the hon. member's word for it, because he seems to know.

Mr. McINTOSH: No hon. member knows better than the minister.

Mr. MURPHY: I do not think there has been any change of practice.

Mr. McINTOSH: I understand that this mill in North Battleford is not on the patronage list; is that correct?

Mr. MURPHY: I do not know whether it is or is not a patronage list; I know there is a list.

Mr. McINTOSH: The departmental list.

Mr. MURPHY: I am not sure whether or not the name of that firm is on this list.

Mr. McINTOSH: Is the North Battleford Milling Company on the patronage list, and if not, why not?

The CHAIRMAN: Order.

Mr. BENNETT: The minister has answered the last question.

Mr. McINTOSH: In view of the minister's statement that he does not know whether or not these mills are on the patronage list, I am sure that the electors of the two Battlefords will wonder at his knowledge of and familiarity with the affairs of the department.

Item agreed to.

General, $286,500.

Mr. STEWART (Edmonton): The Prime Minister seems to know something about patronage lists. I spent the last year or two trying to find out whether or not such a thing was in existence.

Mr. BENNETT: The hon. member did not know there was one in existence?

Mr. STEWART (Edmonton): I did not rise to speak about patronage lists, but rather to draw the attention of the government and the minister to the large reduction which has been made in the votes for Indians. I notice that the supplementary estimates contain an additional $200,000 for the relief of destitute indians. This will cut down the reduction considerably—

Mr. MURPHY: It is for destitute indians and hospitalization.

Mr. STEWART (Edmonton): —but even with that additional amount there is still a cut of $300,000.

Mr. MURPHY: It is more than that.

Mr. STEWART (Edmonton): I was speaking in round figures. I do not take exception to the decrease in the vote for education, as I understand that one can cut down on the construction of buildings and the like without creating a serious hardship, but before the year is out this drastic cut will prove to be a serious matter to the Indians. During my time in the department I found that the requirements of the Indians were growing at a considerable rate and for purposes which it did not seem humanely possible to refuse.

Mr. NICHOLSON: I know something of the conditions of the Indians throughout northern Ontario, and unless a very definite step is taken in the near future to provide a means of livelihood for them a serious condition will develop. The Indians have virtually been deprived of the means of maintaining themselves by trapping and hunting, because these privileges have been taken away from them by the white trapper. I would urge that the government in cooperation with the provincial authorities try to evolve a scheme under which fur-bearing animals will be conserved for the Indians. I am speaking only of that part of the country of which I have some knowledge, but I believe the same condition applies right across Canada.

Mr. STEWART (Edmonton): That is correct.

Mr. NICHOLSON: The situation in northern Ontario is such that if something is not done very quickly the Indians will have to be taken care of en bloc. The misery among these people has reached a state of almost complete desperation, and I am confident that before the year is out very substantial additions will have to be made to what is now being provided to take care of these destitute Indians. The natural reflex from the unemployment situation has affected them to some degree, but the main cause of distress is the fact that their hunting grounds are being destroyed by the white trappers. Their rights should be recognized, and they should be allowed their hunting grounds in at least the unorganized parts of the north country.

Mr. MURPHY: Last year there was spent for Indians the sum of $5,956,855, in addition to the supplies which they were able to obtain from their own reserves. In western Canada very fertile land has been set aside for the Indians and they carry on farming operations on their reserves. In British Columbia they carry on farming in addition to their fisheries, but in northern Ontario and Quebec the Indians are not so well provided for. Their reserves are not agricultural lands, and they are unable to raise many of the commodities they themselves require. The hon. member for East Algoma has brought up a point which is more provincial than otherwise in character. I am informed that the Ontario government have appointed a com-

mission to inquire into that very matter in order to see that the hunting rights may be reserved in those very areas for the Indians. The Indian department is taking steps so that its representatives may be able to appear before that commission and present the case of the Indians. The former Superintendent General of Indian Affairs has stated that the expenditure has been growing, and that is true. We have been building residential schools throughout Canada so that these people may become educated, and as the schools increase in number of course both capital expenditure and cost of maintenance will increase. That is being looked after.

The main reduction this year is in capital expenditure; that is, we are not undertaking this year to build new schools or to construct new roads in these reserves. But it will be observed that the sum of $200,000 has been inserted in the supplementary estimates to provide for hospitalization and against destitution that may occur amongst our Indian wards. This was necessary because the condition which now prevails could not have been anticipated when the main estimates were brought down. We had hoped, as every Canadian had, that conditions would become better, but under conditions that now prevail, when it is difficult for white people to secure work, it is more difficult for Indians to do so, and in addition to that the Indians' former hunting rights have been curtailed by reason of the hunting by the whites. But we have taken the necessary steps to provide for these people.

Mr. DONNELLY: What is the Indian population by provinces?

Mr. MURPHY: The total Indian population is in round figures about 108,000.

Mr. BENNETT: Men, women and children.

Mr. MURPHY: By provinces it is as follows:

Nova Scotia	1,827
New Brunswick	1,606
Prince Edward Island	315
Ontario	27,420
Quebec	12,885
British Columbia	25,107
Manitoba	12,263
Saskatchewan	10,784
Alberta	10,311
Northwest Territories	4,150

Mr. DONNELLY: Is the Indian population increasing or decreasing?

Mr. MURPHY: It is about stationary.

Mr. STEWART (Edmonton): It is not in any spirit of criticism but rather to be helpful that I wish to offer a few remarks with respect to the question raised by the hon. member for East Algoma. For some years we tried to make arrangements with the provincial governments for the purpose of having set apart in Ontario or Quebec or the older provinces, hunting areas from which the white trapper would be excluded, that is, areas in addition to the reserves that are set aside for the Indians. Naturally the provinces did not view this matter at the start with a great deal of favour, but after considerable discussion about the matter on different occasions with various ministers, I found a disposition on the part of the provinces—and I am passing this on to the minister now—to consider with some favour a proposition of that kind. What the minister says is probably true. The plains Indians with a tendency towards farming have a much better chance of securing a livelihood than those in the wooded areas, who have to obtain their living by hunting. If an arrangement could be made with the provinces whereby the Indians might have the exclusive privilege of hunting in certain areas, this would be of immense benefit to the Indians and helpful to the exchequer of the federal government. I mention this now merely in order that the minister may be able to say with full assurance that he has the complete support of those who were in office before him in endeavouring to secure this privilege for our Indians, because unless something of this kind is done, the plight of the Indians who gain their subsistence by hunting will be serious. Year by year it has been growing gradually worse, and the fact that the price of fur has increased in value has only added to the difficulty. This situation is not confined to any one province; it is general throughout Canada.

Mr. WOODSWORTH: Several weeks ago I brought to the attention of the minister the complaints of the Indians on the Pasqua reserve with regard to the granting of a lease to the Antapa Club. I should like to ask the minister if it is possible in some way that the wishes of the Indians may be met in this case.

Mr. MURPHY: I understand at the present time there are no complaints before the department, although in former times protests were received in regard to the matter.

Mr. WOODSWORTH: I took some time to bring to the attention of the minister and the house the protests which the Indians had definitely made to me with regard to the lease. Those protests were very active and recent; they came to me only a few weeks

ago. The minister can hardly take the view there is no protest or no trouble at the present time.

Mr. MURPHY: In view of what the hon. member has stated, I can only say that the matter will be investigated by the department in order to correct the injustice, if any, that has been done.

Mr. McINTOSH: The minister, in his statement to the committee, said that the department had not any intention of building or rebuilding any residential Indian schools in western Canada this year. What is his policy in connection with some of the schools which have been burned? Is action on them to be postponed for years?

Mr. MURPHY: I do not know whether or not the hon. member has any particular case in mind. I made the statement that the department were not making any capital expenditure this year not only in western Canada but in the country generally.

Mr. McINTOSH: There is an Indian school at Beauval in the northwestern part of North Battleford. Will the minister take any action on it?

Mr. MURPHY: I understand the school at Beauval has been partly rebuilt. My general statement holds good, that we are making no capital expenditure this year on buildings throughout Canada, or on the construction of roads.

Mr. McINTOSH: So the policy with regard to a new school there will be determined in the future; am I to understand that?

Mr. MURPHY: We are not rebuilding there at the present time any new school, although as I said before, I think the school has been partly rebuilt or some buildings have been erected there to give temporary accommodation to the pupils.

Item agreed to.

Agriculture—entomology, $35,000.

Mr. MOTHERWELL: Are all the agriculture items up to this one passed, Mr. Chairman? If so, there must have been a lot passed since the live stock item on Saturday night.

Mr. McINTOSH: The items must have been smuggled through.

