DEBATES

OF

THE SENATE

OF THE

DOMINION OF CANADA

1932

OFFICIAL REPORT

Editor: DAVID J. HALPIN

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Reserve Reporter: THOS. BENGOUGH

THIRD SESSION—SEVENTEENTH PARLIAMENT—22-23 GEORGE V

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1932

SENATORS OF CANADA

ACCORDING TO SENIORITY

MAY 26, 1932

THE HONOURABLE PIERRE E. BLONDIN, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
Pascal Poirier	Acadie	Shediac, N.B.
Raoul Dandurand, P.C.	De Lorimier	Montreal, Que.
Joseph P. B. Casgrain	De Lanaudière	Montreal, Que.
Frédéric L. Béique, P.C.	De Salaberry	Montreal, Que.
Jules Tessier	De la Durantaye	Quebec, Que.
James H. Ross	Moose Jaw	Moose Jaw, Sask.
Napoléon A. Belcourt, P.C.	Ottawa	Ottawa, Ont.
Joseph M. Wilson	Sorel	Montreal, Que.
Rufus Henry Pope	Bedford	Cookshire, Que.
John W. Daniel	Saint John	Saint John, N.B.
George Gordon	Nipissing	North Bay, Ont.
Ernest D. Smith	Wentworth	Winona, Ont.
James J. Donnelly	South Bruce	Pinkerton, Ont.
Charles Philippe Beaubien	Montarville	Montreal, Que.
John McLean	Souris	Souris, P.E.I.
John Stewart McLennan	Sydney	Sydney, N.S.
William Henry Sharpe	Manitou	Manitou, Man.
Gideon D. Robertson, P.C.	Welland	Welland, Ont.
George Lynch-Staunton	Hamilton	Hamilton, Ont.
Charles E. Tanner	Pictou	Halifax, N.S.
Thomas Jean Bourque	Richibucto	Richibucto, N.B.
Henry W. Laird	Regina	Regina, Sask.
Albert E. Planta	Nanaimo	Nanaimo, B.C.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
JOHN HENRY FISHER	Brant	Paris, Ont.
LENDRUM MCMEANS	Winnipeg	Winnipeg, Man.
DAVID OVIDE L'ESPÉRANCE	Gulf	Quebec, Que.
RICHARD SMEATON WHITE	Inkerman	Montreal, Que.
AIMÉ BÉNARD	St. Boniface	Winnipeg, Man.
GEORGE HENRY BARNARD	Victoria	Victoria, B.C.
WELLINGTON B. WILLOUGHBY	Moose Jaw	Moose Jaw, Sask.
JAMES DAVIS TAYLOR	New Westminster	New Westminster, B.C.
FREDERICK L. SCHAFFNER	Boissevain	Boissevain, Man.
EDWARD MICHENER	Red Deer	Red Deer, Alta.
WILLIAM JAMES HARMER	Edmonton	Edmonton, Alta.
IRVING R. TODD	Charlotte	Milltown, N.B.
PIERRE EDOUARD BLONDIN, P.C. (Speaker)	The Laurentides	Montreal, Que.
GERALD VERNER WHITE	Pembroke	Pembroke, Ont.
THOMAS CHAPAIS	Grandville	Quebec, Que.
LORNE C. WEBSTER	Stadacona	Montreal, Que.
JOHN STANFIELD	Colchester	Truro, N.S.
JOHN ANTHONY MCDONALD	Shediac	Shediac, N.B.
WILLIAM A. GRIESBACH, C.B., C.M.G.	Edmonton	Edmonton, Alta.
JOHN MCCORMICK	Sydney Mines	Sydney Mines, N.S.
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ROBERT F. GREEN	Kootenay	Victoria, B.C.
ARCHIBALD B. GILLIS	Saskatchewan	Whitewood, Sask.
ARCHIBALD H. MACDONELL, C.M.G.	South Toronto	Toronto, Ont.
FRANK B. BLACK	Westmorland	Sackville, N.B.
PETER MARTIN	Halifax	Halifax, N.S.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
ONÉSIPHORE TURGEON	Gloucester	Bathurst, N.B.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	North York	Toronto, Ont.
ANDREW HAYDON	Lanark	Ottawa, Ont.
CLIFFORD W. ROBINSON	Moncton	Moncton, N.B.
JAMES JOSEPH HUGHES	King's	Souris, P.E.I.
CREELMAN MACARTHUR	Prince	Summerside, P.E.I.
JACQUES BUREAU, P.C.	La Salle	Three Rivers, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
HENRI SÉVÉRIN BÉLAND, P.C.	Lauzon	St. Joseph de Beauce, Que.
JOHN LEWIS	Toronto	Toronto, Ont.
CHARLES MURPHY, P.C.	Russell	Ottawa, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
JAMES PALMER RANKIN	Perth, N.	Stratford, Ont.
ARTHUR BLISS COPP, P.C.	Westmorland	Sackville, N.B.
JOHN PATRICK MOLLOY	Provencher	Morris, Man.
DANIEL E. RILEY	High River	High River, Alta.
PAUL L. HATFIELD	Yarmouth	Yarmouth, N.S.
RT. HON. GEORGE P. GRAHAM, P.C.	Eganville	Brockville, Ont.
WILLIAM H. MCGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
PHILIPPE J. PARADIS	Shawinigan	Quebec, Que.
JAMES H. SPENCE	North Bruce	Toronto, Ont.
EDGAR S. LITTLE	London	London, Ont.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
HENRY HERBERT HORSEY	Prince Edward	Cressy, Ont.
WALTER E. FOSTER, P.C.	Saint John	Saint John, N B.
HANCE J. LOGAN	Cumberland	Parrsboro, N.S.
ROBERT FORKE, P.C.	Brandon	Pipestone, Man.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES MURDOCK, P.C.	Parkdale	Ottawa, Ont.
RODOLPHE LEMIEUX, P.C.	Rougemont	Ottawa, Ont.
EDMUND WILLIAM TOBIN	Victoria	Bromptonville, Que.
GEORGE PARENT	Kennebec	Quebec, Que.
JULES-EDOUARD PREVOST	Mille Isles	St. Jerome, Que.
LAWRENCE ALEXANDER WILSON	Rigaud	Coteau du Lac, Que.
JOHN EWEN SINCLAIR, P.C.	Queen's	Emerald, P.E.I.
JAMES H. KING, P.C.	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
PATRICK BURNS	Calgary	Calgary, Alta.
ALEXANDER D. MCRAE, C.B.	Vancouver	Vancouver, B.C.
RT. HON. ARTHUR MEIGHEN, P.C.	St. Mary's	Toronto, Ont.
CHARLES COLQUHOUN BALLANTYNE, P.C.	Alma	Montreal, P.Q.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
JOHN ALEXANDER MACDONALD	Richmond—West Cape Breton	St. Peters, Cape Breton, N.S.

SENATORS OF CANADA

ALPHABETICAL LIST

MAY 26, 1932

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BALLANTYNE, C.C.	Alma	Montreal, P.Q.
BARNARD, G. H.	Victoria	Victoria, B.C.
BEAUBIEN, C. P.	Montarville	Montreal, Que.
BÉIQUE, F. L., P.C.	De Salaberry	Montreal, Que.
BÉLAND, H. S., P.C.	Lauzon	St. Joseph de Beauce, Que.
BELCOURT, N. A., P.C.	Ottawa	Ottawa, Ont.
BÉNARD, A.	St. Boniface	Winnipeg, Man.
BLACK, F. B.	Westmorland	Sackville, N.B.
BLONDIN, P. E., P.C. (Speaker)	The Laurentides	Montreal, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
BUREAU, J., P.C.	La Salle	Three Rivers, Que.
BURNS, PATRICK	Calgary	Calgary, Alta.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CASGRAIN, J. P. B.	De Lanaudière	Montreal, Que.
CHAPAIS, T.	Grandville	Quebec, Que.
COPP, A. B., P.C.	Westmorland	Sackville, N.B.
DANDURAND, R., P.C.	De Lorimier	Montreal, Que.
DANIEL, J. W.	Saint John	Saint John, N.B
DENNIS, W. H.	Halifax	Halifax, N.S.
DONNELLY, J. J.	South Bruce	Pinkerton, Ont.
FISHER, J. H.	Brant	Paris, Ont.
FORKE, R., P.C.	Brandon	Pipestone, Man.
FOSTER, W. E., P.C.	Saint John	Saint John, N.B.
GILLIS, A. B.	Saskatchewan	Whitewood, Sask.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
GORDON, G.	Nipissing	North Bay, Ont.
GRAHAM, RT. HON. GEO. P., P.C.	Eganville	Brockville, Ont.
GREEN, R. F.	Kootenay	Victoria, B.C.
GRIESBACH, W. A., C.B., C.M.G.	Edmonton	Edmonton, Alta.
HARDY, A. C., P.C.	Leeds	Brockville, Ont.
HARMER, W. J.	Edmonton	Edmonton, Alta.
HATFIELD, P. L.	Yarmouth	Yarmouth, N.S.
HAYDON, A.	Lanark	Ottawa, Ont.
HORSEY, H. H.	Prince Edward	Cressy, Ont.
HUGHES, J. J.	King's	Souris, P.E.I.
KING, J. H., P.C.	Kootenay East	Victoria, B.C.
LACASSE, G.	Essex	Tecumseh, Ont.
LAIRD, H. W.	Regina	Regina, Sask.
LEMIEUX, R., P.C.	Rougemont	Ottawa, Ont.
L'ESPÉRANCE, D. O.	Gulf	Quebec, Que.
LEWIS, J.	Toronto	Toronto, Ont.
LITTLE, E. S.	London	London, Ont.
LOGAN, H. J.	Cumberland	Parrsboro, N.S.
LYNCH-STAUNTON, G.	Hamilton	Hamilton, Ont.
MACARTHUR, C.	Prince	Summerside, P.E.I.
MACDONALD, J. A.	Richmond—West Cape Breton	St. Peters, Cape Breton, N S.
MACDONELL, A. H., C.M.G.	Toronto, South	Toronto, Ont.
MARCOTTE, A.	Ponteix	Ponteix, Sask.
MARTIN, P.	Halifax	Halifax, N.S.
MCCORMICK, J.	Sydney Mines	Sydney Mines, N.S.
MCDONALD, J. A.	Shediac	Shediac, N.B.
MCGUIRE, W. H.	East York	Toronto, Ont.
MCLEAN, J.	Souris	Souris, P.E.I.
MCLENNAN, J. S.	Sydney	Sydney, N.S.
MCMEANS, L.	Winnipeg	Winnipeg, Man.
MCRAE, A. D., C.B.	Vancouver	Vancouver, B.C.
MEIGHEN, RT. HON. ARTHUR, P.C.	St. Mary's	Toronto, Ont.
MICHENER, E.	Red Deer	Red Deer, Alta.
MOLLOY, J. P.	Provencher	Morris, Man.
MURDOCK, J., P.C.	Parkdale	Ottawa, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
MURPHY, C., P.C.	Russell	Ottawa, Ont.
PARADIS, P. J.	Shawinigan	Quebec, Que.
PARENT, G.	Kennebec	Quebec, P.Q.
PLANTA, A. E.	Nanaimo	Nanaimo, B.C.
POIRIER, P.	Acadie	Shediac, N.B.
POPE, R. H.	Bedford	Cookshire, Que.
PREVOST, J. E.	Mille Isles	St. Jerome, Que.
RANKIN, J. P.	Perth, N.	Stratford, Ont.
RAYMOND, D.	De la Vallière	Montreal, Que.
RILEY, D. E.	High River	High River, Alta.
ROBERTSON, G. D., P.C.	Welland	Welland, Ont.
ROBINSON, C. W.	Moncton	Moncton, N.B.
ROSS, J. H.	Moose Jaw	Moose Jaw, Sask.
SCHAFFNER, F. L.	Boissevain	Boissevain, Man.
SHARPE, W. H.	Manitou	Manitou, Man.
SINCLAIR, J. E., P.C.	Queen's	Emerald, P.E.I.
SMITH, E. D.	Wentworth	Winona, Ont.
SPENCE, J. H.	North Bruce	Toronto, Ont.
STANFIELD, J.	Colchester	Truro, N.S.
TANNER, C. E.	Pictou	Pictou, N.S.
TAYLOR, J. D.	New Westminster	New Westminster, B.C.
TESSIER, JULES	De la Durantaye	Quebec, Que.
TOBIN, E. W.	Victoria	Bromptonville, Que.
TODD, I. R.	Charlotte	Milltown, N.B.
TURGEON, O.	Gloucester	Bathurst, N.B.
WEBSTER, L. C.	Stadacona	Montreal, Que.
WHITE, G. V.	Pembroke	Pembroke, Ont.
WHITE, R. S.	Inkerman	Montreal, Que.
WILLOUGHBY, W. B.	Moose Jaw	Moose Jaw, Sask.
WILSON, C. R.	Rockcliffe	Ottawa, Ont.
WILSON, J. M.	Sorel	Montreal, Que.
WILSON, L. A.	Rigaud	Coteau du Lac, P.Q.

SENATORS OF CANADA

BY PROVINCES

MAY 26, 1932

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	The Honourable	
1	Napoléon A. Belcourt, P.C.	Ottawa.
2	George Gordon	North Bay.
3	Ernest D. Smith	Winona.
4	James J. Donnelly	Pinkerton.
5	George Lynch-Staunton	Hamilton.
6	Gideon D. Robertson, P.C.	Welland.
7	John Henry Fisher	Paris.
8	Gerald Verner White	Pembroke.
9	Archibald H. Macdonell, C.M.G.	Toronto.
10	Arthur C. Hardy, P.C.	Brockville.
11	Sir Allen Bristol Aylesworth, P.C., K.C.M.G.	Toronto.
12	Andrew Haydon	Ottawa.
13	Charles Murphy, P.C.	Ottawa.
14	John Lewis	Toronto.
15	James Palmer Rankin	Stratford.
16	Rt. Hon. George P. Graham, P.C.	Brockville.
17	William H. McGuire	Toronto.
18	James H. Spence	Toronto.
19	Edgar S. Little	London.
20	Gustave Lacasse	Tecumseh.
21	Henry H. Horsey	Cressy.
22	Cairine R. Wilson	Ottawa.
23	James Murdock, P.C.	Ottawa.
24	Rt. Hon. Arthur Meighen, P.C.	Toronto.