Mr. BENNETT: On a question of order, Mr. Chairman, the hon. gentleman has suggested that the estimates have been smuggled through. He must withdraw that statement.

Mr. McINTOSH: That was just an emphatic word which I thought would be properly interpreted.

Mr. BENNETT: No estimates have been marked as carried which have not been considered by the committee and passed. There is no question about that at all.

The CHAIRMAN: When the hon. member for Melville got up on Saturday night, some estimates had been passed and the committee allowed the hon. gentleman to discuss certain items on another item.

Mr. MOTHERWELL: A lot of these agriculture items were never mentioned on Saturday at all. My intention is to act as nice as pie this afternoon so that we may prorogue by five o'clock. I am saying that on behalf of myself because some members seem to think that I was holding things up. What other items will the chairman permit us to discuss live stock on? My understanding was that these items had not passed.

The CHAIRMAN: I will permit anything if the committee consents. I have the estimates before me, and I call the number of the votes; that is all.

Mr. BENNETT: With respect to the agriculture items that are standing, some six in number, I believe—

Mr. MOTHERWELL: When did the other four get through?

The CHAIRMAN: On Saturday night.

Mr. BENNETT: My hon. friend may discuss anything from the genesis of agriculture down to the exodus of this house this afternoon.

Mr. MOTHERWELL: On any item?

Mr. BENNETT: And I trust that in the meantime a revelation will come to him as to what is involved.

Mr. MOTHERWELL: Revelations have come to me, and I hope they will come to my right hon. friend. If we are going to discuss the agriculture estimates, the first thing I would request is that the Minister of Agriculture take charge of these estimates as soon as possible.

Mr. BENNETT: That is right. He will.

Mr. MOTHERWELL: I knew my right hon. friend would act nice when I acted nice.

Mr. BENNETT: Hear, hear; it works both ways.

Mr. MOTHERWELL: If the Minister of Agriculture would get a little nearer, I would

be able to hear him better. We are going to have a real family reunion before we leave. May I quote from yesterday's Hansard?

Mr. BENNETT: May I make clear to my hon. friend that a citation from Hansard is always permissible except it be with respect to matters on which the house has arrived at a decision, or observations made during a debate on an amendment to the address or on going into supply, which must not again be referred to, for the reason that if you did the discussion would be interminable. The hon. gentleman certainly has a right to refer to what was said on Saturday because we are still sitting in committee of supply with respect to the very items he mentions.

Mr. MOTHERWELL: All I was complaining of this morning was that that was the first time in my life that I spoke on the Speaker rising to leave the chair for the house to go into commitee of supply. It was the first time that I had heard that rule invoked this session, and it was against myself.

Mr. BENNETT: New experiences are always interesting.

Mr. MOTHERWELL: In reply to the Prime Minister on Saturday night, well after eleven o'clock, I stated that while we had discussed one agriculture item a long while, on four different days, it was because the minister refused or at all events did not bring down the information sought. The Minister of Agriculture replied, "That is not a correct statement." "According to Hansard the information was asked for on May 28, and was produced on May 29." This does not really amount to a very great deal except that if I let it go unchallenged I am afraid that the Minister of Agriculture will develop a penchant for saying what is not correct himself. We have had two or three manifestations of that already, especially in connection with Waterhen lake, and I do not want that habit to become chronic in him. On the 26th of May I endeavoured to get the record of the production of milk for the past ten years. I had a reason for that. There had been such a hullabaloo all through the last election about Australian butter and what not, that I wanted to show that the proper measure for estimating the condition of the dairy industry in any country was the production of milk, no matter what it goes into, no matter if it goes into a dozen different dairy commodities. I quoted figures of the production of milk from 1922 to 1929, showing an increase from ten billion pounds in 1922 to fourteen billion pounds in 1929, or an increase of from 40 to 45 per cent. That is a good increase. The whole Tory raft over there went up in the air and looked like going up the flue.

Mr. BENNETT: If the raft went up in the air it would be difficult to go up the flue.

Mr. MOTHERWELL: They soon caught on to what I was aiming at and started to block the giving of the information. I think they were more to blame than the minister. I had asked for the information on the 26th, and then on the 27th, which was a Wednesday, the hon. member for Labelle gave an excellent speech on the Russian situation which occupied the time of the house to almost six o'clock.

Mr. WEIR (Melfort): Will the hon. member give the page of Hansard where he first asked for that information?

Mr. MOTHERWELL: The estimates were taken up on the 26th of May. My hon. friend has the same Hansard as I have, but I will give the page for his convenience. It is page 2159, of May 26. I gave the information myself because the minister was looking rather helpless. I had asked him for the information, and he indicated by his appearance that he had not got it and I gave it to him, and immediately the hubbub started to show that my figures were wrong, and things went on for the next two or three days in that way. Then on the 28th of May the hon. member for Provencher brought down some figures that were practically all right, and there was some firing at those. It was not until the 29th of May, at page 2139 of Hansard, that the matter was finally disposed of. The minister brought down figures, but I defy anybody to find any meaning in them. They were brought down, I will not say intentionally but probably unwittingly, in such a way that they were not arranged in consecutive order, and I for one could not understand them. Then he gave some further figures which he said were mine; he would not take responsibility, however, but said they were mine. I accepted his statement, but found that the return was not official. Towards the end of the discussion the Minister of Agriculture said he had not wittingly withheld any information. Here is my reply to that:

When the committee resumed at eight o'clock we were in hopes that we should be able to get this vote through, and possibly the next one.

Hon. members on this side of the house will recall that.

But the minister has made a statement this evening which makes it impossible for the item

to go through. He has said that he did not wittingly withhold any information from the committee. The whole difficulty existed in the different parties securing their figures from different sources.

That is, from the statistics branch and the dairy branch. To all intents and purposes they were both the same; the statistics from the dairy branch were based on those from the bureau of statistics, and the figures are so arranged that they do not conflict.

Well, for four days we have been endeavouring to get certain information, and the hon. gentleman is not conscious of having wittingly withheld it. Has he been in a trance all these four days, that he did not know what we wanted?

Either he was in a trance, or all the rest of us were. I intimated in one place that I had asked four times for the information, and that I would ask for it four times four, until I got it. The discussion ended some time after the information was brought down in that somewhat upside down fashion. He did bring it down eventually.

Then, just last week we dealt with the agricultural estimates, and particularly with dairying. After we had disposed of the national dairy council I looked up the information concerning dairying, cold storage fruit branch and seed, feed and fertilizer branch, and dehydrating. Those four votes went through so rapidly that one of them is not recorded in Hansard at all, namely the seed, feed and fertilizer item. Then on Saturday a number of supplementary estimates went through, of which one or two were important. I did not rise from my chair, and all the civil government items went through without comment. I do not know what would have been passed, and certainly we would not be here to-day if some of us had not objected mildly. If it were so important to prorogue—

Mr. BENNETT: It was not.

Mr MOTHERWELL: My right hon. friend was quite ready for prorogation at any rate, at the indecent hour of midnight. You would think we were a lot of criminals wanting to run away from the scene of our operation.

Mr. BENNETT: Exactly.

Mr. MOTHERWELL: I am glad we are in agreement; we are getting along famously.

Mr. BENNETT: Splendidly.

Mr. MOTHERWELL: I would say to the minister that it was on the evening of the fourth day after the matter was brought up that we received the information, and we did not get it properly even at that time.

Mr. WEIR (Melfort): In the first place, I have some information which although not of a controversial nature may be of some interest to the house in view of what was said on Saturday night concerning the rushing through of estimates. On May 26 I presented to the committee vote No. 107, asking for a certain amount of money for dairying. The vote asked was for exactly the same amount as had been asked a year ago when the present opposition were in power. The work was carried on by exactly the same staff, and practically the same work was to be provided for by the vote as had been provided in the previous year.

Mr. MOTHERWELL: Is the minister referring to the year before?

Mr. VALLANCE: Yes.

Mr. WEIR (Melfort): The number of pages devoted to the discussion of this year's vote was a little better than one hundred. Last year the total agricultural estimates were contained in only six pages of Hansard. I give those figures merely by way of information. When the ex-Minister of Agriculture got to his feet to-day he stated that he had asked for information on the four days the dairying item was under discussion. He made certain references regarding my veracity. During this session however I have hesitated very much, having a due appreciation of my hon. friend's age—

Mr. MOTHERWELL: That does not need to cut any ice; I am far younger than you think I am.

Mr. WEIR (Melfort): That particular vote was discussed for four days and—

Mr. MOTHERWELL: I know that.

Mr. WEIR (Melfort): I asked my hon. friend at what page of Hansard he had first asked for the information, and he stated it was page 2139.