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	The Honourable		
1	Raoul Dandurand, P.C.	De Lorimier	Montreal.
2	Joseph P. B. Casgrain	De Lanaudière	Montreal.
3	Frédéric L. Béique, P.C.	De Salaberry	Montreal.
4	Jules Tessier	De la Durantaye	Quebec.
5	Joseph M. Wilson	Sorel	Montreal.
6	Rufus H. Pope	Bedford	Cookshire.
7	Charles Philippe Beaubien	Montarville	Montreal.
8	David Ovide L'Espérance	Gulf	Quebec.
9	Richard Smeaton White	Inkerman	Montreal.
10	Pierre Edouard Blondin, P.C. (Speaker)	The Laurentides	Montreal.
11	Thomas Chapais	Grandville	Quebec.
12	Lorne C. Webster	Stadacona	Montreal.
13	Henri Sévérin Béland, P.C.	Lauzon	St. Joseph de Beauce.
14	Jacques Bureau, P.C.	La Salle	Three Rivers.
15	Donat Raymond	De la Vallière	Montreal.
16	Philippe J. Paradis	Shawinigan	Quebec.
17	Rodolphe Lemieux, P.C.	Rougemont	Ottawa, Ont.
18	Edmund W. Tobin	Victoria	Bromptonville.
19	George Parent	Kennebec	Quebec.
20	Jules-Edouard Prevost	Mille Isles	St. Jerome.
21	Lawrence A. Wilson	Rigaud	Coteau du Lac.
22	Charles C. Ballantyne, P.C.	Alma	Montreal, P.Q.
23			
24			

NOVA SCOTIA—10

	SENATORS	POST OFFICE ADDRESS
	The Honourable	
1	JOHN S. MCLENNAN	Sydney.
2	CHARLES E. TANNER	Pictou.
3	JOHN STANFIELD	Truro.
4	JOHN MCCORMICK	Sydney Mines.
5	PETER MARTIN	Halifax.
6	PAUL L. HATFIELD	Yarmouth.
7	HANCE J. LOGAN	Parrsboro.
8	WILLIAM H. DENNIS	Halifax.
9	JOHN A. MACDONALD	St. Peters, Cape Breton.
10		

NEW BRUNSWICK—10

	The Honourable	
1	PASCAL POIRIER	Shediac.
2	JOHN W. DANIEL	Saint John.
3	THOMAS JEAN BOURQUE	Richibucto.
4	IRVING R. TODD	Milltown.
5	JOHN ANTHONY MCDONALD	Shediac.
6	FRANK B. BLACK	Sackville.
7	ONÉSIPHORE TURGEON	Bathurst.
8	CLIFFORD W. ROBINSON	Moncton.
9	ARTHUR BLISS COPP, P.C.	Sackville.
10	WALTER E. FOSTER, P.C.	Saint John.

PRINCE EDWARD ISLAND—4

	The Honourable	
1	JOHN MCLEAN	Souris.
2	JAMES JOSEPH HUGHES	Souris.
3	CREELMAN MACARTHUR	Summerside.
4	JOHN EWEN SINCLAIR, P.C.	Emerald.

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
The Honourable	
1 Albert E. Planta	Nanaimo.
2 George Henry Barnard	Victoria.
3 James Davis Taylor	New Westminster.
4 Robert F. Green	Victoria.
5 James H. King, P.C.	Victoria.
6 Alexander D. McRae, C.B.	Vancouver.

MANITOBA—6

The Honourable	
1 William H. Sharpe	Manitou.
2 Lendrum McMeans	Winnipeg.
3 Aimé Bénard	Winnipeg.
4 Frederick L. Schaffner	Winnipeg.
5 John Patrick Molloy	Morris.
6 Robert Forke, P.C.	Pipestone.

SASKATCHEWAN—6

The Honourable	
1 James H. Ross	Moose Jaw.
2 Henry W. Laird	Regina.
3 Wellington B. Willoughby	Moose Jaw.
4 James A. Calder, P.C.	Regina.
5 Archibald B. Gillis	Whitewood.
6 Arthur Marcotte	Ponteix.

ALBERTA—6

The Honourable	
1 Edward Michener	Red Deer.
2 William James Harmer	Edmonton.
3 William A. Griesbach, C.B., C.M.G.	Edmonton.
4 William Ashbury Buchanan	Lethbridge.
5 Daniel E. Riley	High River.
6 Patrick Burns	Calgary.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, February 4, 1932.

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

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

Prayers.

OPENING OF THE SESSION

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

NEW SENATORS INTRODUCED

The following newly-appointed senators were severally introduced and took their seats:

Hon. Alexander Duncan McRae, of Vancouver, British Columbia, introduced by Hon. W. B. Willoughby and Hon. G. H. Barnard.

Right Hon. Arthur Meighen, of Toronto, Ontario, introduced by Hon. W. B. Willoughby and Hon. P. Poirier.

Hon. Charles Colquhoun Ballantyne, of Alma, Quebec, introduced by Right Hon. Arthur Meighen and Hon. L. C. Webster.

Hon. William Henry Dennis, of Halifax, Nova Scotia, introduced by Right Hon. Arthur Meighen and Hon. J. S. McLennan.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate:

Members of the House of Commons:

In addressing you for the first time, I desire to express my gratification at having been selected by His Majesty as his representative in the Dominion of Canada, and to acknowledge with profound thanks the reception which has been accorded to me by the people of this country. I accept it as a proof of their loyalty and devotion to the Crown. I shall count it a happiness as well as a duty to associate myself with you in your labours for the welfare of Canada.

You enter upon your duties at a time of continuing and universal economic disturbance and distress. World conditions are beyond the control of the Canadian people. But I rejoice that their resolute adherence to policies designed for the welfare of the nation has minimized the adverse influence of external economic forces. This period of trial has shown the Canadian situation to be fundamentally sound. The oversubscription of the National Service Loan manifests both the unity and patriotism of the people, and their supreme confidence in the financial strength of the Dominion. Canada still maintains its high place in world commerce. Within the last few months, a favourable balance of trade has been established. The provisions made at the last session of Parliament for unemployment and farm relief are proving effective.

You are successfully meeting difficult domestic problems. Conditions are gradually improving. But prosperity in full measure must await the satisfactory adjustment of accounts between debtor and creditor nations of the world and the restoration of international monetary standards, from which the acute financial difficulties have compelled a temporary departure.

Since the last session of Parliament my Ministers have commenced negotiations with the Government of the United States of America for the completion of the St. Lawrence Waterway.

A commission has been appointed to inquire into the whole problem of transportation in Canada. My Ministers expect that the report of the commission will be ready for submission to Parliament during the present session.

My Ministers have under consideration a commercial treaty with the Dominion of New Zealand.

A Canadian delegation is participating in the Disarmament Conference, which was opened at Geneva on the 2nd of February. I join with you in the prayer that the representatives of the nations there assembled may reach an understanding which will put beyond peril the cause of enduring world peace.

On the invitation of my Government, an Economic Conference of members of the British Commonwealth of Nations will meet in Ottawa on July 18 next.

The Geneva Narcotics Convention of 1931, the Red Cross, Prisoners of War and other conventions, will be submitted for your approval.

Among the other measures to which your attention will be invited will be a Bill relating to insurance and Bills relating to patents and trade-marks.

You will also be asked to consider Bills to amend the Canada Shipping Act and the Fisheries Act.

Members of the House of Commons:

The public accounts for the last fiscal year and the estimates for the coming year will be submitted at an early date. The estimates will conform to my Ministers' determination to maintain a policy of rigid economy, consistent with the discharge of those statutory and contractual obligations, which is essential to the preservation of the integrity and credit of the Dominion.

Honourable Members of the Senate:

Members of the House of Commons:

I sincerely congratulate you on the fortitude and patience with which the people of Canada have borne the hardships of this period of depression and maintained their usual high regard for law and order. A sense of unity more abundantly prevails. The spirit of sympathetic co-operation has been strengthened. The Canadian people have united in the fight against adversity. Prosperity is their just reward. I know it will be your privilege, by the unselfish and zealous discharge of your duties to hasten its return. May Divine Providence bless and guide you in your deliberations.

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

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

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

CONSIDERATION OF HIS EXCELLENCY'S SPEECH

On motion of Right Hon. Mr. Meighen, it was ordered that the speech of His Excellency the Governor General be taken into consideration on Monday next.

The Senate adjourned until Monday, February 8, at 8 p.m.

Hon. Mr. SPEAKER.

THE SENATE

Monday, February 8, 1932.

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

Prayers and routine proceedings.

COMMITTEE ON ORDERS AND PRIVILEGES

Right Hon. Mr. MEIGHEN moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

Right Hon. Mr. MEIGHEN moved:

That the following senators be appointed a Committee of Selection to nominate senators to serve on the several standing committees during the present session: the Honourable Messieurs Belcourt, Buchanan, Dandurand, Daniel, Graham, Robertson, Sharp, White (Pembroke), and the mover.

The motion was agreed to.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

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

Hon. CHARLES C. BALLANTYNE moved:

That the following Address be presented to His Excellency the Governor General to offer the humble thanks of this House to His Excellency for the gracious Speech which he has been pleased to make to both Houses of Parliament; namely:

To His Excellency 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 offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, I realize that it is an old custom that one of the recent appointees to this House should be chosen for the important task of moving the Address in reply to the Speech from the

Throne, but I regret that my right honourable leader did not choose someone more able than I.

I appreciate very highly the honour that has been conferred upon me through my appointment to this House, but I have been somewhat saddened by the fact that I have taken the place of a very dear friend of mine, the late Senator George G. Foster. He was a man beloved by all who knew him. A brilliant lawyer, he filled a conspicuous place in the public affairs of Canada, and I am sure I express the view of all honourable senators when I say that he will be greatly missed by every one of us.

While it has been my privilege to know only for a short time the former leader of the Senate, the honourable senator from Moose Jaw (Hon. Mr. Willoughby), I have heard high eulogies of him by other members of this House, who have spoken of his very gracious manners and his competent leadership in that exalted position, which he filled to the entire satisfaction of this House. I am sure that I express again the opinion of every honourable senator when I say how very sorry I am that because of ill health, which I trust is only temporary, he has been compelled to resign the leadership.

It is very gratifying to us all to see the honourable senator from Welland (Hon. Mr. Robertson) in his seat to-night, and especially to observe that he appears to be almost completely restored to his usual health and strength. We are all aware that his ministerial labours were very onerous, and that he became ill because he did not spare himself in his constant devotion to his duties.

Honourable senators, perhaps I may be permitted to say that in some respects I feel very much at home here to-night, because I see on both sides of the House a number of very dear friends. I am delighted that the only lady occupying a place in the Senate of Canada—which position she graces with so much ability and dignity—is also a friend of mine; and the District of Alma, on the Island of Montreal, which I now have the honour to represent in this House, was at one time ably represented by her distinguished father, the late Hon. Senator Robert Mackay.

There is another reason, and that not the least, why I am pleased to have the honour of being with you to-night. I refer to the fact that we have as our leader a right honourable gentleman (Right Hon. Mr. Meighen) with whom it has been my privilege to be associated in another place. He is a very dear friend of mine, and I believe also of many others in this House. We all know him as a great debater and parliamentarian, and I think it is a fortunate thing for the Senate that the party on this side has selected for its leader a man so gifted.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: I am satisfied that he accepted the position at considerable personal sacrifice. Unfortunately for the country, he has been for some years out of public life. During that time he has formed business associations, and undoubtedly his new position will necessitate certain disarrangements.

There are so many important subjects mentioned in the Speech from the Throne that I shall not attempt to deal with them all. Another honourable senator is to follow me, in the seconding of the Address, and I intend merely to touch briefly on one or two points. The Speech drew particular attention to the existing depression, which we all know is world-wide. I for one do not yet see prosperity around the corner. I believe that every government in this country, every person engaged in business, and our people in private life will have to practise the most rigid economy before we shall witness a return of good times in the full measure in which we once enjoyed them. It has been my privilege to come into contact frequently with well-known financial and public men in Canada and the United States, and from them I have learned the cheering fact that there is a better feeling throughout this country and the neighbouring republic, and that we are slowly but surely returning to prosperous times.

I intend to refer to only one more subject, namely, that momentous gathering which is scheduled to take place in Ottawa in July next, the Imperial Conference. For a long time I have believed in preference within the Empire, and I think that many honourable senators believe in it. I agree with the slogan, although I am not its author, "What we cannot make in Canada, let us buy within the British Empire."

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: When the Imperial Conference meets here we shall have an opportunity such as we never had in the past, because the United Kingdom has now decided to put a protective tariff into effect, after holding to the opposite view for many years. Thus the representatives of the United Kingdom and of the overseas dominions and colonies will be in a better position than ever before to arrange among themselves for what we are pleased to call preferential trade within

the Empire. We all realize, honourable senators, that Canada must have prudent protection for the industries that now exist here, those that are coming here at present in large numbers, and those that will come in the future. But I see nothing un-British in that policy. There are a great many lines of manufactured goods that we do not make in this country and shall not be making for some years to come, and therefore I think there is no real reason why the members of the British family should not be able to frame at the Conference a preferential trade policy that would be of great benefit to all parts of that Empire to which we are so proud to belong.

We look forward with great expectations to the Conference. I feel that it is bound to help our grain producers on the prairies, and I think it ought to benefit our exporters of farm products, and all our varied industries in this country should obtain good results from it. I expect that the arrangements arrived at by the Conference will help in large measure to bring back that prosperity which unfortunately has not been with us to the extent that we should have liked during the last few years.

I have been informed that party feeling exists to a very limited extent in this House.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: I am glad to learn that, because that is as it should be. I understand that all legislation and other matters that come before the Senate from time to time are dealt with in the light of what is considered to be the best interest of the country, and when the important subjects mentioned in the Speech from the Throne, including the St. Lawrence waterways, transportation, etc., come here for consideration, they will be handled here in a broad national spirit.

In conclusion, honourable senators, may I be permitted to state that I think we in Canada are fortunate to have at the head of our Government, in another place, a man of such courage and ability as the Prime Minister of this country, who is guiding us through these times of stress and strain.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: We on this side of the House, at least, believe that with the ship of state under his able control, it will not be long until we reach that prosperity to which we are all looking forward. I thank you very much, honourable senators, for your patient attention.

Hon. ARTHUR MARCOTTE (Translation): Honourable members of the Senate, at the outset of the brief remarks I intend to make in seconding this Address in reply to the Speech from the Throne, may I be permitted to thank the Government for having continued, by my appointment to the Senate, the wholesome political tradition of giving representation to the minorities of the two great races that have founded this Dominion.

The invitation given me to second this motion is an honour intended chiefly for that great province in which I have lived for more than twenty years, the Province of Saskatchewan, and for the minority whom I have the privilege of representing here. The favour is increased by the opportunity it affords me to make my first address to the Senate in my native tongue. Such kind and delicate consideration is highly appreciated by my French-speaking fellow citizens.