An hon. MEMBER: Page 2159.

Mr. WEIR (Melfort): That item was not discussed on page 2139 at all.

Mr. MOTHERWELL: Probably my speech is getting impaired also, but—

Mr. WEIR (Melfort): The first record I can find in Hansard of the hon. gentleman asking a question is on May 28, and I brought the information down on the following day. I think this is a matter too small to be of importance. When the hon. member spoke, without any provocation whatever, but through the natural working of his mind, he said that Doctor Archibald had been

offered by the Russian government much more than he was being paid here, but that he had refused to go. I am informed by Doctor Archibald that he never received any offer from the Russian government. He made many statements like that, and that is why I said that I did not believe the hon. member was making misrepresentations, and that I was making full allowance, in all sincerity for his illness, his age and his—

Mr. MOTHERWELL: You can cut that out, or you will get more than you are bargaining for and we won't prorogue at all tonight. Those are downright stupid statements. Having regard to the hon. member's inherent stupidity in—

Some hon. MEMBERS: Order, order.

Mr STEVENS: Oh, put a little grace into it.

Mr. BENNETT: He is talking about stupidity; let him prove it.

The CHAIRMAN (Mr. Smith, Cumberland): I would ask the hon. member to refrain from those expressions.

Mr MOTHERWELL: To read from page 2159 of Hansard:

He may use it to produce any commodity he wishes—

Speaking about what could be done with milk.

—or any form which he can derive the greatest amount of money. I wonder if the minister had the data concerning the number of pounds of milk produced. If he has not, I may tell him that I have the figures before me.

That is to be found at page 2159 of Hansard.

Mr. WEIR (Melfort): No question is asked there.

Mr. MOTHERWELL: Let us see what the committee understood. At page 2160 I find the following:

Mr. McIntosh: Let us have the correct figures.

Mr. McIntosh made that statement when hon. members had jumped on my figures like a meat axe, trying to make out that they were wrong. Mr. McIntosh said, "Let us have the correct figures." Then Mr. Casgrain, about a couple of inches further on in Hansard said:

We ought to have a statement from the minister so that we may find out whether the figures placed on record by the hon. member from Melville are correct.

Now, isn't that asking for something? Was not the minister asked at that page by the hon. member for Charlevoix-Saguenay and by the hon. member for North Battleford to put the correct figures on Hansard if my figures were not correct? That was the whole issue for the two days, and now he is trying to get out of it. Is not what I read on that page of Hansard?

Mr. WEIR (Melfort): What my hon. friend read about his own statement does not contain a question.

Mr. MOTHERWELL: But did not the others ask the question? The hon. member for Charlevoix-Saguenay said:

We ought to have a statement from the minister so that we may find out whether the figures placed on record by the hon. member for Melville are correct.

That is on the next page, and now the minister is trying to squirm out of it. Is that statement on that page, or is it not? I think the hon. gentleman was in a trance all the way through, so we will let it go at that.

Mr. VALLANCE: I was rather surprised to hear the Minister of Agriculture state that on a previous occasion the opposition took up one hundred pages of Hansard in connection with his estimates. He must expect that.

Mr. WEIR (Melfort): Did I say the opposition took up one hundred pages of Hansard?

Mr. VALLANCE: The minister said the house took up one hundred pages of Hansard.

Mr. BENNETT: The opposition took up most of it.

Mr. VALLANCE: You can talk when I get through. It is obvious why that was done. As I pointed out in the very beginning, the minister announced so many different policies that what we wanted to know, and what we want to know now, is what is his policy. The reason I rose on Saturday night was because I was interested in live stock and I wanted to know his policy in that regard. I have in my hand a pamphlet having to do with the bull-loaning policy, and I should like the minister to tell us just what that policy is. On the bottom of the pamphlet is printed "By the direction of Hon. Robert Weir," not the late minister but the present Minister of Agriculture. I think it is only fair to the minister that he should have a chance to tell us just how he arrived at that new policy, and all about it. Another item was passed having to do with assistance to fairs and exhibitions, including the royal agricultural winter fair. Most of us are interested in fairs, and I think the minister should have the opportunity of telling us just what is his policy with regard

to fairs. I say this in the kindliest way possible; I should like to get those statements on Hansard so that those who read it may know what is to be done. I should like the press to-night, if they so desire, to be able to state that the Minister of Agriculture has laid down his policy regarding agricultural fairs, whatever it may be. I think it is only fair to the government and to the Minister of Agriculture, so I hope before the house does prorogue he will give us a short statement with regard to his live stock policy, his bull-loaning policy and the policy of assistance to fairs.

Mr. GOBEIL: Mr. Chairman—

Mr. VALLANCE: I think now is the time for the minister to make that statement, if he has one.

The CHAIRMAN: The hon. member for Compton has the floor.

Mr. VALLANCE: I have asked for a statement, in the most kindly way. If hon. members opposite want me to be otherwise I can accommodate them.

Mr. GOBEIL: As some latitude has been given the hon. member for Melville to discuss items already passed I wish to take the opportunity to make a few remarks in connection with item 115.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. GOBEIL: I did not like to say anything when the item was passed Saturday evening because we were expecting to prorogue, but after the fine exhibition given by hon. gentlemen opposite Saturday evening and this morning I think I might very well take up a few minutes without being accused of delaying the house. First I want to congratulate the Prime Minister for having adjourned the house Saturday night.

Mr. VALLANCE: Stay with the estimates.

Mr. GOBEIL: I will come to them, but this is the reason I am speaking. After what was said this morning I feel that my remark the other night to an hon. member on this side of the house was justified, when I said that hon. gentlemen opposite were seeking to go back to their constituencies and tell their people that this government had overlooked the interests of the farmers of this country.

Mr. VALLANCE: I rise to a point of order. What we did was to prevent the government from doing that very thing.

Mr. GOBEIL: Everyone in this house and everyone in Ottawa expected the house to prorogue Saturday evening. Knowing that, hon. gentlemen opposite took up the time of the house until eleven o'clock with trifles. Even the hon. member for Shelburne-Yarmouth, who ordinarily has a sense of proportion, took up half an hour talking about the dismissal of all political partisan.

Some hon. MEMBERS: Order.

Mr. GOBEIL: Then at eleven o'clock hon. gentlemen opposite thought this government were so anxious to prorogue that they would force through the estimates, so my hon. friends would be able to go home and tell their people that this government were not interested in agriculture.

Mr. PERRAS: Mr. Chairman, I rise to a point of order. I understand that item 115 was carried Saturday evening, so why debate it again?

The CHAIRMAN: The hon. member is quite right; the point of order is well taken and this discussion is out of order. It is going on by the unanimous consent of the committee, but it is strictly out of order.

Mr. GOBEIL: Now I want to come to item 115, and to refer the committee to some criticism which was directed to it on a previous occasion, and even this morning to some extent. On May 18 of this year the hon. member for St. Johns-Iberville, in criticizing the government for not raising the indemnity on slaughtered cattle, said that in his constituency cattle had been slaughtered in the months of April, May, June and July.

An hon. MEMBER: Order.

Mr. GOBEIL: I am in order; this comes under the item I am discussing.

The CHAIRMAN: The item before the committee is 117, but the hon. member for Melville was given leave, by unanimous consent, to discuss item 115.

Mr. CHEVRIER: What does item 117 cover?

The CHAIRMAN: The administration of the Destructive Insect and Pest Act.

Mr. GOBEIL: The hon. member for St. Johns-Iberville told the government that they had not done their duty; he said that the indemnity for slaughtered cattle should be increased. The hon. member for Laprairie-Napierville also criticized the government for not having increased it. He said that if the Liberal government had been returned to power in July last the Quebec government would not have had to offer an indemnity for slaughtered cattle. The hon. member for

Russell went further; he said that the law should be made retroactive. I mention these hon. gentlemen because it is obvious that every one of them criticized the late government. When the hon. member for St. Johns-Iberville, in May of this year, said that cattle had been slaughtered in his own county and that the farmers had not received a just compensation, there can be no doubt in the mind of anyone that the hon. gentleman was criticizing the late administration and the former Minister of Agriculture. And when the hon. member for Russell says that the law should be retroactive, what is he aiming at? The hon. member for Russell was on this side of the house, a member of this house, when the animals in his county were slaughtered. But he never rose in his place to defend the farmers. Why? Because his party was then in power. Now, however, when the Conservatives are in power, he wants to have the law made retroactive so as to remedy the wrongs done by the government which he supported.

The hon. member for Willow Bunch has told us a few of the good things which the former Minister of Agriculture did. Well, let me tell some of the things that he did do. When the hon. member for Melville took the portfolio of Minister of Agriculture what was the law in regard to compensation for cattle slaughtered? The maximum indemnity in 1921 was $250 for pure-bred cattle and $80 for grade cattle. Was the hon. gentleman satisfied with that? No.