At the beginning of the Speech from the Throne His Excellency the Governor General thanks His Majesty the King for having chosen him as Viceroy in Canada. Still more, I am sure, are the Canadian people indebted to His Majesty for so judicious a selection. Without attempting to cite all His Excellency's claims upon our admiration, I would refer to one that concerns particularly those of us who are French-speaking, namely, his ability to speak our language so well.

Those who were privileged to witness on Thursday last the ceremonies in connection with the opening of this Parliament will long remember the occasion. The dignity that marked the proceedings was enhanced by the charming presence of Her Excellency Lady Bessborough, whose grace, beauty and nobility were admired by all.

The Canadian people have on many occasions already expressed to His Excellency their loyalty and devotion to the British Crown. May we once more assure their Excellencies that since coming to this country as the representatives of the Throne they have won our lasting respect and affection.

Since last session the Grim Reaper, mercilessly at work among us, has taken from us a veteran statesman: Sir George Foster is no more. Voices more authoritative and more eloquent than mine have elsewhere pronounced his eulogy. Suffice it for me to say, as a tribute to his memory, that he was a great Canadian.

Sickness also has done its work, necessitating a change in the Government representation in this Chamber. The honourable senator for Moose Jaw (Hon. Mr. Willoughby), who in recent years, with so much dignity and talent, and so effectively, has performed the

functions of Government leader in the Senate, is obliged to transfer the burden to younger shoulders. My relations with the honourable senator extend back nearly twenty years, to the time when he was leader of the Conservative party in Saskatchewan. In those days I appreciated, as I do to-day, his upright character, his ability as a learned and experienced legislator, and his moderation and broad-mindedness in political affairs. I know that I am speaking on your behalf as well as for myself in voicing the hope that he may be speedily restored to health.

The same wish is extended to the honourable member of this Chamber who until recently had charge of the arduous work of the Department of Labour (Hon. Mr. Robertson). His unbounded devotion to duty almost ruined his health, but we are glad to see him with us again, and to note that his condition is improving and we are to have the benefit of his wise counsel.

May I be permitted to greet the honourable senators who have been sworn in during the last few days, and especially the new representative of the Government in this Chamber (Right Hon. Mr. Meighen). His appointment does honour to the Government, to the entire country and to this Chamber, which will profit by his wide and profound knowledge, splendid statesmanship and great talent.

Honourable senators, the Speech from the Throne is clear and concise. Most of the matters, past and future, alluded to in the Speech have been ably dealt with by the mover of the present motion, and it is unnecessary for me to repeat what has been said.

The Governor General's speech is encouraging in these dark days through which the whole world is passing, for it gives us the assurance that Canada is in a position of financial stability which is the envy of more densely populated countries considered richer than ours. This assurance is confirmed by the success of the loans recently floated in Canada and by the reports of our banks and life insurance companies.

It is true that the reports of our railways are less reassuring; but the railway problem is nearing a solution, and we may await with confidence the report of the commission that has been enquiring into this subject.

Much has been said, and much written, about the distress of our Western Provinces, so severely tried by the crop failures of the last three years. In some places this distress is real, but the steps taken by the Government have succeeded not only in alleviating misery, but also in restoring to our people the confidence necessary for the continuance of their work.

Moreover, it is but fitting that praise should be given to the spirit of solidarity shown by the provinces that have had more favourable crops in the last three years. Everywhere there has been a splendid response to the appeals for help, and once more the great generosity of the Canadian people has been amply demonstrated.

But the West will survive, for, though it has been hurt, its injuries are not mortal. Toil, economy and perseverance will triumph over adversity. As the Government is providing the farmers of the Prairies with sustenance, and with seed grain, etc., our fields will, with the help of Providence, become again, as in the past, the granary of the Empire and the source of great and increasing revenue.

The forthcoming Imperial Conference, which will take place here in July next, will give definite assurance of new outlets for our products and establish more favourable trade relations for all the countries of the Empire, and Canada in particular.

Already we can foresee that soon our splendid country will enter once more upon days of prosperity and progress. Thanks to the wisdom of the Government, the foresight shown in its measures, and the firmness of its decisions, we have placed our trade balance on the credit side. Let us have confidence in the future. The present century, as predicted by one of our great Prime Ministers, belongs to Canada.

Just one word on the subject of our representatives at the meeting of the League of Nations in Geneva. Though Canada is a young nation, she already, in the past, has spoken with authority at that assembly for the promotion of world peace. We are sure that our present representatives will prove to be worthy successors of those who have previously done us honour amongst the wise men of the world. Their mission is a noble work. Let us pray that it may succeed.

(Text) Honourable members of the Senate, I should not like to conclude my first address in this House without saying a few words to those of you who may not understand French. I wish to thank them for the kind and courteous attention they have given me, even if they were not able to follow everything I said. Some twenty years ago, during my first political campaign in Saskatchewan, I had to make what I would call my maiden English speech. After the meeting one of my friends came to me and made the remark that I was no artist in speaking English. It was true

then, and it is true to-day. In trying to master your language I had to work, and work hard, and this I have been doing not only because of a sense of duty to this country, but because I wanted to get to know you better, to understand you better, and to like you better.

Honourable senators, I have the honour to second the motion of my honourable friend from Alma (Hon. Mr. Ballantyne).

Hon. RAOUL DANDURAND: Honourable senators, it is perhaps appropriate to answer the kind remarks of His Excellency the Governor General, who spoke in such sympathetic terms of the welcome that he had received at the hands of the Canadian people. It was his first visit to our Chamber, and I am sure that I express the view of all the senators present when I say that it is our fervent hope that His Excellency and Her Excellency may fully enjoy their stay among us during their term of office.

We have had a change of leadership in the Senate, and it is my duty to take notice of it. Like the honourable members who proposed and seconded the Address, I desire, speaking for my colleagues on this side of the House, to express the hope that the honourable gentleman from Moose Jaw (Hon. Mr. Willoughby) may soon recover his health.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: He has been with us for a number of years. We have admired his qualities of heart and mind. Never has there been a ripple of unpleasantness between us in our daily contacts. We have met him on the floor of this House, we have met him in committee, and we have always appreciated the kindness with which he approached us and discussed whatever questions came before him for consideration. My honourable friend from Saskatchewan (Hon. Mr. Marcotte) has spoken of the honourable gentleman's career in that province. We were aware of the part that he had played in the West, and the knowledge he had gained through living there. I am sure his work will continue to bear fruit among us for many years to come.

My honourable friend from Welland (Hon. Mr. Robertson) was acclaimed as he returned to his seat. We were all very sorry to hear that he had been overcome by the weight of the burden placed upon his shoulders. I knew that it was no small task he had undertaken, for he would have to meet all the demands that might arise anywhere in Canada, and that the crisis which had been felt from coast to coast was coming to the nerve-centre, his own good self. Fortunately he has returned to our midst—I hope in good health. We will try to see that no heavy task is laid upon his shoulders if we can prevent it, and we know that we shall enjoy the benefit of the experience gained by him in the work of relief in which he has been engaged during recent months.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I may say, honourable members, that for a long while I have been expecting the presence among us of a former Prime Minister, a gentleman living in the Capital who had for some years directed the affairs of this country, and who, in the serenity of the Red Chamber, might continue his contact with public affairs. I refer to the Right Hon. Sir Robert Borden. However, he has felt that as to politics he had closed his book, and has preferred to look on from afar, occasionally giving advice to the people of Canada.

Instead of facing the Right Hon. Sir Robert Borden, I behold before me a former Prime Minister of Canada who is younger, and who seems to be full of vitality and aggressiveness. Perhaps it is his career that gives me this impression. Vitality and aggressiveness are not in my view defects or drawbacks. I should be the last to consider them as such, because for some time after I entered this Chamber at the age of thirty-six years I had the reputation of being somewhat impulsive. Unfortunately for the Senate, those who might have testified against me have, with one exception, disappeared. There remains but the one witness of my entry into this Chamber, the honourable member for Shediac (Hon. Mr. Poirier), who will be discreet, I hope, and not speak too harshly of my early years in the Senate. Impulsiveness does not avail us to any extent in this Chamber, because, as my right honourable friend (Right Hon. Mr. Meighen) will quickly observe, there is really no opposition here; there is no standing opposition to government measures. In other words, we are collaborators in the work of the Senate, and we are that by reason of the fact that we are appointed for life, are independent of the electors, and have not to consider any constituency as a special unit from which we hold a mandate. Unlike the members in another place, we do not address the electors; we are content to address ourselves to the question—which is much the briefer way. Long speeches, such as may protract the debate in the popular House, are not made here. The question is discussed thoroughly from one viewpoint or another, and we quickly reach a conclusion.

The main function of the Senate has been to revise legislation coming from the House

of Commons, and it has been our constant effort to improve it. Occasionally we have held up what we regarded as hasty or ill-considered legislation, but in the course of its existence since Confederation the Senate has not often exercised its power in that regard. Sir John A. Macdonald visualized the Senate as a revising body which would deal rather sympathetically with ministerial legislation as emanating from the government of the day, having the confidence of the people; and I have always felt that the opinion of the Fathers of Confederation as to the role of the Senate was the proper one.

I know that sometimes one reads in the newspapers that the Senate is a useless body. Why is that statement made? It is because the Senate does its work without noise. But the revision of legislation does not necessitate a great flow of eloquence. Amendments are usually brought about by appeals to reason. If the public knew the really important work that has been done by the Senate, there would be, I think, very few objecting to its existence. To enumerate some of the measures that have passed under review in the Senate, I would mention the Railway Act, the Insurance Act, the Companies Act, the Bankruptcy Act and the Bank Act. I remember the revision of the Railway Act. The Bill remained in our committee for weeks, and when it was returned to the House of Commons it contained seventy-two amendments. The Minister of Railways and the Minister of Justice, after thoroughly examining those amendments, accepted sixty-eight of them, and at a conference between the two Houses as to retaining the others, my honourable friend from De Salaberry (Hon. Mr. Béique) was able to show the delegation from the other Chamber that our amendments were proper ones, and they were incorporated in the Act. I have mentioned these Acts because they represent the important work done by this body. The Insurance Act, which was introduced in consequence of an enquiry into the large companies of the United States, made under the direction of Mr. Hughes, now of the United States Supreme Court, had been studied by the House of Commons for a couple of sessions prior to its coming before the Senate at the opening of a new session; and it remained for the Senate to put the stamp of approval upon an Act which to this day is credited with being the best legislation of its kind on the statute book of any country in the world.

Speaking of the work of the Senate, I may say that I have been urging our friend the senator for De Salaberry (Hon. Mr. Béique) —who has thought that at his age he should retire from the practice of law—to give some attention to preparing a review of the work of the Senate with respect to the legislation that has come to it from the House of Commons. I think such a review would make interesting reading, and I intend to ask my right honourable friend (Right Hon. Mr. Meighen) to join with me in encouraging the honourable gentleman from De Salaberry to undertake the work by affording him the little help that our staff in the Senate can give.

I can assure our new leader of our goodwill and full co-operation. The Senate is an independent branch of Parliament, and as such is jealous of its rights and privileges. During my long career in this House I have at times noticed that members of the Commons are apt to believe that the Senate is a replica of their own Chamber, and that affiliation with a party justifies interference and dictation. The right honourable gentleman, according to the newspapers, was on Friday last the victim of that state of mind, and I desire to express my sympathy with him in the false position in which he has been placed. The Senate is the sole guardian of its own honour. Last session, by unanimous resolution, we declared that it was the constitutional right of every senator to be heard by his colleagues in his own defence, and that to this end a special committee should be appointed at the next session of Parliament. To that policy we who sit to the left of His Honour the Speaker stand pledged.

I desire to congratulate the honourable gentleman from Alma (Hon. Mr. Ballantyne), who moved the Address, and the honourable senator from Saskatchawan (Hon. Mr. Marcotte), who seconded the motion. The honourable senator from Saskatchewan has already been among us for some time and has become the friend of many. I am very happy to see the honourable gentleman from Alma called to this Chamber. He has been brought up in Montreal, and has moved in circles so very near to me that there is little of his life about which I do not know something. He has been a very good and active citizen, he has played a part in federal politics, and I feel that he is, and will be recognized as, a splendid addition to the Senate of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I see in the Speech from the Throne the statement that world conditions are beyond the control of the Canadian people. Verily this is a truism, but I may state here that in Europe we are held partly responsible for the present state of affairs throughout the world. I say this because in either 1928 or 1929 the International

Council of Agriculture, which was sitting at Geneva, heard a number of violent speeches by Europeans against those new-comers, Canada, Argentina and Australia, who were dumping millions of bushels of wheat into Europe and disorganizing its markets. This raises the general question of limiting, throughout the world, the production not only of wheat but of other commodities. When I study the crisis I recall October, 1929, and cannot help holding the United States responsible. Prosperity in that country was so great that poor humanity lost its head. Stocks soared to dizzy heights; everybody was rich—on paper —and could buy anything and everything on credit; the instalment plan of purchase was flourishing. I saw advertisements in a number of American papers urging young people with a salary of $2,000 to marry, as houses could be furnished from top to bottom on credit. Manufacturers were producing two or three years ahead of requirements. The readjustment will be a slow process.

The United States thought they could overcome the crisis by raising their tariff, but the exports from that country have since been reduced by half because, among other reasons, other countries raised their tariffs also. The result has been a contraction all around in imports and exports. Trade is an exchange of goods, which must flow as freely as possible. I remember reading a statement by the President of the Canadian Pacific Railway on the increasing of trade barriers in every country: his opinion was that the only good result would be to bring about the beginning of the end of such a policy, and that in time all countries would agree simultaneously to lower their walls. It has been suggested that a world conference should be held in an attempt to regulate production and promote a proper exchange of commodities. It is late in the day to make such a move. Unless it is to be made, I can see nothing for the future but the natural working of the old law of supply and demand, with large numbers of victims in every country.

An allusion has been made to the adjustment of accounts between debtor and creditor nations as a means of helping the world to return to prosperous times. This brings up the matters of reparations and international debts. I will not discourse on these questions now, because I think we all realize that settlement of them rests with the United States. So long as that country insists upon payment by the debtor nations, matters will stay as they are, although of course Europe will have to determine whether it can meet its obligations. Perhaps in the attempt to improve their own economic conditions the people of the United States will be in the mood to consider an adjustment, after the next presidential elections.

The Imperial Conference is to be held here in July. I saw the first steps towards such a conference as far back as 1903, when the late Joseph Chamberlain was carrying on his campaign in England for fair trade. I heard some of his speeches at the time, and in one of them he afterwards made some alterations. Both a verbatim report of the speech and a copy of it as altered by him are to be found in the Library. His first view was that the Dominions should undertake not to develop their industries further, but to be content with those that existed in 1903. He soon saw, however, that that proposal could not stand. I remember seeing at the time in every third or fourth window in some London streets a big loaf and a small loaf of bread displayed in connection with the appeal against the increased price of wheat. Needless to say, there is not a Canadian who will not pray fervently for the success of the next Imperial Conference. We shall watch it with very close interest. We know that there will be very difficult problems for consideration, but I feel that all the delegates from the British Commonwealth of Nations will combine their efforts to bring about success.