Mr. MOTHERWELL: I was here in 1922.

Mr. GOBEIL: The hon. gentleman thought the farmers were getting too much and when he got into power he reduced the maximum compensation paid to $200 for pure bred and $60 for grade cattle. That was something. He liked the farmers so well that he did not think that was good enough; so in 1923, the following year, he had to do something more for them. He reduced still further the compensation which they were being paid; he fixed it at $150 for pure bred and $60 for grade cattle. That was something else he did for the farmers. He met with a good deal of criticism, and I myself heard a lot of it. Two or three years later he had a generous impulse. The number of pure bred cattle provided for, under the accredited herd system was ten, and in order to meet the criticism of the people he reduced the number to five. That was in 1925. However, he did not leave it at that figure very long, for in 1928 he again restored the number to ten. But he made his regulations somewhat more rigid than before. He decided that even if a man had ten head of pure bred cattle he should not be allowed to come under the accredited herd system unless that number represented one-third of his herd. Moreover, the cattle had to be at least six months old, and the bull at the head of the herd twelve months. He made the regulations more severe. That was how much he loved the farmers. But the hon. gentleman decided that he had to do something more. Until that time the compensation had been paid for every head of cattle slaughtered; but the hon. member for Melville considered this a little too generous and so he sent out a circular letter in which he said that thereafter there would be no compensation for steers. So that all farmers raising steers found themselves excluded from the accredited herd system; if they did come under it they ran the risk of having their cattle slaughtered without compensation.

Now I have given these figures to show the unfairness of the criticism that has been made against this government. When the hon. member for Laprairie-Napierville and the hon. member for St. Johns-Iberville criticized this government in connection with this item, were they not criticizing the leader of the opposition? During the nine years the right hon. gentleman was in power his government kept reducing the compensation and making the regulations gradually more rigid, so that fewer farmers could take advantage of the system. Is it fair, therefore, for them to accuse this government of delays and of not doing its duty? Is it fair for them to suggest that if the Liberal party had remained in power at Ottawa Premier Taschereau would not have had to pass a law for the compensation of the farmers of Quebec?

Speaking of the generosity of hon. gentlemen opposite, in 1929 the legislative assembly of Quebec passed a resolution authorizing the government of that province to communicate with the federal government with a view to fixing a more reasonable compensation for farmers whose cattle were slaughtered under the act. Now the hon. member for Laprairie-Napierville comes before this house and accuses this government of failure to do its duty, saying that if the Liberal party had remained in power Mr. Taschereau would not have had to do what he did. Well, for three years Mr. Taschereau did practically nothing, though his friends were in power at Ottawa. But when the Conservatives are in power at Ottawa and he faces the electors of Quebec then he passes a little law offering some compensation to the farmers. I quite understand that hon. members are anxious to have this and

other items carried, but I could not let it pass without commenting upon the remarks of the hon. member for Melville.

I am asking the Minister of Agriculture to be more generous with the farmers of Canada than was the hon. member for Melville. I am asking that more compensation be paid to the breeders of steers. I am interested in this matter because of the total steers exported from the province of Quebec, the county of Compton exported over one-third.

Mr. MOTHERWELL: If the hon. gentleman does not know anything about this act his criticism would be quite reasonable, but it seems to be based upon an entire lack of information of the cattle compensation business. I could not catch all that the hon. member said, but I heard enough to understand that he thought the compensation should not have been reduced. The prices for cattle during wartime were away up and the break did not occur until 1920. Late in 1921 we came into office, and the session of 1922 offered the first opportunity of doing anything in this regard. The cattle then were hardly worth drawing to the market in Winnipeg, and surely the hon. member must agree that there should be some relation between compensation and the value of the animal.

Mr. GOBEIL: Are the prices of cattle higher this year than they were last year?

Mr. MOTHERWELL: I think the prices for good stuff might be a little higher, but I do not think that would be the case as far as dairy cattle are concerned, because in that case the prices of the commodities produced are now at a low level. There must be a fluctuation in the compensation to compare with the fluctuation in the value of the animals. We could not change it every day or every year; my recollection is that it has not been changed since the time I mentioned, but surely my hon. friend is not suggesting that the same compensation should be paid now as during wartime.

In order to give the owners of small herds an opportunity to participate, in accredited herds they were reduced from ten to five animals. I might say that the officials of the department agreed to that reduction only under protest. They told me how it would work out, and they were correct. Abuses crept in and it was found necessary to put the figure back to ten.

I might mention to my hon. friend that there is no other country in the world which pays as high compensation for T.B. slaughtered animals as does Canada.

Mr. IRVINE: I understand the committee is dealing with item No. 117, covering the administration of the Destructive Insect and Pest Act. The grave misgivings I have with respect to myself, and my concern for the hon. member for Melville (Mr. Motherwell) leads me to ask whether or not any portion of this vote will be expended in this chamber.

Mr. VALLANCE: Some of it should be expended on the electorate.

Mr. WEIR: Mr. Chairman, I will make a short reply to the hon. member for South Battleford (Mr. Vallance). I think the hon. member will agree that one of the soundest principles of basic agriculture is that we should have as far as possible the best blood in our herds so that the largest return can be received for the feed given and the labour expended. The farmers in the outlying districts found it very expensive to locate animals which would have a tendency to improve their herds. I think I am safe in saying that on an average it would cost them as much in expenses as it would to pay for the animal itself. It was only sound economics to use the people's money to place into the hands of these farmers sires of the best possible type at the lowest possible cost. Our bull policy has been that where a group of farmers got together and requested a sire, we would undertake to supply the kind requested. Perhaps due to the depressed condition in the wheat market, farmers are turning more than ever before to the raising of live stock. The result has been that we have not been able to fill all the applications received. We have placed over 765, but that is only about 60 per cent of the applications received. Practically my only instructions to the department have been that the animals sent out must be well above the average in standing. If this is not done the results aimed at by this policy will not be achieved. I think hon. members of the committee will agree with the stipulation which has been made that the farmers in the outlying districts must be given preference in this regard.

Another policy inaugurated was the brood sow policy. As I said before, because of the low price of grain many farmers were turning to the raising of live stock. Where the production of bacon was being considered it was thought that it behooved this government to make it as easy as possible for the farmer to get the best type of brood sow. Our policy has been to keep back from the stockyards the sows of a selected bacon type and to supply these to the farmer for breeding purposes without any expense. The farmer was asked to pay only half the freight, and

in order to make it still easier, in fact almost to force him to make use of this policy, certain of the provincial governments cooperated with this government and agreed to pay the other half of the freight as well as certain incidental expenses.

A further policy in connection with live stock is this: it was felt that due to the low price of wheat and the scarcity of money, especially in the west, farmers would get rid of everything they had in the shape of live stock that would bring in any money. It was also felt by people in the east there would be a tendency in the west on the part of those who were better fixed financially, to buy live stock in the east and ship it to the west. That has been done in the past and has been done very much to the cost of the western farmers. For example, we have in eastern Canada, in Ontario in particular, one disease amongst cattle that I believe, and I know many of the stockmen believe, is more of a damage and loss to the live stock of Ontario than even tuberculosis. I refer to abortion. Yet we know, according to the law at the present time in the provinces—and the Dominion has done nothing so far to counteract that—any animal that may be given the blood test for abortion and reacts, does not have to be stamped, marked or slaughtered. Therefore, with all the due respect for the people of the east, if they were shipping stock to the western people for breeding purposes, they might have a tendency to ship animals that had reacted, and this would have the effect of spreading the disease throughout the west where at the present time it is not very prevalent.

In the first place, to make it easier for the farmers in the west who wish to get breeding females, we made them this offer, that we would pay the freight to bring stock from the western stockyards to a farmer's own farm, provided that the animals came up to the standard set by the men in the stockyards or by the people appointed to make the test. Then we had inquiries in the west as to whether we would not set up breeding centres there. We felt that if we set up public breeding centres as suggested, there would be a great deal of loss in connection with them; that it would be difficult to get men to manage them in the way that we would like, and along with experienced stockmen I felt that the best way to set up breeding centres would be by men who had made a success of farming, but who on account of the price of feed in the west, had been out of live stock, who, however, were well fixed financially and wished to undertake it again. Our idea was that if we made it easier for them to get stock of high quality, they would form breeding centres from which their neighbours could secure stock. I felt that if in four years ten such breeding centres were established, this would be worth the effort we put into the matter, because in the old country even now, after all they have done in breeding and all the achievements they have made, there are only a few outstanding breeders. I was complimented on this policy in particular at the very beginning of the session by one of the Saskatchewan members, the leader of the opposition, who did me the honour of mentioning this policy, namely, of moving animals from one part of the country to another at the country's expense. I think hon. members will agree with me it was natural that this policy should appeal to him as no one has a better appreciation or understanding of the policy of moving from one part of Canada to another than has the right hon. gentleman.

In connection with fairs, many of us who have exhibited in both the west and the east have had this feeling with regard to grants to fairs in the past—I know this is a problem that has worried the Department of Agriculture for years: that much of the money that was paid as grants to fairs did not achieve the purpose it was supposed to achieve, that is, in creating in the community in which the fair was held an interest amongst the farmers themselves. For instance, there is one fair in western Canada where thousands of dollars have been paid each year. Yet that money was taken by people who were more or less professional showmen and there is practically no evidence within one hundred miles of that particular centre of any definite improvement in live stock due to the money that was paid out for agricultural purposes. For that reason we started this year as an experiment by selecting at one place in each province a fair in the nature of what we were pleased to call a regional fair, where by giving prizes we endeavoured to create a healthy competition amongst the farmers in the community. The grant is $1,000, the first prize being $400 to be given to the community that wins the most points at the exhibition. The next prize was $300; the next $200, and the next, $100. We already have returns from some of these, and I am glad to see that the result is much beyond anything that we expected as regards getting the farmers themselves interested in this work.

Another work that we are undertaking throughout Canada and that has been given more or less attention in the past—and an item that slipped through in a hurry the other

night and that many of us perhaps overlooked, was in connection with it—is in reference to pasture, forage crops, etc. Even in British Columbia, which we think of as having almost unlimited pasture, the carrying power of the ranges has decreased to one-fourth, and in many places, more than that. In some sections it will take four acres now to carry as many head of cattle as one acre would have done some years ago. This year, in cooperation with the British Columbia government, we have sent two men through the range lands in that province to make a special study of grass conditions, and the report they have made has been anything but satisfactory in regard to the rangeman's economic condition. The bunch grass on which they have relied so much for their pasture cattle is practically disappearing. In eastern Canada, in the old native pastures, I believe it takes about four to six acres now to carry as many head of cattle as one acre carried a number of years ago. Speaking of the cost of production, we all admit that the cheapest feed for the production of milk is pasture and we believe that any reasonable expense we may make towards the improving of pasturage conditions will be more than warranted. One of the serious problems in the prairie provinces at the present time is that of pasture and forage crops to prevent drifting. This year the drifting has been so great that those of us who believed shelter belts and so on were the solution for it are now undecided on that point. In fact, this year it was proven that they would not prevent drifting. The western farmers, due to the price of wheat and other grains during the past few years has not been attempting to keep a great deal of live stock, even in districts where they might do so, or to pay attention to forage crops. The farmer in the west has been paying attention particularly to the raising of wheat—and I say this without criticizing them, because they turned their attention to that method of farming which they believed would give them the greatest crop—but the result has been, by taking all the fibre and strength out of the land, to create as nearly as possible the ideal condition of the desert. One thing we must concentrate on in the west, therefore, is to get the best authorities we can to work on the question of pasturage. When I came here first, I had in mind to carry on this work the official who had held the position of agrostologist. The man who had been in charge left in 1929 to go to Winnipeg, and the position had not been filled. We believed the matter was of such importance to the farmers that we could not afford to take any but the very best man we could get. There was no doubt that the best man was Professor Kirk, of the university of Saskatchewan, at Saskatoon. He is one of the three best men in that work on the American continent, and I think he is easily recognized as the best man in the Dominion of Canada. But I was up against this difficulty. Professor Kirk is a personal friend of mine—probably all the professors at the university of Saskatchewan are friends of mine; I knew how invaluable he was to the university, and I did not want to bring in his name until I was sure that the professors and the university staff felt that he was needed more for the whole Dominion than he was needed at the university. They agreed, and Professor Kirk was very anxious to come because of the greater opportunity of the work here. Therefore, in order to pay him anything like he was worth, it was necessary to put through that estimate on Saturday night, by which he is given $5,000, which is more than men are receiving who are occupying similar positions in the experimental farms branch. He is getting more than that at the university of Saskatchewan at the present time, but he was willing to come here, even at a lower salary than he is now receiving, for the good that he could do. It is only fair that I should say that the men in the experimental farms department who are the heads of branches were so anxious to get Professor Kirk here that they had no objection to his receiving more salary than they are receiving. The director of the experimental farms gets only $5,000 a year, together with a house. They were particularly anxious to have Professor Kirk, and I am sure that everyone will realize, especially with conditions as they are in the west and every where, that no wiser step could have been taken than to get a man of the type of Professor Kirk, who is himself a true scientist and will be a worthy co-worker with the men we have in the various branches of the experimental farms.

Mr. VALLANCE: I wish to thank the minister for acceding to my request. I will reserve any comment or criticism I may have of the policy as outlined by the minister because I realize that the house wishes to prorogue, and as well it will give me a little more time. But when the house next meets I hope to be able to offer some suggestions regarding the minister's policy.

Mr. McKENZIE (Assiniboia): The hon. member for Compton (Mr. Gobeil) has had something to say with regard to the health of animals branch. I was prepared to have something to say on that, but I shall be very brief. I would like an explanation from the minister of the reduction of $300,000 in this

item this year. To the people of the west this is the most important item in the agricultural estimates, especially when we consider that there is approximately $800,000,000 invested in live stock throughout the Dominion, and approximately $136,000,000 in the province of Saskatchewan from which I come. There has been an impression amongst the farmers throughout the west that the present Minister of Agriculture is not very much in love with the establishment of T.B. free areas.

Mr. WEIR (Melfort): What is your authority for that?

Mr. McKENZIE (Assiniboia): I say the statement has been made that the minister is not very sympathetic towards that movement. I hope that it is not true.

Mr. WEIR (Melfort): Who made the statement?

Mr. McKENZIE (Assiniboia): There is no need to say. The statement has been made.

Mr. WEIR (Melfort): We have put more pressure on that work since we started than ever was put on before.

Mr. McKENZIE (Assiniboia): The hon. member for Compton this afternoon gave us to understand that the ex-Minister of Agriculture had not done all he might have done in connection with the establishment of T.B. free areas and the matter of compensation. I have very decided views in the matter of compensation, but I shall not deal with that now. I do not like to see any reduction made in the vote for the health of animals branch. Let me quote from the report of the veterinary director general, of the health of animals branch. At page 5 he says:

> I am glad to be in a position to report that there were no extensive outbreaks of contagious disease throughout the Dominion during this fiscal year.

We have statements such as that from year to year from the Department of Agriculture and the health of animals branch, and we are in that fortunate position because we have been spending a substantial amount every year to prevent these contagious diseases spreading. For that reason I do not like to see the vote cut down. Suppose we had an outbreak of foot and mouth disease, which we have never had in this country because of the activities of the officials of the health of animals branch. There would not only be the loss of the animal, but the loss of our market because of the embargo that would be put on by other countries against our cattle. In the same bulletin from which I quoted mention is made of a disease called dourine, which was prevalent in Canada at one time, and I note that nearly $49,000 was expended in compensation for that disease. Within the last nine or ten years there has not been a case of it in Canada. This is largely due to the fact that we have been spending substantial sums on the health of animals branch, and I would like an explanation from the minister as to why a reduction is being made in the vote this year. There are a great many other things I should like to say in connection with this vote, but I shall defer my remarks to a later time.

Mr. WEIR (Melfort): In answer to the question raised by my hon. friend it is only fair to myself to ask that the hon. gentleman before he repeats rumours that he may have heard in the country, which I would think no person should pay any attention to, should at least take steps to see if there is any truth in them.

Mr. McKENZIE (Assiniboia): I mentioned the rumour to give the minister an opportunity of looking into it.

Mr. WEIR (Melfort): I think we are on pretty safe ground in that matter. We have put orders in council through for a lot more restricted areas in the same length of time than was done by the previous government. The reason the vote appears cut is this: The officials of the health of animals branch feel that before we undertake the establishment of any more new areas we should clean up the second tests, instead of leaving things at loose ends. The idea is to keep clean the areas that we have established, rather than to undertake new work which is impossible, according to my officials, with the staff that we have at the present time. Therefore our work this year is to complete the tests, which the experts tell me is the right thing to do, and I may say that their opinion is confirmed because in many places where we made the second test the losses have been as high as 28 and 29 out of 32. So it is advisable not to continue as we have in the past without checking up as we go along and making a complete job of it. We feel that we are on the right track. I would appreciate it if the hon. member would tell me who starts any false rumours regarding myself.