I should like to say a few words concerning the question of disarmament. It is not a very serious one for Canada, but in Europe it has baffled the ablest minds. There are now gathered at Geneva the representatives of a great many nations who are seeking to bring about a reduction in armaments. Perhaps I may be allowed to review briefly the existing situation. Germany, which formerly was one of the most powerful nations of the world, is now vanquished, humbled and disheartened; but potentially, with her sixty-five millions of people, she is still the strongest nation in Europe. The surrounding countries are very fearful of the possibilities of an explosion so near at hand, and they feel they should not be asked to disarm until their security has been provided for. Lord Robert Cecil in "Foreign Affairs" of October last said:

> The problem is to give satisfaction to the German demand for eventual equality, while recognizing that security for France is essential.

He might well have added that security for Poland, Roumania, Jugo-Slavia and Czecho-Slovakia is essential. I have a profound conviction that the conclusion, if one is reached, of the present Conference will not, cannot, satisfy Germany; for she sees that although her military strength has been greatly cur-

tailed she is surrounded by countries with powerful armies, and she knows that the reduction in armaments must be a slow process. Of course, it would be rapid if the United States were to join the League or to add sanctions to the Paris Pact. Representatives of the American Government are present at Geneva and will be able to realize the situation for themselves.

Many suggestions have been made with a view to giving security to the countries that are contiguous to Germany. There was the protocol of 1924, with its principle of all for one and one for all, which was not accepted by the nations at large. In September Paul Boncour, a brilliant French orator who represented his country for some years at the League of Nations, suggested that members of the League should put a proportion of their armed forces at the disposal of the League Council, in order that wars of aggression might be averted. Last week a proposal along the same lines, for the formation of an international police, was made on behalf of France. But such a thing, I believe, is difficult of accomplishment. If honourable members will allow me to give the result of my cogitations I have a suggestion which could be more easily carried out, because the principle underlying it is already contained in the Treaty of Versailles. I will read articles 42, 43 and 213 of the treaty.

42. Germany is forbidden to maintain or construct any fortifications either on the left bank of the Rhine or on the right bank to the west of a line drawn 50 kilometres to the east of the Rhine.

43. In the area defined above the maintenance and the assembly of armed forces, either permanently or temporarily, and military manœuvres of any kind, as well as the upkeep of all permanent works for mobilization, are in the same way forbidden.

213. So long as the present treaty remains in force Germany undertakes to give every facility for any investigation which the Council of the League of Nations, acting if need be by a majority vote, may consider necessary.

At the request of France it was agreed that 50 kilometres to the east of the Rhine should be demilitarized, yet France is not satisfied and is somewhat fearful because it does not know what is going on beyond that area. If all the nations of Europe are acting in good faith, why should not the Council of the League be given the power to inspect and control not only 50 kilometres of German territory, but the territory of every country on that continent? And, indeed, why should not that principle be extended to the whole world? If the countries have nothing to hide, why should they not open their frontiers to such an inspection? At the present time that power of inspection operates only against German sovereignty, but if all the nations agreed to a general inspection they would be on an equal footing. If the principle of control by the League Council were accepted loyally and generally, a commission of experts chosen from neighbouring countries could constantly watch over activities in all lines in Germany.

To show what this would mean, let me illustrate. Suppose 50 inspectors from France, Belgium, Poland and Czecho-Slovakia were sent into Germany and an equal number of German inspectors were sent into those countries. It seems to me that under the regular system of surveillance and control which would result, Europeans could at last sleep on both ears, as we say in French, confident that no conspiracy would develop overnight. In my view such a system should be extended to all countries, whether members or non-members of the League, including the United States and Russia. Is something of the kind not imperative, in any event? If the countries now represented at the Conference agree to make a certain reduction in armaments, what guarantee have they of one another's good faith? Does not an engagement to reduce armaments imply a certain control on the part of the League of Nations? If the general control, such as I suggest, were put into effect, a 25 per cent reduction in armaments could perhaps be made and a term of five years fixed for a test of the result. Under such a plan, no nation could be victorious or vanquished in war.

It seems to me that at a time like this, when the peoples of every country are confronted with difficult problems and are wondering what will happen to the world if there is not a gradual reduction in armaments, everyone who has given some thought to the matter should express his views in his own country. Perhaps some suggestions made in that way may reach as far as Geneva.

Right Hon. ARTHUR MEIGHEN: Honourable senators, when I entered this Chamber to-night I did not expect to address this honourable body, because according to the advices which I received—and a stranger or a novice must, as you know, depend much on advices—I felt that the honourable gentleman opposite, but not opposed (Hon. Mr. Dandurand), would probably move the adjournment of the debate, to which I would agree, and that if he did not do so I should be expected to make that motion. But after listening to my honourable friend the conviction has been driven home upon my mind that it would be rather inappropriate, if not

indeed discourteous, to postpone all references to his speech until another day. In any event, it seemed to me that the quality which honourable members would most admire in the remarks of a new leader of this House, on a subject of such generality as that now before us, would be brevity. It will be possible for me to exercise restraint to-night. I will say just a few words on the subjects touched on by the honourable gentleman.

Before I do so, may I join with very deep sincerity indeed in the expressions of regret and sympathy on the affliction which has overtaken the former leader of this House, the honourable senator for Moose Jaw (Hon. Mr. Willoughby). With that honourable gentleman I have had a close personal association for a quarter of a century. No one could have had that association without coming to admire and to prize his character and capacity; no one could have had it, at least in recent years, without coming to respect most highly the nature and quality of his service to this country. We earnestly trust that he may be with us, and that we may enjoy the benefit of his experience and help, for many years.

I also welcome back among us—although welcome is scarcely the word for me to use—the honourable senator from Welland (Hon. Mr. Robertson). With him, in still closer relationship, I laboured over many years. No one, I think, could understand better or prize more highly than myself the intense ardour of his devotion to duty, a devotion which in great degree, if not entirely, is responsible for the collapse that he suffered. I earnestly hope that his great ability is still in reserve and will soon again be at the service of his country.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Permit me to pay my compliments, in no empty way, nor merely because it is usual, to the mover (Hon. Mr. Ballantyne) and the seconder (Hon. Mr. Marcotte) of the Address. The mover is a very distinguished man both in the business and the public life of our country, and I not only concur in the kind words towards him of the honourable gentleman from De Lorimier (Hon. Mr. Dandurand), but express my appreciation of his generous tribute. I am glad to find the honourable gentleman from Saskatchewan (Hon. Mr. Marcotte) among us. He expressed himself in French, and though I have had very little practice in that language in the city of Toronto during the last five years, I found for the first time in my life that I could follow every word of a French speech.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I venture to ask honourable members from the Province of Quebec to seek to imitate as much as they can his clearness of expression, and his careful and somewhat cautious delivery. Both honourable gentlemen have acquitted themselves creditably not only to their constituencies but to this House.

I now come more directly to the remarks of my honourable friend who, I am rejoiced to know, is not opposed to the Government. In that I think he expresses his sincere conviction. I may say that the task with which I have been honoured I approach in no boastful spirit, and perhaps with less confidence that that usually attributed to me at this time, but I approach it in the certain conviction that my course here will be followed by an honourable senator of great ability who is thoroughly competent to oppose, even though he has not the spirit of opposition; and I hasten to say at the outset that the judgment often conveyed to me by others—for I never heard him myself till this evening—the judgment as to his amplitude of information, his clearness of mind and cogency of expression has been in great degree verified by his address to us to-night.

Permit me by way of introduction to say in all earnestness that the years, five in number, or more, which have intervened between my public duties of other days and the present time have left a gap of greater extent than I had anticipated; a gap which I know must be bridged in order that I may be adequately in contact with the duties immediately before me. I hope that while I am in the process of bridging that gap honourable members will be fairly indulgent. A great deal of ground has to be overtaken; but I am quite certain that the educative activities of this House, especially on the part of honourable gentlemen opposite, are at their highest at the present time, and that I shall receive the benefit thereof.

The honourable senator from De Lorimier (Hon. Mr. Dandurand) has dealt concisely, but in a way which to me has been illuminating, with the nature and function of this Chamber as distinguished from the other, from which many of us have come. I take no exception at all to the distinction which he draws. I hope that the atmosphere of the other Chamber does not too closely pursue us, and I promise honourable gentlemen opposite that I will make an honest effort to escape from that atmosphere and to acquire, even more than in the past, the habit of addressing myself to the question instead of to the public at large. Indeed, I thank the honourable member from De Lorimier for giving me to-

night for the first time an explanation of the unfortunate fact that my public life to date has not been an unbroken and unqualified success. It occurred to me as he spoke that in the other Chamber I had been addicted too much to the practice of addressing myself to the question instead of to the public, and that the palm of victory finally went to those who addressed themselves to the public instead of to the issue.

In respect to the achievements of this honourable House, I doubt that there is any over-estimation on the part of the honourable member from De Lorimier. I know that men of long experience, men who are not harassed in the performance of their duties by external considerations of politics, should be more capable than others of revising, if not of initiating legislation, and should indeed be capable of very great and permanent service to the people of the country. I am sure that I shall not ask in vain the co-operation of honourable members on both sides when I express the hope that, while we all seek to maintain the status and the rank of the Senate, and the proper functioning of this House in the great work of government, we may seek to maintain them on the only sound basis upon which they can rest—a greater usefulness to the people of our country.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The leader of the honourable members opposite made reference to certain subjects sketchily touched upon in the Speech from the Throne. He ventured an explanation of the economic morass in which the world is struggling at this time. I take no exception to his explanation, but as one who has been more in the grip of that powerful coil than even the honourable member, I assure him only of this, that three years ago I should have been much more free than I am to-day to venture an explanation of our difficulties. It is quite possible that the barriers between nations in the way of commerce have grown, and that these, bringing about a world condition, have helped to paralyse trade. Each country must, however, determine its own course in the light of the policy of its competitors. We have not the immediate issue before us now, and little of value could be obtained by a very brief discussion of the matter.

What is clear beyond all question is that the world is entangled in a great coil of debt; that the world's debts, national as well as private, are out of all proportion to commodity values. This condition has been brought about by events closely associated with the War, and by machine production. Whatever may have been the events which brought it to pass, the fact is that the condition is upon us, and that before there can be any escape from the impasse in which we find ourselves, the relationship of debts to values must be restored to something like the proportions they bore to one another at the time the debts were created. Debts as between individuals naturally adjust themselves. The creditor finds that he must adjust or he loses all. Economic forces bring this about. But international debts are in another sphere, and it seems to me so plain that he who runs may read, that unless there is a readjustment of international debts a return to prosperity on the part of the world, especially on the part of creditors, is finally and wholly impossible. Wherever the responsibility may be, those who have it know they have it. That responsibility must be driven home. It cannot be driven home from without, but it is very likely to be driven home from within, as the chief penalty falls on the creditor himself. Realities ultimately have their way; realities control the world; and its suffering is mainly due to failure on the part of leaders of nations to understand the import of these realties.

I cannot follow my honourable friend into the subject of disarmament. On that subject he has had a long and illuminating experience. Canada is scarcely the nation to set herself up as a teacher of disarmament, because we have so little to disarm. We have all viewed with remorse and some discouragement the situation which now confronts us and appears as a cloud over the whole Geneva Conference and the prospects of humanity. This, however, seems clear: the League of Nations, while still our hope, to be really effective must be of wider range than it is to-day. Without trespassing upon ground where angels should fear to tread, let me say that the effective clauses of the League of Nations are clauses which are enforceable by economic sanctions. The great effective article is Article 15, the economic sanctions of which, if applied, are very powerful; but so long as two or more great powers, like Russia and the United States, stand out, those economic sanctions, if applied, say, to either China or Japan, would not have the effect of strangling the trade of those countries, but would transfer the benefits of it into the lap of Russia or the United States. These reflections are not new to honourable gentlemen on either side, but they are so plain that they deserve repetition and emphasis by public bodies the world over.

While this concludes the duty which I seek to discharge in my humble way at this time, I wish to refer to another observation, some-

what in the nature of an interjection, made by the honourable gentleman from De Lorimier (Hon. Mr. Dandurand). He referred to a resolution which passed this House relating to the subject of an investigation that took place in the other House within the last year, and he emphasized the judicial character which should appertain to and be observed by all honourable members of this House in relation to anything affecting another honourable member. With his observations in that regard I am in complete concurrence. We must realize that when that subject comes before us we shall be acting in a judicial capacity. Furthermore, I can assure my honourable friend that I am in entire agreement with his view that any honourable gentleman who is reflected upon in any way is entitled to rest his honour in the custody of this House alone, and to be heard in his own defence without restraint. So long as I have the privilege of asserting my view within these walls, that is the view I will assert. Needless to say, I shall come to the discharge of my duty without the slightest feeling of vindictiveness or animosity of any kind towards any honourable members who may be affected. This may not be necessary to say, but I beg the opportunity of saying, that they themselves will acquit me of any such feeling. Nor would I have referred to this matter but for the remarks of the honourable gentleman opposite. I know, and the honourable gentlemen themselves know, that I entertain no such feelings as I have described, and even if they were entertained by me I would not permit them to prevail.

With these remarks I take my seat, expressing my earnest desire to be of some service, as the link between the Government of the day and this Chamber, in opening the door of opportunity to the Senate, so that with the co-operation of honourable members on both sides of this House it may discharge to the full its duty to the people of our country.

On motion of Hon. Mr. Tanner the debate was adjourned.

HOSPITAL SWEEPSTAKES BILL

FIRST READING

Bill A1, an Act with respect to Hospital Sweepstakes.—Hon. Mr. Barnard.

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

THE SENATE

Tuesday, February 9, 1932.

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

Prayers and routine proceedings.

COMMITTEE ON BANKING AND COMMERCE

AMENDMENT OF RULE

Right Hon. ARTHUR MEIGHEN moved, with the leave of the Senate:

That rule 78 of the Rules of the Senate be amended by striking out paragraph 4 and substituting the following therefor:

4. The Committee on Banking and Commerce, composed of forty-two senators.

He said: The number formerly was thirty-two senators. I suggest that the honourable leader on the other side (Hon. Mr. Dandurand) appear as seconder of the motion.

Hon. Mr. DANDURAND: All right.

The motion was agreed to.

BRITISH AND FOREIGN INSURANCE COMPANIES STATUS AND POWERS BILL

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill B1, an Act respecting the Status and Powers of British and Foreign Insurance Companies in Canada.