Mr. McKENZIE (Assiniboia): It is quite satisfactory to me that the minister has denied the rumour. I quite appreciate that the department may find it difficult to obtain a sufficient number of men to carry on the work as they would like to do it.

There is one other matter I would like to mention, and it is one in respect to which I

have criticized the previous government. I believe that in connection with the establishment of T.B. free areas there is some sort of regulation whereby it is coupled with the establishment of pure bred sire areas. I understand that in some cases, perhaps not in every case, the two interlock.

Mr. WEIR (Melfort): The pure bred sire area is a provincial policy.

Mr. McKENZIE (Assiniboia): Then I shall say no more about it.

Mr. MOTHERWELL: I want to run over very hurriedly the minister's policy. The question of good blood is an old, old question. If my hon. friend will look up the story of father Jacob in the book of Genesis, he will see how he put it over his father-in-law in cattle breeding. He knew more about animal genetics 4,000 years ago than most of us here to-day, including the minister. Then, we come to the sow policy. Well, the Liberal government had a sow policy which was introduced in the year 1924.

Mr. WEIR (Melfort): The hon. member will agree that I did not talk about that until I had to.

Mr. MOTHERWELL: I wish to congratulate my hon. friend upon his publicity bureau. Nobody had a suspicion that there was a sow policy before my hon. friend took office.

Then we come to fairs, and I need only say that the previous government was doing the same work in that connection. At the Saskatoon fair there were calf clubs with one thousand calves feeding, as part of the work, among farmers' sons in the vicinity.

Mr. MacMILLAN (Saskatoon): There were not a thousand calves fed at the Saskatoon fair.

Mr. MOTHERWELL: If my hon. friend would listen, he would realize I was saying something complimentary. There were one thousand calves fed by boys under the auspices of the Saskatoon fair.

Mr. MacMILLAN (Saskatoon): They did not feed a thousand calves. I happened to be head of the organization that had that matter in hand, and I know what I am talking about.

Mr. MOTHERWELL: Yes, they did. One would think my hon. friend were as deaf as I am. They did feed a thousand calves; that was part of their voluntary work among the farmers' sons.

Then, there is only one way to deal with pasture in the west. The previous government established some experiments in connection with pastures on the prairie at Manyberries, Alberta; surely the minister knows that. There is no use in his talking about pastures as something new, because that is a lot of nonsense. He did not introduce that policy, but his predecessors did six or seven years ago.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: No, it is not carried.

I want to set the minister right before it is carried. For two or three weeks we heard nothing but "sheltered belts" as a means of preventing soil drifting, and my hon. friend entered into an arrangement with a provincial government to carry them into effect. I am not going to say anything about them, but the winds and drifting soil will cut down those proposed sheltered belts as quickly as he can grow them if growing caragana seed or seedlings.

I wish to congratulate the minister upon having secured the services of Professor Kirk since Mr. Angus McKay passed away about a month ago. Professor Kirk is now considered the best authority in Canada on forage crops and how to seed them down. Seeding down, after all, is the only proper policy to stop the drifting soil. To restore the prairie to its original soddy condition seeding down alone is the only policy that will succeed four years out of five. Unless the minister adopts this policy two or three of us have recommended for the last twenty-five years he might as well throw his seed in the ocean, because it will be of no use. Good work has been done at the Swift Current and Indian Head farms to demonstrate that. It has already been demonstrated at Swift Current that they cannot seed down old weedy land with a crop; that has been demonstrated, and with Professor Kirk's assistance some further progress will doubtless be made along that line.

I wonder why the minister voted down a proposal which was made in the agriculture committee a few days ago looking towards the dissemination of these views. For the information of hon. members I shall read the proposal:

> Your committee is further of the opinion that, having regard to the most serious and emergent conditions in the prairie west, referred to so fittingly and effectively in the House of Commons on July 1st by the premier, the Right Honourable R. B. Bennett, as a national calamity. Supplementary measures should be instituted forthwith, looking toward the prevention and non-recurrence of such calamities, so far as it is humanly possible to provide against, on the principle that prevention is better than cure.

With this desired end in view, your committee strongly recommends the appointment of a royal commission to inquire into:

(a) The causes of and remedy for soil drifting, especially on the open prairie;

(b) Precautions to take in seeding down to grass or clover, or the planting of trees and hedges, as possible remedial measures;

(c) Any other matter pertaining to or allied with the livestock and livestock products industry in any part of Canada.

There was a proposal to recommend the appointment of a royal commission to look into the matters contained in this recommendation. In committee my hon. friend and his associates voted down this recommendation proposed by Mr. Totzke and said that the departmental officials would take the matter up and make a similar inquiry. I would tell the minister that the Department of Agriculture officials, while quite capable to do so, have their hands full with their regular work. There is no money, either, set aside to pay for an additional inquiry from the experimental farm vote, and the proper course to take I think was to follow the recommendations contained in the document I have read. But no, the committee did not want to have it that way, and the majority voted down these recommendations.

Mr. WEIR (Melfort): There was no vote taken.

Mr. MOTHERWELL: And my hon. friend with a majority was at the back of the the opposition to it. What did he do with this report? He has not had the courage to ask for concurrence in the house because he knew he was wrong; that is the reason. We are going home with both agriculture reports in the air and dead on the roost because my hon. friend did not submit them for adoption.

The CHAIRMAN: Order.

Mr. MOTHERWELL: Oh, did I use another unparliamentary remark?

The CHAIRMAN: No, I was just calling the members to order.

Mr. MOTHERWELL: I beg your pardon; for once at least my hon. friend in the chair is innocent.

The CHAIRMAN: No, it is not the first time. My hon. friend does not understand me.

Mr. MOTHERWELL: So much for the minister's new policies. I have referred to them because probably unwittingly he has been deceiving the entire electorate with regard to what he is doing. He is merely carrying on old policies, and I may tell him if he continues to do so he will not do badly. But to tell the people that they are new policies is absolute non sense and downright hypocrisy on his part.

Let me tell the committee what the minister was going to do about chickens. Every cockerel and every little hen was to be rounded up and be depolarized. My hon. friend has been using the word so glibly that he can say it much more quickly than I can. There were to be depolarization stations here, there, all over. It would seem as if this is the first time in Canada depolarization has been advocated. I say to him that during the war, in the year 1916, this poultry disease became prevalent among chickens in the maritime provinces. I hope the maritime representatives will not take objection to my statements. The disease became very prevalent—I hope it does not spread to the human family, and expert work was undertaken at once to eradicate it; blood tests were taken and as a result nearly all experimental farms across Canada have had this disease called Pollorum (white scours) eliminated. Ask the chickens whether this is a new policy; they have been suffering from it for a long time, and they can tell a different story.

What is the use of that kind of nonsense? The minister will not get anywhere with that. This depolarization business has been in existence during the regime of at least four former ministers—the Hon. Martin Burrell who inauguarted it, the Hon. Mr. Crerar, the Hon. Doctor Tolmie, myself and my hon. friend. I hope he will not lay claim to doing something wonderful which has been in course of correction for fifteen years, because if he does he will just do himself injury and no one any good.

The story goes that when the Minister of Agriculture attended the North Atlantic shipping conference on cattle he came back or met their representatives in Montreal with a reduction in ocean freight rates from $20 to $15 per head. It went all over Canada like a prairie fire; he was extolled everywhere, as he should have been if it were true. But here is a return brought down indicating that there have been no changes in ocean rates since 1927, when they were reduced by the North Atlantic conference, for what reason I do not know. I think it was due partly to the fact that the number of cattle shipped overseas was beginning to fall off, and the rate was lowered in order to encourage the continued shipment of cattle. Even his own staff thought he had secured a reduction; I called up and they told me the rates were reduced. Then I asked the hon. gentleman himself through a return, and he reported

back that there had been no change. The rate was $15 a head in 1927, and it is the same to-day. If the hon. gentleman wants me to read the return I will do so, but I think it is not necessary. The hon. member for Marquette is not here. He is a great friend of live stock; he is a good old missionary in that respect, and he extolled the minister in this regard. He said, "Why, before the minister has been in power three months he has gone to the shipping conference in Montreal and come back with a reduction in ocean rates to $15." Why did not the minister correct those misstatements and not get his friends in wrong? Why did not his friends correct those statements and not get the minister in wrong. Do they think we do not know these things? Do they think we are not going to pull them up on these unwarranted claims. If they were even within a hundred miles of being true I would not say a word, but they are a thousand miles from the truth.

After everything being depolarized in a correct way I have just one more matter to which I should like to refer the minister to in regard to live stock. It is this: The minister is a member of the cooperative live stock pool, and my information is that a beef producers' association has grown up in the west at Calgary. Will the minister state whether the new beef producers' association is getting an organization grant now, as well as the live stock pool?

Mr. WEIR (Melfort): They have received no grant as yet.

Mr. MOTHERWELL: But my hon. friend has encouraged them to organize with the idea of getting a grant and is paying for their secretary's salary. Has he done that? The minister nods. Let me implore him not to create in the live stock industry the same confusion and rivalry which existed in Saskatchewan in connection with the marketing of wheat, when we had the pool, the old Saskatchewan cooperative elevators and the United Grain Growers all competing for the same wheat and the same markets. This was fatal to the cooperative organizations in the Canadian wheat world; it was most damaging to their solidarity and to their future and was one of the causes of the present marketing condition there. Now my hon. friend admits that he is setting up a second cooperative live stock association in the west, and there can be only one result. Mr. Arkell is business manager of one organization and Mr. Jack Byers is manager or secretary of the other. Both these gentlemen are very good friends of mine, and I would regret very much if the minister should encourage, by grants or otherwise, two live stock organizations who would compete for the same ocean space—which has been very scarce recently—and the same cattle. This will result in a very serious condition unless it is possible to merge or reorganize these two organizations.

I wonder what is the purpose of the minister in encouraging the formation of the second organization. He must be doing it without knowledge of what his action will bring about, because it will create I fear such conflict that we will have nothing but a continuous struggle. It will be bad for both organizations. I cannot understand the minister; I wish to goodness he might give me some explanation which would make me think better of him and that he would not encourage competition and strife with this splendid organization, the live stock pool, which it was my privilege to assist by a grant for three or four years. My hon. friend is a member of that cooperative live stock association and he should not do anything to hurt it, but he has encouraged the formation of this other organization which will, as already intimated, compete for the same live stock and the same ocean space. I wish he would make some explanation to relieve my anxiety about this looming difficulty and possible friction ahead.

Item agreed to.

The CHAIRMAN: Shall I report the resolutions?

Mr. McINTOSH: Do I understand that items 113 and 114 are carried?

The CHAIRMAN: They were carried Saturday night.

Mr. McKENZIE (Assiniboia): Could we not have some explanation from the minister with regard to item 114, which is an entirely new item?

The CHAIRMAN: I am in the hands of the committee.

Mr. McINTOSH: I understood the Prime Minister to say that any debate at all could take place under the estimates of the Department of Agriculture.

Mr. BENNETT: Only on those which were standing.

Mr. McINTOSH: That was not made very clear by the Prime Minister.

Mr. BENNETT: If we are to prorogue to-day I do not think we can permit this further debate; otherwise we will have to adjourn until to-morrow. I only make that statement in frankness and fairness.

Mr. McKENZIE (Assiniboia): I was here Saturday night and I did not hear the item called.

Mr. BENNETT: It passed the committee.

Mr. WEIR (Melfort): This item was included in the old item and we thought it would be better to separate it.

Mr. McINTOSH: How much was the old grant?

Mr. WEIR (Melfort): I could not say offhand.

Resolutions reported, read the second time and concurred in.

PRIVILEGE—MR. MACKENZIE KING

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before we proceed further, Mr. Speaker, there is a matter of personal privilege to which I wish to speak.

Mr. BENNETT: Would my right hon. friend rather speak now or at a later stage?

Mr. MACKENZIE KING: I would rather take up the matter now, because this is the first opportunity I have had with the Speaker in the chair, and I feel that the matter is important. I have in my hand a copy of the Toronto Mail and Empire of Saturday, August 1, which carries the following headline across the front page:

> Bennett Says King Told Senator Haydon: "Get The Money."

A little further down the page there is a subheading, "Go and get money", under which appears the following:

> Thrusting an accusing, quivering forefinger directly at Mr. King, Mr. Bennett declared in searing phrases that the former premier had said to his friend, Senator Haydon. "Go and get money"—and that Senator Haydon had promptly gone and got it from Beauharnois. . . .

The moment I saw this paper, Mr. Speaker, I read through the speech made by the Prime Minister of which the article purports to be a reproduction and from which it is to be assumed the headings have been drawn. May I say that I could see nothing in the speech made by the Prime Minister, from beginning to close, nor have I seen or heard in any speech made by the right hon. gentleman at any time in this house any statement which justifies the heading appearing there or the statement I have read. The Prime Minister is in this House of Commons in front of me at the moment, and I should like him to say whether he ever made any such statement. I know very well that my right hon. friend will not say he made a statement of the kind; I am perfectly sure he would be the last person to do so. For any paper to print such a heading or to make such a statement as one purporting to reproduce what was said in any debate which occurred in this House of Commons is to render itself open to an action for criminal libel.

Now I want to say that my right hon. friend, to use his own words on Friday last, did resort to the "cunning device, to insinuate hypothetical conditions and draw hypothetical conclusions, and then afford an opportunity for his political friends to go out into the country and quote them as indicating the true position."

Mr. BENNETT: This cannot be a question of privilege.

Mr. MACKENZIE KING: So long as he held to insinuations and to innuendos I remained silent knowing that the records of this parliament would speak for themselves. Had there been a direct statement of the character here ascribed to the Prime Minister I most certainly would immediately have taken exception to it. I am making this statement at the moment, Mr. Speaker, first of all by way of protest and correction, and in the second place in order to say again emphatically that at no time since I have been leader of a political party have I given directions to anyone with respect to campaign funds. I am further making this statement from my place in parliament for the reason that it may become necessary for me, if this kind of thing is repeated by any individual or any newspaper in this country, to consider having regard to the source whether I shall not immediately institute an action for criminal libel. I do not wish the party who repeats an allegation of the kind to be able in mitigation or in self-defence to plead that, when I had opportunity in the House of Commons, I had not taken advantage of it first to correct what was false, and next to state to the house what was true.

Right Hon. R. B. BENNETT (Prime Minister): It is not usual, on questions of privilege, to avail oneself of the opportunity to make a speech; the Speaker has frequently ruled that this is improper. Nor is it usual to make threats against those who are not members of the house or those who are members. That is not regarded as a question of privilege. On a question of privilege it is the right of every member to deny the accuracy of reports that have been made with respect to what he has said in this house. The right hon. gentleman was perfectly within his rights in availing himself of the oppor-

tunity to deny the accuracy of the report to which he alluded. I have not looked at Hansard, but if the right hon. gentleman says that he has gone over Hansard and that the statements made in the newspaper to which he refers are not extracts from speeches reported in Hansard, then it must be that the statements are incorrect. I am perfectly content to take his word in that regard. Beyond that I cannot go.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGATION OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following message.

Ottawa, August 3, 1931.

SIR,

I have the honour to inform you that the Right Honourable Lyman P. Duff, acting as the deputy of the governor general, will proceed to the Senate chamber on Monday, August 3, at 5 p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,

Your obedient servant,

James F. Crowdy,

Assistant Secretary to the Governor General.

PRIVILEGE—MR. LAVERGNE

Mr. ARMAND LAVERGNE (Montmagny): Mr. Speaker, I rise to a question of privilege. I have observed that after hon. gentlemen have spoken in the house they are entitled to correct their speeches as reported in Hansard. I am getting up in years, but I can remember that in the old days if an hon. member wished to correct Hansard he had to rise in the house on a question of privilege. I have read recently some speeches reported in Hansard, to the delivery of which I listened carefully, and which were entirely different as reported. I would suggest that the first edition of Hansard, at any rate, should not be open to correction on the part of members without at least having the corrections brought before the house. Certainly speeches have been made in this house during this session, which I have read in Hansard, and the reports have not accorded with the original. I think the old practice was much better. When we wanted to correct Hansard we had to rise to a question of privilege.

Mr. SPEAKER: The hon. gentleman should state some specific instance instead of making a general charge against Hansard.

Mr. LAVERGNE: Mr. Speaker, in my remarks I was referring to hon. members personally and not to Hansard.

SUPPLY—CONCURRENCE

The house proceeded to consider certain resolutions reported from committee of supply.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

Right Hon. R. B. BENNETT (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to, and the house went into committee, Mr. LaVergne in the chair.

Mr. BENNETT moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the year ending March 31, 1932, the sum of $181,101,991.28 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time, and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 145, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1932.

Motion agreed to, bill read the first and second times, considered in committee, and reported.

Mr. BENNETT: I move that the bill be read the third time. In doing so, may I avail myself of this opportunity to thank the right hon. gentleman opposite for having made it possible to close before six o'clock.

Motion agreed to, and bill read the third time and passed.