He said: Honourable members, I may say that it is the purpose of the Government to introduce in the Senate a companion Bill to this one. The title of that Bill is, "an Act respecting the Status and Powers of Dominion Insurance Companies." I am not prepared to introduce that Bill to-day, but hope to be able to do so to-morrow or the following day.

The Bill was read the first time.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

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

Hon. C. E. TANNER: I should like to assure honourable members that I have no idea whatever of disturbing the very pleasing atmosphere that prevailed in this Chamber during the proceedings of last night. We have all learned during a good many years

in this House that, as was pointed out by the leaders, we get along with our work pretty satisfactorily and do it very thoroughly, and with good results to the country, without indulging in any of the verbal tempests that sometimes characterize proceedings in another place. We endeavour to devote ourselves to the subjects that come before us and to deal with the facts in a calm and judicial way, and as I purpose this afternoon to deal only with some facts which I think are of importance, I hope that I may all the time keep within the tradition of this Chamber. So that I may be sure of keeping close to the subject, may pack what I have to say within a short address, and may safeguard myself from any movement that might frighten away the dove of peace that was with us last night, I am going to refer to some notes which I have made on the subject.

I intend to confine my remarks to the subject of mutual trade preferences within the Empire, looking a little at the past, and then at the present-day situation.

I turn back a moment to the period of 1897 and later, when we were in the Colonial spirit; when the words "Colony," "Colonial" and "Intercolonial Conference" were complacently accepted as expressing the relationship that existed between Canada and the Mother Country.

It is recorded that during the election campaign of 1896 Sir Wilfrid Laurier, at the time leader of the Opposition, announced that if he were returned as head of government in Canada he would take steps to obtain mutual preference trade arrangements with Great Britain. He won the election. Following his proposed policy in 1897 and 1898, he established tariff preferences for the benefit of the United Kingdom; thereby making, as he said, a free-will offering to the Mother Country, on which he based the hope that he would create sentiment in the Mother Country favourable to mutual preferences.

A few years later Sir Wilfrid was impressed with the belief that what he had done was about to bear fruit. Two events worked together to make that impression. One was the imposition of a corn tax by the then Government of the United Kingdom. The other was an invitation by that Government to the Colonies to go to London and confer about trade relations and other matters of common concern. The House of Commons Hansard of the time, April and May of 1902, shows that Sir Wilfrid was quite confident that he was to have opportunity to "bring Britain and the Colonies to agreement acceptable to all." So was his Finance Minister, Mr. Fielding, who remarked, "That is what is happening to-day."

But there was disappointment in store. What was being said in this country was wafted across the ocean. The news stirred the blood of that ardent free trader and Liberal leader, Sir Henry Campbell-Bannerman. He sounded alarm. He waged a vigorous campaign against protection and preferences. The Government of the day weakened. Canadian hope of mutual preferences faded away.

The Colonial Prime Ministers, however, were not discouraged. Nor did they remain silent on the subject. They put into the record of the Conference resolutions favourable to Empire preferences. And Sir Wilfrid and his colleagues buttressed the resolutions with statements on behalf of Canada in which the trade advantages freely given to the Mother Country in 1897-98 were pointed out and the benefits which had accrued therefrom were impressed.

The resolutions are as follows:

1. That this Conference recognizes that the principle of preferential trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

2. That this Conference recognizes that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of free trade as between the Mother Country and the British Dominions beyond the seas.

3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

4. That the Prime Ministers of the Dominions respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed.

5. That the Prime Ministers present at the Conference undertake to submit to their respective governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it.

And the following significant statement follows in the record:

The representatives of the Colonies are prepared to recommend to their respective Parliaments preferential treatment of British goods on the following lines:

Canada—

The existing preference of 33⅓ per cent, and an additional preference on lists of selected articles—

(a) by further reducing the duties in favour of the United Kingdom;

(b) by raising the duties against foreign goods;

(c) by imposing duties on certain foreign imports now on the free list.

And after this come statements on behalf of Australia, New Zealand, The Cape and Natal.

The memorandum placed on record by Sir Wilfrid Laurier and his colleagues declares for mutual Empire trade preferences, urges the Government of the United Kingdom to accept that principle, and reciprocate by granting preferential terms to the products of the Colonies; particularly presses for preferential treatment of the food products of Canada; and, in addition, as I have just noted, offers to consider further reductions of Canada's tariff in favour of Britain, upward revision of the tariff against foreign goods, and imposition of duties on foreign goods at the time admitted free.

I make two observations here. We have heard a good deal of criticism of what is called "bargaining" in tariffs. It would appear that Sir Wilfrid was not fearful about approaching the matter in that spirit. And it would also appear that Sir Wilfrid did not consider it improper to urge the Mother Country to modify her domestic tariff for the purpose of bringing into operation an Empire preference policy.

I now refer to the concluding paragraph of the memorandum. It is quite interesting. There are persons in public life in Canada who might go so far as to describe it as an ultimatum to the Mother Country. I will, however, speak of it as a warning. It says:

> If after using every effort to bring about such a readjustment of the fiscal policy of the Empire, the Canadian Government should find that the principle of preferential trade is not acceptable to the Colonies generally, or to the Mother Country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.

It will be observed before I have concluded that in substance there is striking similarity between what Sir Wilfrid Laurier asked for in 1902 and what Mr. Bennett asked for in 1930. Both urged acceptance of the principle of Empire mutual preferences; the details to be worked out later.

And now I want to take a moment or two to glance at our constitutional evolution.

When, in 1902, Sir Wilfrid Laurier was asked in Parliament to tell what he intended to do at the "Intercolonial Conference" that was to be held that summer, he very deferentially explained in these words:

> We will first listen to the propositions made to us by the British authorities. I assume from the statements I have in hand that the Government of Great Britain has propositions to make to the Colonies upon this matter of commercial relations; for, if not, it would be worse than folly to ask us to discuss the matters.

That reveals the spirit of Colonial days. It is now nothing more than a memory. But although Sir Wilfrid displayed a deferential spirit, he was, as I have pointed out, moved to assert a distinctively Canadian spirit in the pronouncements he made to the Conference.

Came the Great War of 1914. Forthwith the Dominions in their spirituality and strength stood revealed before an astonished world. Momentous events followed. They gave startling impulse to the slumbering constitutional questions. The time was arriving for positive movement forward in the matter. That great Canadian and Empire statesman, Sir Robert Borden, was quick to read the signs of the times. He led the way.

There followed during a period of years conferences of statesmen of the Empire, including Mr. King when he was Prime Minister of Canada. Colonial status with its ancient procedures, precedents, dogmas and limitations was brushed aside. The book of the constitution of the Empire was rewritten. The Dominions took their places as nations of equality of status with the Mother Country and one another in the British Commonwealth of Nations.

When therefore, in 1930, the Prime Ministers of the Dominions assembled in London for conference they represented nations, not colonies. They embodied equality of authority and responsibility, and were charged with duty of speech and action in matters which related to the common interest and advantage of the Commonwealth. It was not an "Intercolonial Conference." It was a conference of free nations of equal standing with one another, met to consider matters that any or all of the nations might deem to be of benefit to the whole.

I think it is surprising that a public man who played a part in bringing about these changes and ushering in the new constitutional era should be heard saying that Prime Minister Bennett took too much on himself and roughly swept aside methods of procedure at Imperial Conferences when he submitted Canada's views in regard to preferential trade to the Conference of 1930. One might almost think that he expected Mr. Bennett to posture as a deferential Colonial; to wait in that spirit for some mythical "authorities" to speak; and, if such "authorities" had nothing to submit, to pack his trunks and return to Canada. And this would apply to the Prime Ministers of all the Dominions.

Critical persons have said that the Conference failed. I disagree with that. We see now that it did good work.

I first remind the House that the Conference dealt with a number of important matters of Commonwealth interest.

As to the question of mutual trade preference it is true that refusal of the United Kingdom to accept the principle stayed action; but this much was gained: the Dominions all agreed to it, and Canada, Australia and New Zealand are setting the pace. Further, good spade work was done. It has now become abundantly clear that that spade work produced results of far-reaching effect. There is, I venture to say, reason for believing that the pronouncements and action of the Dominions carried great weight with the people of the United Kingdom, and proved to be an agency of power in bringing about the remarkable political changes and throwing down of fiscal idols in the Mother Country which we have witnessed since the Conference was held.

I invite honourable members to come with me now for a few moments to the Conference of 1930. We attend the meeting of the Economic Section. We hear Mr. Thomas, Secretary of State for the Dominions, saying that by agreement (note that) the discussion will take the form of a second reading debate, the committee stage to follow later. Then we hear Mr. Thomas opening the discussion with an interesting speech. He stresses the value of existing preferences. He emphasizes the potentialities of the Commonwealth. He expresses a pious hope that it should not be "impossible to devise ways and means whereby this trade and those potentialities can be used for the benefit of the people as a whole." But there he stops. He has no proposition to submit to the Conference.

There is a pause. We look around wondering if the day is finished. Then we recall that Mr. Thomas said that it was to be a debate. We conclude that the Dominion Ministers will speak. They do. First comes Mr. Bennett, given precedence because of the standing of Canada in the Commonwealth. We do not see him roughing anyone aside, or thrusting himself in where others would be. In fact, orderly arrangement and courtesy prevail. We know Mr. Bennett to be a plain speaking man with business habits. He speaks in understandable language. And he has the priceless gift of conviction and decision. So we are not surprised to hear him make an address of clarity and forcefulness.

First of all he tells the Conference just what Canada's policy is. He sums it up in the words "Canada First." And, courteously enough, he invites the members of the Conference to adopt the same attitude in respect to their respective countries; and then he says to them:

> On no other basis can we hope to effect an enduring agreement of benefit to each one of us. I will determine what my country needs, and, if you do likewise, then we may come together and search out the means by which we can be of mutual assistance in satisfying those needs.

He makes it clear that there is no intention on his part to create a system that would exclude from Empire markets the goods of other countries. Said he:

> We must have—all of us—markets without the Empire, and to make those markets sure, and greater, we must place no insuperable barrier in the road of reciprocal world trade.

To which we hear him adding this:

> What it does mean, however, is that we should direct the present flow of trade into more permanent Empire channels by preferring Empire goods to those of other countries. This can be done only in one way—by creating a preference in favour of Empire goods.

After which he tells the Conference what Canada desires, and what Canada is ready to do. This is how he puts the matter:

> We have considered what such a scheme of preference will mean to Canada, and to the other parts of the Empire, and our conclusion is, that we of the Empire States have within our own control the means to advance the interests of each one of us, by developing a plan of economic co-operation, based on the principle of Empire preferences.
>
> To establish the soundness of this conclusion, I apply the test which most readily suggests itself to me as a Canadian. I shall tell you frankly what it is, for it is clear that no useful agreement will ever be reached until we fully disclose to one another the mainspring of our contemplated action.
>
> The primary concern of Canada to-day is profitably to sell its wheat. We believe that we shall be reaching towards a solution of that problem if we can establish a better market in Great Britain. This market we want, and for it we are willing to pay, by giving in the Canadian market a preference for British goods. You may each, in your own way, apply what tests you choose to determine the value of reciprocal preferences to your own country. I am confident your conclusions will coincide with ours.
>
> And so I propose that we of the British Empire, in our joint and several interests, do subscribe to the principle of an Empire preference, and that we take, without delay, the steps necessary to put it into effective operation.
>
> First, we must approve or reject the principle. I put the question definitely to you, and definitely it should be answered. There is here no room for compromise and there is no possibility of avoiding the issue. This is a time for plain speaking, and I speak plainly when I say that the day is now at hand when the peoples of the Empire must decide once and for all, whether our welfare lies in closer economic union or whether it does not. Delay is

hazardous, further discussion of the principle is surely unnecessary. The time for action has come.

And he stresses the necessity of stability in trade in these words:

I need not point out to you that to enjoy prosperity a country must be assured of stability in trade conditions. A preference, therefore, which cannot be regarded as enduring is worse than no preference at all. And, to be enduring, it must be predicated upon mutual benefit. A preference on any other basis is manifestly unsound and ephemeral.

He goes on to suggest a basis of ten per centum increase in prevailing tariffs; but points out that if the principle of preferences be accepted there should be an adjournment for at least six months to give committees and economists opportunity to make searching analysis of everything involved in the matter. And he says he will invite the Conference to resume at Ottawa.

When Mr. Bennett has finished we hear the Prime Ministers of the other Dominions, and we note that they approve of the principles and proposals made by Canada's Prime Minister.

Having put down a fair report of the proceedings of the Conference, I now purpose placing alongside of it a statement of the criticisms that have been made. I take the speech of Mr. King, delivered March 16, 1931, as setting out the criticisms. It is an elaborated address, but analyzing it, I think it can be, without unfairness, reduced to this summary of grounds of complaint in the language he used:

He complained that Mr. Bennett roughly swept aside the accepted methods of procedure at Imperial Conferences and laid down the law to everyone present before anyone else had a chance to be heard. He denounced the attitude as a take-it-or-leave-it ultimatum, declaring that Mr. Bennett's method of approach resembled nothing more closely than presentation of an ultimatum to an unfriendly nation on the eve of war. In one breath he declared that Mr. Bennett's proposals amounted to the greatest possible humbug. In another, he pronounced them to be an attempted invasion of Great Britain's domestic field of administration. He predicted that the then Government or any future Government of Great Britain would not negotiate on the basis of such proposals. Describing the Conference as being more of a quarrel than a conference, he declared that people of the Mother Country were indignant at the proposals and their presentation; that Canada's relations with England and with the Empire at large had suffered; and that the prestige of Canada in the Mother Country was lower than it had been at any time in the past.

There is the record of the facts. There are the faultfindings. One does not need to study them very long to reach the conclusion that the faultfindings are not supported by the facts. As to the predictions, events of the last six months wholly upset them. And it is surprising that, in these circumstances, Mr. King should feel himself moved to repeat some of the accusations and introduce new grounds, equally untenable, as he did in a speech delivered at Winnipeg last January. Talk about "arrogance" is meaningless unless there is a background of facts; and there is no background in this matter. Talk about the dangers of Empire economic isolation is also meaningless, in view of the fact that Mr. Bennett has no intention whatever of suggesting that a wall of exclusion be erected around the Commonwealth. In fact, as the quotation I made a few minutes ago shows, he is opposed to any such policy for the Commonwealth.

It is not flattery to add that there is now before our eyes ample evidence to convince fair-minded Canadians that the Prime Minister of this country and his Commonwealth policy have appealed powerfully to the British people; that goodwill—not indignation—towards Canada prevails in the Mother Country; that instead of the prestige of this Dominion being lowered in England, it never stood higher than it does to-day; and that Mr. Bennett is entrenched in the confidence of the leaders and people of the whole Commonwealth, and is recognized as being one of the Empire's great statesmen.

On the other hand, assuming that we have the interests of the Commonwealth at heart, if we reflect on the past thirty years and more, and recall the delays and disappointments which have marked the chain of efforts of Canadian statesmen to bring about understandings and action in regard to mutual preferences within the Empire, and then observe that mountains of difficulty have recently been levelled, and that hopefulness is ripening, and if we realize how imperative and important it is now to convert talk into practical and effective actions and results, we are bound to think that it is not whole-hearted statesmanship to drag the great problems that confront the Commonwealth into the cockpit of petty party strife. It is not good Canadian service. It is not good Commonwealth service. And I am persuaded to believe that if Sir Wilfrid Laurier, who was a great Canadian, were

living to-day, he would not be found dealing with those momentous subjects in a carping and narrow spirit.

We must realize that we are not yet over all the hurdles. It is true that men who a while ago were crying out "humbug" are now pronouncing benedictions. And we take note of the fact that there has been a remarkable change of mind in regard to fiscal Commonwealth policies, and that the representatives of the United Kingdom will sail to Canada for the Conference of this year on a ship that will fly the colours of Mutual Preferences.

If he is correctly reported, Mr. Thomas, the other day, announced that the English statesmen would come to the Conference "not riveted to any creed or dogma, but with a single-minded desire to effect a real settlement." And he added this semi-exhortation:

> I am sure the Dominions will not only realize—as they do realize—the advantages of their association in the British Commonwealth, but if they reciprocate in the spirit with which we intend to go there, there ought to be no doubt of the success of the Conference.

It is cheering news. In Canada we nurse no grievance. We utter no reproach. We recognize to the full the unquestioned right of the Mother Country to settle and direct her own domestic policies. The Dominions enjoy a like measure of right in that regard. Now, with that accepted principle as a foundation, inspired by an impelling desire to add to the strength and hasten the development of the Commonwealth, in the spirit of reasonable give and take, Canada, I feel sure, is ready to play a constructive part in the coming Conference.

I believe that I can with safety suggest to Mr. Thomas that he may at once eliminate the "if" from his mind. The spirit that moved Canada at the Conference of 1930 has not changed. Indeed, on reflection, Mr. Thomas will be reminded that over thirty years ago Canada made practical overtures, and ever since that time has been in the spirit of offering and giving; ready to enter into arrangements that might be mutually advantageous to all the members of the Empire. It is no fault of Canada that such arrangements were not long ago consummated.

May I add this comment. When thirty years ago Sir Henry Campbell-Bannerman was engaged in flouting the proposal of Sir Wilfrid Laurier for mutual preferences, he pinned his faith in enduring Empire solidity to "bonds of friendship and regard, and esteem and common blood and common sentiment." It can be said with truth that those bonds never slackened in Canada. But Canadians, in common with the people of the other Dominions, hold to the conviction that with an unknown and unreadable future ahead, it is our duty as far as possible to insure the Commonwealth against risks; and that greater certainty of enduring relations will be likely if the bonds mentioned by Sir Henry be dovetailed with mutual commercial interests. We are at the beginning of what Mr. Thomas has said to be "a new political conception of the British Empire." We should not let matters drift, or opportunities slip by. We are in a new undertaking—the making of a great Commonwealth. The bonds must surely be strengthened; otherwise there will be danger of slackening. Sir Wilfrid Laurier visualized that risk when he sounded an alarm in 1902. The world is ever changing. Canada will not stand still. The Commonwealth must not be allowed to stand still. Who is there to guarantee its virility and development if we of the Commonwealth be not alert to the urgency of knitting it closer and closer together by the agencies of common interest as well as the cement of common blood? This, I have no doubt, was in the mind of Canada's present Prime Minister when he made his challenging statement, "We dare not fail."

As Mr. Bennett points out, there cannot be assurance of real national progress without stability in trade conditions. And our Commonwealth, stocked as it is with everything necessary for national growth, and knit together by the ties of blood and friendship, offers limitless opportunities for the development of enduring commercial intercourse of mutual benefit to all the member nations. In no other channels can the same measure of stability be hoped for. We, of Canada, have tried out foreign nations in this regard and we know by experience that stability would always be in doubt in any trade arrangement we might make with such people as our neighbours to the south, unless we are willing to concede to them more than a fair percentage of benefit under such arrangement. This would appear to have been the considered opinion of Mr. King in 1930. The signed statement which he issued to the country through the press of July 26, 1930, referred to the United States as being "apparently unwilling to deal with us on equal terms."

So, as I see the matter, our great and promising hope is rooted in the Commonwealth. And if we of the Commonwealth entrench ourselves in mutually advantageous trade arrangements we need not fear the future. We shall have a stable foundation on which to

build and expand; and, thus entrenched and growing, we shall be in a strong position to compete for business in foreign markets.

And I would conclude that this is how Mr. Dunning was thinking at the time he was Minister of Finance in the Government of Mr. King. Presenting the budget of 1930, he pointed out "that within the British community of nations lies the greatest measure of opportunity for mutual development of trade because of our common heritage, kindred institutions and common patriotism."

As Mr. Bennett says, the time is come for the statesmen of the Empire to bend themselves to the work. It is not a time for the creation of obstacles and fictitious objections or petty politics. The Commonwealth is said by some to be the greatest adventure of its kind in history; and by others, the greatest experiment. Describe it as we may, we are certainly confronted with vital and far-reaching problems of Empire which call for men of Empire stature and Empire genius; for practical statesmen whose vision is not limited by local bounds; men of strong hearts, clear heads and sound judgment; men who can appreciate the greatness of the trust reposed in them; men competent to harness together in harmonious co-operation for the common good the tremendous resources of the Commonwealth, and guide the Commonwealth through shallow as well as deep waters to the ports of destiny and achievement which our devotion and hopes tell us will be ours if we respond in united action.

Hon. F. L. BEIQUE: Honourable gentlemen, in an address delivered at the annual meeting of the Freight and Ticket Agents' Corporation on September 9, 1931, and entitled "The Business Depression and its Effect on the Railways," Mr. L. F. Loree, President of the Delaware and Hudson Railroad Corporation, expressed some very sound ideas concerning the causes of the depression and the possible remedies. Mr. Loree considers the depression as it affects not only the railways, but the world at large.

It is probable that the causes of the present depression are quite mysterious to most people, and that the innumerable theories and proposed remedies which are constantly being offered to the public contribute in many cases to obscure the issue and to make the subject appear hopelessly complicated, but as Mr. Loree is a business man of world-wide reputation, his opinion will, I am sure, be appreciated by this honourable House. He is a member of the Transportation Commission appointed by the Government. Without being pessimistic, Mr. Loree gives us in plain language the underlying causes of the present situation; he shows that through our past mistakes we have all contributed to bring about the depression, that we are now atoning for our sins, and that it is useless to hope for a business revival until we have, through certain necessary sacrifices, corrected the maladjustments which we have introduced into our economic life. I will attempt to summarize the most constructive views expressed in his address.

Economic depressions are brought about through maladjustments in industrial life due to inventions and improved methods in the fields of production, mineral extraction, transportation, manufacturing and merchandising. It would seem that economic depressions are the almost inevitable result of industrial progress; they are like the "growing pains" of business expansion. The trouble lies not in the expansion or the progress, but in the fact that progress leads to over-optimism and an undue rapidity of expansion, thus bringing about maladjustments, which must be corrected by a period of depression.

The World War caused shortages to develop everywhere and created a great temporary market for American products, and the advent of several new industries opened up new fields of activity. At the same time business expansion was greatly stimulated by the development of instalment buying. In the case of farm products, over-production was encouraged and stimulated by the extension of too much credit to farmers, and by artificial price maintenance. Business became geared to a condition of steady expansion, which was reflected in high real estate and security prices. As usual, commodity prices were unduly high in comparison to costs of production.

As a result of this inflation and discounting of the future, production was over-expanded, and the means of production were unduly enlarged. Accordingly, stocks of commodities, mostly unpaid for, accumulated in the hands of consumers, until they became so large that it was utterly out of the question to move more to the market or to liquidate them at current prices. The business and financial machine was stalled. The time necessarily came when prices began to decline: first, commodity prices, then prices of real estate, and finally stock prices. Commitments made on the basis of past prices then represented a source of loss; credit became strained and loans became frozen. The situation was further aggravated

because capital had been depleted by the enormous and wasteful expenditures of governments.

All this may be summed up in the one word, "maladjustments." Accordingly, the period of depression in which we now find ourselves is necessary to correct these maladjustments. We are atoning for past economic sins; paying up past debts; liquidating frozen loans. We have had over-production, and are now readjusting production to consumption. Prices of many commodities, such as copper, cotton, wheat, and wool, were inflated. They are now being deflated. First the prices of raw materials and of many farm products were too high in comparison with the prices of manufactured products. Now most raw materials are unduly low in comparison with finished products, and farm products have fallen much below average in comparison with most manufactured goods. In general, retail prices have failed to come down in proportion to wholesale prices, and the cost of living is still high in comparison with the prices which the producer gets for his products at wholesale. This is the customary lag, due to the effort of the retailer to limit his losses.

These price maladjustments must be corrected before we can expect a resumption of normal business. Business consists in buying and selling, and as long as markets are not in normal adjustment and we have in prospect declining prices for finished products and commodities sold at retail, business will remain backward.

All this is nothing new. We have passed through other "new eras," as in 1907, 1893 and 1873, which are quite comparable with the present one. The difference is merely a matter of degree.

It is discouraging, however, to find that we have not profited by these past experiences. In most major panics there have been the same efforts to talk ourselves out of a bad situation. The "sunshine" clubs and "business as usual" movements of the past, in spite of their futility, have been all too much in evidence during the past two years. And the same may be said of the attempts to remedy the excesses of inflation by more inflation and "credit injections."

In times of depression the body politic becomes infected with social parasites and other harmful organisms. To-day we are threatened with socialism in various forms; we also find numerous well meaning panacea chasers who think that business can be stimulated by some schemes known to themselves, without the necessity of correcting the fundamental maladjustments which afflict us.

Especially should we be on our guard against the insidious workings of inflation and the dole system. This begins with proposals to spend hundreds of millions of dollars for public works solely for the purpose of giving employment. It includes the idea that paying high wages will make business good, which if pushed to its logical conclusion would lead us actually to raise wages regardless of the productivity of labour or the earnings of business. Then there is the proposal for a vast system of unemployment insurance to be supported by the Government. All these schemes are in the last analysis only an attempt to beat the game. They do not alter the fundamental conditions. They all involve increasing the burden of taxes, and they all mean taking money from one class to give it to another.

It is time for us to take stock of our situation. We should make studies of the causes which led up to the crisis, in order that we may prevent, or modify, such a development in the future. We should learn and record for the benefit of the next generation the futility of farm boards, untimely credit injections, artificially maintained wage rates, optimistic propaganda, and the like. We should carefully note what measures and adjustments prove helpful.

A certain amount of natural relief has already taken place, and there is evidence that the period of correction and adjustment is well under way. On all sides we see incompetent management failing; we find the least efficient labourers forced to seek new jobs or temporarily out of work; we find economies of all sorts being adopted. Many men, drawn away from the farms during and after the War, have returned to the farms, where they can at least live a healthy life and be free from want. The production in some industries is exceeding the production for the preceding year, and industry by industry, recoveries will be made on normal lines.

The sound methods of procedure which may be adopted for the purpose of facilitating business recovery would seem to be as follows:

1. Encourage the prompt and thorough correction of the existing maladjustments, particularly those which still exist among commodity prices.

2. Actively promote economy so that expenses may be reduced to a minimum and a profitable condition be restored; even, if necessary, as low as pre-war price levels.

3. Adjust consumption to income and earnings. Many of us are still maintaining an inflated standard of living, which must be deflated.

4. Get rid of much hampering legislation.

5. Adjust wage scales in harmony with the other eliminations of maladjustments. Since 1914 the cost of living has increased by about 40 per cent, while wages have been more than doubled, so that workmen, if on full time, are actually obtaining an advantage by the depression. The income that is necessary to encourage the co-operation of capital and to induce business enterprise to function is unduly reduced. Then industry as a whole suffers, including the workmen themselves.

It goes without saying that unavoidable economic suffering must be relieved, and we must all be prepared to contribute within our means to a large amount of charitable work which will have to be carried on during the next few months. This, however, should for the most part be regarded as a local and temporary expedient. The fundamental thing is to promote efficiency, encourage the readjustment in commodity prices, and restore the balance between consumption and production. Through such processes we have always recovered from depressions in the past.

Hon. N. A. BELCOURT: Honourable members, may I crave the indulgence of the House while I follow rather closely the notes that I have prepared on the subject that we are now discussing. I am constrained to do so because, unlike wine, my memory is not improving with age, and because I wish to avoid repetitions and redundancies.

The economic conditions of the world, which since, and mainly because of, the World War, have been getting worse and worse, and have now reached the present depressing, alarming and for some almost hopeless stage, have compelled and must continue to have the most earnest, keen and anxious consideration of both the statesman and the man on the street all over the world.

The distressing picture exposed to the universe at large is made up of universal depression, mass unemployment, national deficits (even France expects for the year 1932 the largest deficit in the last fifty years), financial collapse, disquieting contrasts between colossal wealth and poverty, of egotistic and ever grasping capitalism and insecure and anxious employment. Considerations of justice to humanity and solidarity between individuals and nations have been ignored, or deliberately cast aside to make way for gross materialism and purely selfish interests. The logical and equitable conduct of affairs—international, national and even domestic—has become greatly hindered and in many instances rendered almost impossible, because of fear, envy, greed, mistrust and jealousy, because of the dominating selfishness of individual, class and nation.

The world is floundering among conflicting remedies suggested for the solution of its ills. Never before have there existed so much unrest and anxiety. The expenditure on war armaments has increased more than fifty per cent over what it was before the Great War. For the past or future wars, out of every dollar appropriated in the budget, there is an expenditure of 70 cents in the United States, 65 cents in Great Britain, and 69 cents in France. Many, in fact, think that the fate of modern civilization is really involved. No doubt the present situation cannot be long continued without the gravest consequences.

Any relief or remedy to the present situation, whether temporary or permanent, and especially if it is to be permanent, must be, in my view, of a world-wide character, which I may describe in the one word, democratic —internationally democratic. I mean that such remedy must be one acceptable to, and susceptible of gradual application by, nations individually and by all collectively, subject, of course, to such modifications as local interests or conditions may require or permit. The evil is not merely domestic or national, it is world-wide; the remedies must be sought and applied in each national domain and extended internationally in so far and as soon as that is possible. The responsibility for the present depression rests upon each of the contemporary nations, and upon all of them collectively. The world is economically, socially and politically very ill. Its return to normal health will require long, radical, and sustained treatment.