PROROGATION OF PARLIAMENT

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

Mr. Speaker, 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, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber the deputy of His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act respecting The Kettle Valley Railway Company.

An Act respecting the Canadian Pacific Railway Company.

An Act respecting The Montreal and Atlantic Railway Company.
An Act to amend the Soldier Settlement Act.
An Act to amend the Prisons and Reformatories Act.
An Act to amend the Bankruptcy Act.
An Act to amend the Bankruptcy Act (Priority of Claims).
An Act to amend the Judges Act.
An Act to amend the Act incorporating the Board of Management of the Canadian District of the Evangelical Lutheran Joint Synod of Ohio and other States, and to change its name to the "Board of Management of the Canadian District of the American Lutheran Church".
An Act respecting The Railway Employees Casualty Insurance Company.
An Act respecting The Canadian Woodmen of the World.
An Act for the relief of Florence Marshall.
An Act for the relief of Gordon Aaron.
An Act for the relief of Rita Margaret Mary Longmore.
An Act for the relief of Carl Vohwinkel.
An Act for the relief of Ruth Rosenberg.
An Act for the relief of Lillian Freedman Guttman.
An Act for the relief of Barbara Wallace Barlow.
An Act for the relief of Ray Finkelstein.
An Act for the relief of Mary Ann Ventura.
An Act for the relief of Beatrice Marie Dumaresq.
An Act for the relief of William Henry Rees.
An Act for the relief of Emily Hughes Macculloch.
An Act to amend the Government Annuities Act.
An Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.
An Act respecting the construction and maintenance of a bridge over the St. Lawrence river between the Island of Orléans and the coast of Beaupré, in the province of Quebec.
An Act to provide for a loan to The New Westminster Harbour Commissioners.
An Act to provide for a further loan to the Halifax Harbour Commissioners.
An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.
An Act to amend The Alberta Natural Resources Act.
An Act to amend The Saskatchewan Natural Resources Act.
An Act respecting Dominion Agricultural Credit Company, Limited.
An Act to amend the Trust Companies Act.
An Act to amend the Post Office Act.
An Act to amend the Interpretation Act.
An Act to amend the Companies Act.
An Act to amend the Consolidated Revenue and Audit Act.
An Act respecting the establishment of the Royal Canadian Mint.
An Act to amend the Income War Tax Act.
An Act to amend the Naturalization Act.
An Act respecting the Eastern Telephone and Telegraph Company.
An Act respecting a certain patent of Emma E. Tait.
An Act to provide for the appointment of a Tariff Board.

[Mr. Bennett.]

An Act respecting The Wapiti Insurance Company.
An Act for the relief of Robert Ruff Martin.
An Act for the relief of Norah Kathleen Nevins Scott.
An Act for the relief of Albert Thompson Johnston.
An Act for the relief of Isabel Catherine Rohrer White.
An Act for the relief of Lily Adèle Caswell Dyson.
An Act for the relief of Thora Mary Balfry Walker.
An Act for the relief of Marjorie Kathleen Younger Cooper.
An Act for the relief of Frank Godsoe Wilson.
An Act respecting the St. Lawrence River Bridge Company.
An Act respecting the International Convention for the Safety of Life at Sea signed in London on the thirty-first day of May, 1929, and the International Convention respecting Load Lines signed in London on the fifth day of July, 1930.
An Act to amend the Canada Shipping Act.
An Act to amend the Root Vegetables Act.
An Act to amend the Pension Act.
An Act respecting a certain Trade Agreement between Canada and Australia.
An Act for the relief of Rebecca Jacobs Wiseblatt.
An Act for the relief of Ada Jane Woodhams Bush.
An Act for the relief of Marie Rose Agnès Bélanger Gauron.
An Act for the relief of Minnie Fagan Rabinovitch.
An Act for the relief of Annie Bick Barder.
An Act for the relief of Pearl Whelan.
An Act for the relief of Bruce Raymond Diamond.
An Act to remove the necessity of the re-election of Members of the House of Commons of Canada on acceptance of office.
An Act for the Promotion of Vocational Education in Canada.
An Act to amend The Canadian Red Cross Society Act.
An Act to amend the Customs Act.
An Act respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.
An Act respecting the Canadian National Railways and to authorize the guarantee by His Majesty of securities to be issued under the Canadian National Railways Financing Act, 1931.
An Act to provide for a further loan to the Three Rivers Harbour Commissioners.
An Act to amend The North Fraser Harbour Commissioners Act, 1913.
An Act respecting Wheat.
An Act to provide for a further loan to the Saint John Harbour Commissioners.
An Act to amend the Dairy Industry Act (Increase of penalties).
An Act to amend the Special War Revenue Act.
An Act to amend the Customs Tariff.
An Act to amend the Old Age Pensions Act.
An Act to provide for a further loan to the Chicoutimi Harbour Commissioners.

An Act to amend the Criminal Code.

An Act to confer certain powers upon the Governor in Council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada.

An Act respecting the Beauharnois Light, Heat and Power Company, Limited.

An Act to declare certain works of the Beauharnois Light, Heat and Power Company, Limited, to be for the general advantage of Canada.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1932.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Deputy of His Excellency the Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons I present to Your Honour the following bill:

An act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1932.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the deputy of His Excellency the Governor General, did thereupon say:

In His Majesty's name, the deputy of His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which the Deputy of His Excellency the Governor General was pleased to close the second session of the seventeenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I desire to thank you for the diligence and efficiency with which you have discharged your duties during the present session of Parliament.

The development of Canadian industry and agriculture has been further promoted through the measures you have enacted.

A Tariff Board has been created, one of the functions of which will be to aid in the stabilization of trade and the establishment of an equitable relationship between the costs of production and consumption.

The changes provided for in the system of government accounting will, it is believed, make for greater simplicity and more effective control over the finances of the country.

The measures granting assistance to the wheat producer, and for the distribution of coal will do much to assist those industries.

Among other important measures enacted were Bills respecting: Copyright; Canadian National Railway Company; Pensions; Soldiers Settlement; Consolidated Revenue and Audit; Vocational Education; The Royal Canadian Mint; Old Age Pensions.

Approval has been given the proposed measure of the Parliament of the United Kingdom to be known as the Statute of Westminster, and His Majesty The King has been humbly petitioned to cause it to be laid before that Parliament. Prior to such approval being given, delegates of my Government and of all the Provinces of Canada at the invitation of my Prime Minister, met at Ottawa and approved for insertion in the proposed measure a clause defining the rights of the Dominion and Provinces in respect to its provisions.

The commercial agreement negotiated with the Commonwealth of Australia and ratified by Parliament will, I confidently believe, be of advantage to both our countries. This agreement manifests the desire of my government to enter into similar trade agreements with other parts of the Empire.

The Imperial Economic Conference, adjourned last November to reassemble at Ottawa during the latter part of the current year, has been postponed because of circumstances which prevented the representation at the conference of all the dominions of the Empire. It is confidently believed that when this conference reassembles, an Empire trade agreement of advantage to all its parts may be consummated.

The Conversion Loan of 1931, through which there was reinvested in securities of the Dominion of Canada a sum of approximately six hundred and forty million dollars, affords striking proof of the confidence of the general public in the financial strength of the country.

As a result of the Parliamentary inquiry into the operations of the Beauharnois Power Corporations, measures have been enacted to secure the public interest against harmful exploitation of our natural resources and to safeguard the rights of bona fide investors.

Since you entered upon the duties of the session, the world-wide depression in economic conditions has grown more acute, and the consequent state of unemployment and distress in many parts of the country has been intensified through the partial failure of the wheat crop of western Canada. To augment existing relief measures, the Governor-in-Council has been empowered to take the necessary action to provide the maximum of employment and to aid, by such means as may be deemed expedient, the recovery from the adverse conditions arising primarily from the crop failure.

The great powers of Europe and America, following the generous and constructive action of the President of the United States of America, which Canada whole-heartedly endorses, are unitedly striving for the re-establishment of better world conditions. Towards this purpose we may now effectively contribute, by steadfastly bending ourselves to the task of freeing Canada from the consequences of this universal state of economic depression and of the particular misfortune which has befallen the West; so that this country may be ready to take its place in the forefront of the world's recovery.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

I join with you in sympathy for those upon whom the present conditions bear most heavily. As our burden is less than that of other countries, so have we, as a Nation, the greater duty to aid the unfortunate among our citizens. I commend your zeal for the common good. It is the crowning proof of the unassailable unity of the Canadian people. These troubled times will pass, for adversity is powerless against the will of Canada to regain the happiness and prosperity which are its birthright. May Divine Providence bless and guide you in all your labours.

This concluded the second session of the seventeenth parliament.

END OF VOLUME IV