Modern science, its discoveries and applications in practically suppressing time and distance, have brought the peoples of the earth much nearer to one another, rendered their relations much more frequent, intimate and interdependent, and tightened their bonds and their solidarity. The amazingly rapid extension of mechanical development has radically altered all industrial activities regarding production, transportation and distribution. It would be utterly futile to attempt to arrest that development, and it would be folly. Readjustment, co-ordination and regulation, nationally and internationally, conceived and achieved in good-will and restored mutual confidence, will relieve world depression.

New channels, new methods, must be found and resorted to. The customs and means which adequately met the activities and necessities of modern civilization up to the end of the last century must be replaced by newer, more effective and more general instruments of action. Old ideals must give way to new ones. The nations of the civilized world are now compelled, almost overnight, to change their attitude and their relations to and with one another, and adapt themselves to the new knowledge and technique which have been developed.

The practice, almost general, of isolation and egotistical sufficiency, which has manifested itself especially in the erection of high tariff and numerous other trade barriers, is no longer possible, and if it were possible, would be wholly undesirable. This method must gradually be abandoned as wholly unsuitable to the enlargement of our contemporary world and the new necessities of national and economic interdependence. During the last fifty years especially, protective tariffs have not only dominated industrial and commercial relations between nations, but they have gravely affected their political action. Particularly during the last three years, tariffs have multiplied. The Hawley-Smoot tariff, 1930, raised then existing duties on 890 products. In the same year there were six general tariff revisions upward in Europe, and over twenty in South America. And new tariff barriers have been erected in France, in Spain, and generally. In 1927 and 1928 Australia and New Zealand made tariff revisions, generally upward. Asiatic countries such as Siam, China and Persia did likewise. Tariff increase has been followed by higher tariff increase, and the world has become divided into many tariff sections or compartments. Trade antagonism, trade war, has become universal. I have here a list of the tremendous increases that have taken place during the last fifteen or sixteen years.

Increase of Minimum Tariff, 1913-1926

Countries	Per cent
United States of America	from 10·5 to 40·0
Italy	from 4·9 to 28·7
Japan	from 10·8 to 50·6
Jugoslavia	from 19·5 to 50·3
Chili	from 23·5 to 87·1
The British Indies	from 3·9 to 20·6
Australia	from 0·7 to 21·6
Czechoslovakia	from 13·1 to 28·2
Spain	from 30·8 to 64·3

A member of the present Canadian Cabinet recently affirmed that "War is trade"—or was it, "Trade is war"? What he probably meant is that high tariffs and trade aggressions have been prolific creators of war. Is there not a great deal of truth in the statement made by several of the most eminent statesmen of our day, that the Great War was the inevitable result of the ever-increasing trade rivalries and trade restrictions of the last few decades?

Governments have been in many instances singularly oblivious of or impervious to the lessons taught by the epochal changes to which I have referred. They have persisted in the fatuous policy, or practice, of continuing to isolate their nations and peoples, thereby impeding and arresting their inevitable march towards international dependence, social and economic advance, world co-operation and general progress. Is that any longer possible, and if possible is it desirable?

There is no country which to-day can be independent of the rest of the universe and insure prosperity to itself, as well as cultural, scientific and economic advancement in its midst, by contenting itself with its own investigations, its own scientific and cultural researches, its own activities, its own experience, its own discoveries, its own markets.

The present world problems are mainly economic ones.

The Soviets, with their five-year plan, or any other plan which they may invent and endeavour to carry out, cannot successfully isolate themselves commercially. They must, for instance, export lumber, wheat, furs and oils, and import automobiles, machinery, and many other commodities.

Of all the countries in the world there was not one which could have made an attempt at economic isolation with as much chance of success as the United States of America; and no nation affords to-day a more convincing demonstration of the fallacy of such a policy in our contemporary world. There is no need to make a demonstration of this, because every one knows that, for many obvious reasons, the United States was in a better condition than any other industrial nation to practise isolation and high protection. No nation has more thoroughly attempted to isolate itself economically and politically. With what result? Its commerce is diminishing daily, its home market is glutted with its own mass-production, and yet the price of wheat, for instance, of which she raises a large quantity, is higher in the United States than in any of the foreign markets. The Farm Board owns, and does not know how to dispose of, nearly two hundred million bushels of its surplus wheat.

The official statistics show that unemployment in the United States is greater than in any other industrial country. Six millions, at

least—some say as many as ten millions—of her citizens are without employment, depending for the essential necessities of life upon State or private charity. Honourable members might look at the statistics of Mr. Douglas, "Effective Salaries in the United States, 1906-1926."

The administration of the public affairs of the United States has resulted in colossal deficits. It is expected that the budget of the United States for the current year will show a deficit of not less than two billions of dollars. The commercial depression seems greater there than anywhere else, greater even than in Great Britain, with its appalling financial burdens and the dole. All this notwithstanding that during the War the United States made enormous profits in supplying the Allies with arms, provisions and other requirements, and that it is now receiving or insisting upon annual payments on account of its war loans to Great Britain, France and Italy, which alone amount to over nine billions, the integral payment of which, if insisted on, will require at least a century, if it has not already become impossible.

The American Republic has fully demonstrated that no nation, continent or empire can be sufficient unto itself, however highly favoured or strongly organized.

But this is not all. Let us think of the enormous investments made by the capitalists of the United States on the two American continents, in Europe and in many other places; their holdings in property, commercial and financial securities, the value of which has been seriously affected, and in several instances destroyed, largely because of her ever-increasing trade barriers. Think of the several nations which have enjoyed credit through the United States and which the tariff of the States has brought to, or upon, the verge of bankruptcy. If high tariffs could bring real and permanent prosperity anywhere, surely that would have been the case with the great American Republic. If there has ever been a time when our neighbours were in dire need of the markets of the world, surely that time is now.

For any one who has given even a limited study to economic laws, to the inevitable result of their proper application, under the constantly changing conditions of modern, or rather contemporary commerce, production, transportation and distribution, especially during the last quarter of a century, it is difficult, nay impossible, to understand why our neighbours have so completely failed to sense the irresistible trend of events. Their best statesmen and economists have not failed to give them many warnings that for them, even more than for any other contemporary nation, the policy of isolation has been and must continue to be a very dangerous policy.

The most solemn and convincing of these warnings was that uttered by one of their eminent Presidents, who was assassinated thirty years ago in the City of Buffalo, the late President McKinley. Every one knows that Mr. McKinley had been all his life an ardent and consistent protectionist. We all know what the McKinley tariff was. Yet, on the very eve of his assassination, McKinley delivered a great speech, remarkable for its sane business utterances, for the breadth and elevation of his vision of an ever-enlarging international and interdependent universe. May I quote?

> The wisdom and energy of all the nations are none too great for the world's work. The success of art, science, industry, and invention is an international asset and a common glory.
>
> After all, how near one to the other is every part of the world. Modern inventions have brought into close relation widely separated peoples, and made them better acquainted. Geographic and political divisions will continue to exist, but distances have been effaced.
>
> Isolation is no longer possible or desirable. The same important news is read, though in different languages, the same day in all Christendom. The telegraph keeps us advised of what is occurring everywhere, and the press foreshadows with more or less accuracy the plans and purposes of the nations. Market prices of products and securities are hourly known in every commercial mart, and the investments of the people extend beyond their own national boundaries into the remotest parts of the earth.
>
> No nation can longer be indifferent to any other. And as we are brought more and more in touch with each other, the less occasion is there for misunderstandings, and the stronger the disposition, when we have differences, to adjust them in the court of arbitration, which is the noblest forum for the settlement of international disputes.
>
> Our capacity to produce has developed so enormously, and our products have so multiplied, that the problem of more markets requires our urgent and immediate attention. Only a broad and enlightened policy will keep what we have. No other policy will get more.

Remember, honourable gentlemen, this was thirty years ago.

> By sensible trade arrangements which will not interrupt our home production, we shall extend the outlets for our increasing surplus. A system which provides a mutual exchange of commodities is manifestly essential to the continued and healthful growth of our export trade. We must not repose in fancied security that we can for ever sell everything and buy little or nothing. If such a thing were possible it would not be best for us, nor for those with whom we deal. We should take from our customers such of their products as we can use without harm to our industries and labour.

Reciprocity is the natural outgrowth of our wonderful industrial development under the domestic policy now firmly established.

The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good-will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

If perchance some of our tariffs are no longer needed for revenue, or to encourage and protect our industries at home, why should they not be employed to extend and promote our markets abroad?

But the politicians would not heed such advice. An appeal to pride, self-sufficiency and splendid isolation constituted a good election cry for the Republican or the Democratic party—a winning slogan in the general elections of a nation whose commercial achievements, whose wonderful industrial progress and abounding prosperity had created the belief—the delusion—that it did not need to depend upon anything outside of itself for its continuous progress and prosperity.

It is no idle guess that even the man in the street is now gradually, if slowly, working himself out of the auto-intoxication in which he has been induced to indulge for many years past. Nor can it be seriously doubted that the Republic is to-day realizing that its tariff, especially that of 1930, has already caused incalculable damage to its trade and commerce. Such a policy has brought about, or will soon bring about, universal retaliation and reprisals from the rest of the world. In the words of President McKinley, "Can the United States repose in fancied security, and think that they can for ever sell everything and buy little or nothing?" "Can they believe that if such a thing were possible it would be best for them, or for those with whom they deal?" Can they maintain the standard of life in their country unless that of other countries is also maintained, or uplifted?

Dislocation in world trade, finance and industry has brought about the present depression and ruin. As an example of this dislocation I may mention the fact that to-day the banks in Germany are exacting a minimum interest on loans of 8 per cent, whilst across the border, in Switzerland, depositors have to pay the banks to accept their deposits. This distorted conception of business is even manifest in different States of the American Union, in the attempt made therein to carry to the limit the "buy-at-home" practice of trading and keeping the money at home. I will mention but two instances. Among a large number of the citizens of the State of Illinois, and in its newspapers and trade publications, and even in legislative proceedings, there is an attempt to enforce the idea that the State of Illinois should buy nothing produced in other States which is or can be produced within its own borders. Another instance: the State of Pennsylvania has found it expedient or necessary to incorporate in its laws the following provision:

> It is unlawful for any administrative body of the State to specify for or permit to be used in or on any public building or other work erected, constructed or repaired at the expense of the commonwealth, or to purchase any supplies, equipment or materials manufactured in any State which prohibits the specification for or use in or on its public buildings or other works, or the purchase of supplies, equipment or materials not manufactured in such State.

This is the idiotic policy or practice which nowadays governs the economic relations of the nations of the world in their futile attempt to create or maintain prosperity at home, whilst injuring or destroying it in the other nations. History has shown, especially during the last half century, that once high protective tariffs are resorted to they develop irresistible momentum, not only within the nation which erects them, but beyond. Intended to protect infant industries, to foster some occupation of supposed national necessity, the list of beneficiaries inevitably widens and lengthens. If one group can benefit from a tariff wall, other groups insist upon similar treatment. So instances become general, and everyone thinks that he has a prior right to the home market. Domestic producers claim virtually the whole of the home market, and thereby stand in the way of foreign commerce. So the world is divided and subdivided into tariff sections. The instrument has become more and more blunted and hard; rate schedules, imposed quotas, licence fees, systems of restrictions and exclusions, reprisals, and even embargoes, have been and are being ruthlessly, savagely employed.

This is how the thing works out. Protection is granted to a manufacturer for the establishment of an industry, or maintenance of one that may be almost new or more or less advanced in age and stability, and the result is a raising of prices to the consumer. The cost of living, consequently, goes up. Because of the increased cost of living the labourer demands and receives higher wages. Then the manufacturer demands more protection, on the ground that his cost of production is becoming heavier. Up goes the tariff, and with it the cost of living. Thus at every turn, the consumer is squeezed tighter, while the labourer gains little or nothing, for the raise in his wages is absorbed by the increased cost of living. At the same time the manufac-

turer's profits continue to expand, and the colossal accumulations of capital go on unchecked, unregulated and uncontrolled.

But things and times have changed. Modern progressive nations cannot any longer depend upon their home markets alone for prosperity. The attempt to bring about good times for all by subsidizing everybody has been demonstrated as utterly futile. Equally futile and fruitless is, of course, the isolation which high protective tariffs inevitably create and maintain.

Nations like individuals, whether they are purchasers or producers, need one another. If they buy they must sell, and if they sell they must buy. There is no one-way trade. No tariff, however high, can any longer evade, or even substantially modify, the application of the inevitable requirements of the present interdependence of peoples. Tariffs—high tariffs—are the main cause and the worst symptoms of the present world depression, universal unrest and fear of collapse. Tariffs, embargoes, restrictions will hinder and impede commercial relations of every country and cause financial loss, even ruin to all. All such impediments will render more difficult and more onerous the supplying of the needs of humanity, and will hereafter fail to bring prosperity to the nations which resort to them. Nay, such tactics will inevitably intensify the general depression which has occurred and will certainly again occur from time to time. The imposition of trade restrictions and reprisals has brought forth, and will always bring forth, counter reprisals. Trade wars have not infrequently fomented international wars. To produce war you need more than money, munitions, arms and armies. In addition you must count on enraged nationalism or deep desire for revenge. The most prolific causes of war are the spirit of conquest and economic rivalry.

Only recently Europe could not exercise reprisals say against the United States with regard to many essential commodities, such for instance as wheat, cotton or oil, but reprisals equally serious have now become quite possible, in fact are now being taken by different nations against the United States manufacturers of cinema films, automobiles and machinery in general. Many people in both hemispheres have not hesitated to affirm that the United States of America has largely contributed to the present universal depression, because of its high tariff wall.

The United States is the country which produces the largest quantity of raw material and minerals. Some of its own statesmen and publicists have not hesitated to give unequivocal expression to this responsibility of their country in the present crisis.

"Foreign Affairs" for April, 1931, contains an article by a well-known American economist who says, speaking of the tariff of 1930, which I say was an act of almost incredible folly:

> That action was an outright contradiction of the interests and purposes to which we seem to be committed. It impoverishes groups of foreign producers who were our customers, and whose efforts in many instances we had directly or indirectly financed. It closes our market, in whole or in part, to goods produced by American interests operating abroad—as when it blocked the movement of vegetables from Mexican farms, financed in San Antonio, and transported on the Southern Pacific to Mexico. By swiftly wounding foreign industry, it intensified the fall in raw material markets, from which all American producers suffered, such as copper, cotton, lead, hides and cereals. Industrial depression abroad weakened the public credit of many of the governments that are our competitors, so that now we wait anxiously to see whether Brazil, Australia, Mexico and Germany can meet their debts.

It would appear that since this was published the same has become true with regard to France, Italy and Great Britain.

Further on he adds:

> We would like to seek in isolation a security that seems lost.

This strongly emphasizes the necessity of observing the dictates of the law of economics and of guarding against the evil which now menaces every one of the governments of the day. One cannot escape the conclusion that party leaders in the neighbouring republic have pursued a policy which is not consistent with the interests of its people.

Not later than September, 1930, the American Government became a party to an international accord, which condemned the use of tariff restrictions and embargoes. It signed and ratified the "International Convention for the Abolition of Import and Export Prohibitions and Restrictions." The American Secretary of State wrote to the League of Nations:

> The American Government views with approbation any endeavour to facilitate world-wide economic relations, and remove discriminating economic measures, and has for this object signed and ratified the Convention for the Abolition of Export Prohibitions and Restrictions, and has co-operated with other international activities looking to the betterment of economic conditions throughout the world.

This gesture of the United States Government gives ground for the belief that it is now realizing the fallacy of its tariff policies of the last forty years, and the hope that it will begin to reduce substantially its tariff barriers.

This accord has been ratified by Great Britain, Japan, the Netherlands, Norway and Portugal. It remains to be seen whether the United States will now practise what it solemnly subscribed to and preached.

Unbridled trade rivalries and commercial greed, not the assassination of the Austrian Archduke, precipitated the Great War. Unrestricted and unregulated capitalism is responsible for the perplexing problem which has gravely threatened the economic life of the world, the social and even the political fabric of modern states. The rapid and enormous accumulation of wealth in the hands of a few has made the modern capitalist a real menace to political and social stability, not only for nations, but for the world at large. Whilst nations, thanks mainly to the work of the League of Nations, are gradually, though slowly, learning that peace between them can be brought about only by co-operation and goodwill and are striving to develop and maintain more friendly relations and a permanent desire and will to collaborate, it is apparent that the envy, jealousy and hatred of the individual against the capitalist have not abated, but have become intensified. The primary cause, the main cause for this is the ever-increasing trade barriers, trade restrictions and prohibitions which have brought about the equally increasing accumulation of wealth in the hands of the great capitalists.

The capitalist, for his own sake and the sake of his wealth, should no longer ignore or be indifferent to the situation which he has created, and he should be the first to suggest and apply the proposed remedies, some of which have been indicated, or some other adequate solution. Capitalists have acquired the control of the instruments of production, transportation and distribution, whose power has been increased a hundredfold by steam and electricity. The power of money has replaced the power of mental activities, the creation and elaboration of ideals, the culture of art and science, and the dictates of human solidarity. To correct this evil, various reforms have been suggested, vastly different, but all inspired by the same motive, the same desire, namely, that the accumulation of wealth be controlled and limited in such a way that the masses shall be relieved of the economic despotism that now prevails.

It is matter for wonderment that the great business leaders and capitalists have so generally failed to realize the very abnormal situation which has been created by their fabulous riches. I have often wondered that they have so long failed to sense the imminent peril to which they and their acquisitions are liable. I wonder that it has not occurred to them that the world is confronted with a situation which cannot possibly endure, and which it behooves them probably more than anyone else to endeavour to allay.

Industry in general, or at least the essential industries of every nation, must find the means of assuring to the wage earner a larger measure of security and continuity of employment and a better stabilization of the purchasing power of the employed. It is true that some of the industrial producers have initiated a policy of relief, in the establishment, for instance, of a measure for sharing profits with their employees, but that is limited to very few employees and done in a very small way. There may be several ways of solving this menacing problem.

So far as I know, the system of profit-sharing between employer and employee is probably the best. Industrial and financial Crœsuses must realize that their munificences, such as the founding of public libraries or the endowment of universities, which benefactions are to take effect mostly after death, will not satisfy the natural desire and legitimate ambition of the masses for a more substantial share of wordly things.

One must not be misunderstood. No one should be an enemy of the capitalist, nor should the capitalist be denied the legitimate fruits of his initiative, his genius and energy; nor should there be a desire to limit unduly his rewards. To-day his profits have reached so high that he has become a very real and serious menace to economic and political safety, national and international. Capitalism cannot be taken out of the picture, but it must not be allowed to monopolize it.

The National Bureau of Research is authority for the statement that 1 per cent of the property owners in the United States holds 33 per cent of the national wealth, and 10 per cent own 64 per cent.

It must be conceded that the capitalistic regime will persist, and even that it affords as good and as fair a basis as has been so far devised and tested for the building up of permanent and soundly economic structures. Capitalism, though in part responsible for present conditions, is not by any means the greatest offender. The point I wish to emphasize is that labour is just as necessary as capital, that they are more than ever interdependent, that both capital and labour have now enlarged mutual duties as well as common obligations to the community at large.

Because of their solidarity with the community, both capital and labour must be subjected to government control and government regulation, nationality and internationally.

The division, or rather the apportionment of international labour, which so largely contributed to increase wealth before the War, is again asserting its rights. Present-day industrial conditions imperatively demand earnest and equitable collaboration in regard to both capital and labour from all the nations in the world. Those engaged in industry, as well as governments, must seek a just solution of this most important economic and social question—important nationally and internationally.

Trade conventions, commercial treaties with Europe or the rest of the world, will not cause any nation the slightest danger, but, on the contrary, will best serve the interests of all. Neither the United States of America nor any other nation should look upon such agreements as "entangling alliances," social, economic or political. The real or assumed danger represented by the expression "entangling alliances" belonged to the eighteenth century, and does not belong to the twentieth. To-day the expression is merely an anachronism. On the other hand, trade agreements offer the only means of assuring industrial peace and security for nations, for capital and labour, for employer and employee, for sound and stable economic progress, for national and world prosperity, for world peace. Trade treaties have become international necessities as much as peace treaties, since commercial aggression is the most fruitful producer of armed aggression. Military disarmament is predicated on commercial disarmament.

England is not the only nation of shop keepers. The shop keepers of the world—and they are all over the world—whilst not abandoning fair commercial rivalry, must learn to carry on much in the same way as ordinary traders do in their own immediate communities. It is but recently that Mr. Gerard, the former American Ambassador to Germany, declared that the United States are now under the financial and industrial control of fifty-nine financiers and manufacturers, whose names he mentioned.

About a year ago, Mr. McFadden, Chairman of the Committee of Congress on "Banking and Money," stated in the House of Representatives:

> The War has put our financial and industrial leaders in touch with the principal financial and industrial leaders of the rest of the world. One of the consequences of this contact has been the acceptance by our magnates of the control of great affairs everywhere. A typical case is that of the Morgan group. It actually controls international exchange, borrowings and commerce. This world-wide association of financial agencies under a central surveillance marks a new epoch in the history of world finance. It is the cause of the greatest danger which has menaced free governments for centuries, as it aspires to govern not only finance, but also the politics and enterprise of nations.

The Communists of Russia have been afforded a powerful motive and weapon in the fabulous concentration of capital in the hands of a few for the gigantic Communistic scheme which they are attempting to carry out.

If the countries of Europe and America fail to take in hand the present unregulated and uncontrolled economic situation of the world, and, for lack of earnest collaboration, fail to adjust and co-ordinate it; if the present world commercial situation is not remedied and put in order; if this grave and dangerous practice of the unlimited hoarding of money by individuals and corporations is not arrested, we shall see within the next decade, and perhaps sooner, Communism knocking loudly at the doors of London, Berlin, New York and Montreal. We have reached a very real crisis in the industrial and commercial civilization of the world. The world is in the throes of a profound economic transformation.

As I have already stated, the remedy which I respectfully suggest, in at least its general lines, is internationally democratic in the sense that it should and must be world-wide. World economic co-operation has become essential. It is absolutely necessary to put forth and render effective the ability for group or nation to co-operate with group or nation. The principal remedy is in lowering tariffs, because these are the greatest obstacles to the betterment of our civilization. Tariff barriers, of course, cannot be wiped out completely and immediately, but only gradually and in accord with geographical, climatic and other natural conditions and requirements.

The main and most essential remedy is for all tariff protected countries to set about extirpating the vicious system, not suddenly but gradually, even if in consequence of the expenditure of time and energy in securing trade conventions a temporary loss should follow. This is essential to the restoration and maintenance of economic peace, which is the paramount essential of world peace.

I cannot think of any good reason why Great Britain, for instance, should depart from

its old-time policy. It may be, as apparently some unwisely believe, that the change at present suggested may afford some temporary relief in her present economic situation. At best, it would be only very ephemeral and, if persisted in, would inevitably result in serious and permanent injury. We know, everybody knows, that English capital has been invested throughout the world, and that her powerful maritime, commercial and financial interests are dependent upon her world trading. We know that England must sell two-thirds of her products outside of the Empire. We know also that the whole of the British population throughout the world is only 65 millions. She must buy in about the same proportion. Since other countries can produce foodstuffs and provide raw materials at least as cheaply as the Dominions, and since Germany, Italy, France and other countries can buy these, Britain must do likewise, or lose in the competition with her rivals in the remaining markets of the world. Of all the nations Great Britain will suffer the most if she resorts to economic warfare.

With reference to our own Dominion, the policy of isolation and high protection appears to me to be a disastrous one. Canada produces an abundance of foodstuffs, the greatest of all being its wheat. Canada has great natural resources, far in excess of its own needs, and it has, with its railways, canals, highways and factories, set up an economic structure altogether disproportionate to its very limited and sparsely settled population. It must depend on selling its products abroad, and it cannot sell them abroad unless it also buys abroad. If we cannot sell abroad, what shall we do with the products of our mines, our forests, our fisheries and our farms, all of which now exceed, and some of which already greatly exceed, our national requirements? What shall we do with the two or three hundred million bushels of wheat which the Prairies are now annually producing—and they can be made to produce tremendously in excess of our needs—if we cannot sell it abroad? A nation like ours, with its stable Government and sound financial institutions, with a virile and wide-awake people, willing and eager to use its brawn and its brain, and filled with hope and faith in the future of the country, cannot practise isolationism without seriously jeopardizing its future. Again I ask, if we close our doors, how can we expect others to open theirs?

Mutual advantages in trade, transportation and distribution must be the principal motive and factor in bringing about with other commercial nations those accords and conventions which, in removing or limiting tariffs and other barriers, will permit of development and expansion, and restore prosperity. Of course, we must admit that in order to bring about such accords and treaties, persistent goodwill, time and very serious effort and collaboration are necessary. We shall have to be satisfied, for the present at least, with slow progress, as it will take time, probably much time, to learn the lesson of present world economic solidarity and still more to put it into fruitful practice. The task of the world in adjusting world economics is so enormous that only partial successes can be hoped for; and it will be possible to solve the crisis only very slowly.

France and Germany have recently made definite working agreements in some fields of their respective industrial activities, and extensive trade relations have been established under the Franco-German Commercial Treaty of 1927, more especially with relation to the great commodities of iron, ore, coal, textiles, leather, fruit, machinery, pulp, sugar and woods. If France and Germany can forgive, or at least forget for the time being, their old antipathy and quarrels, and trade with one another, surely the rest of the commercial nations can do likewise. In such treaties will be found the real and lasting remedy for the present depression and the establishment of sustained prosperity. Trade treaties are indispensable to efficacious peace treaties. Trade treaties must precede, or at least accompany, treaties of arbitration and conciliation.

Modern science has definitely made the world a composite entity. Any serious setback to civilization, or economic disaster in any one part, however remote geographically, will seriously affect the whole. A policy of selfish isolation on the part of any nation has, for several decades at least, ceased to be justifiable, or even possible without serious danger to all. Goodwill and real collaboration—not uncontrolled greed, whether individual, corporate or national; not harmful restrictions on trade and commerce; not trade war; not noise and speed; not accumulation of gold or armaments—will restore prosperity and peace to the world or to any nation.

Some of the many remedies—oftentimes very conflicting and contradictory—which are now being suggested or attempted by many states, may bring some temporary relief here and there, but the only real and permanent solution of the present situation is a rational and equitable world-wide economic readjustment, a readjustment which must be courageously undertaken at once and perfected as soon and as completely as possible. The ultimate solution will be found not in the

home market, but in the world market. Trade disarmament will have to come before effective military disarmament. Prosperity will return and the world will continue to advance only if by and through the earnest collaboration of the nations trade peace is first secured. Political peace will follow as a logical consequence.

For a long time the conviction has been growing with me, and it is now profound, that the main and essential function of the League of Nations is economic, rather than social or political, and this has now become clear. The solution of the world's troubles is first and above all in the economic domain. The present social and political problems are largely incidental. What the world needs is an "Economic League of Nations," fully aware of and alive to its essential mission, having the will and the courage to administer, and to persist in administering, the internationally democratic economic remedy which I have indicated and but very imperfectly, I know, endeavoured to analyze.

I thank you very much, honourable members, for having listened to me so long and so patiently.

Hon. Mr. CASGRAIN: Is there no one else who desires to speak? I thought the honourable senator from Montarville (Hon. Mr. Beaubien) would have a few remarks to make. We have plenty of time before 6 o'clock.

Hon. Mr. DANDURAND: Why do you not proceed?

Hon. Mr. CASGRAIN: Well, if nobody else wants to speak I shall—and I shall not read my speech either.

Hon. Mr. BELCOURT: Perhaps it would be better if you did.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: It could not be worse anyway.

Some Hon. SENATORS: Oh, oh.

Hon. J. P. B. CASGRAIN: Honourable gentlemen, in the first place, of course, there is the custom—and even though it is worn and thread-bare, it is a good one—of paying compliments to the mover and the seconder of the Address. I am very sorry that the honourable gentleman from Alma (Hon. Mr. Ballantyne) has disappeared, because I was going to cover him with flowers.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: Speaking seriously, the nomination of the honourable gentleman is a very good one. Of course there are no politics in this House, and, as one who sits on this side, I take great pleasure in congratulating the Government upon his appointment. If I had had the power I would have appointed the same gentleman, even though he is a convert. Like many of the English Liberals of this country, he was converted on the Conscription issue, and he richly deserves his reward. He is a man of substance. Upon entering the Government he had to give up the presidency of the Sherwin-Williams Paint Company in order that he might devote himself to the service of his country. During the war he raised a regiment. It was a strain to do so, but he did it very well. I first knew him in 1909. At that time he was a Harbour Commissioner of the Port of Montreal along with George Washington Stevens, who was chairman of the Board, and Mr. Geoffrion. These gentlemen succeeded in putting the Commission on a business basis. The honourable member from Alma (Hon. Mr. Ballantyne) had been president of the Manufacturers' Association, he had the confidence of the business people of Montreal, and his business ability made him a very valuable member of the Harbour Commission. Since that time we have always had good Harbour Commissioners. There was some talk last session of the Government taking over the administration of the harbour, but it has enough to do without that, and should allow the Harbour Commissions to remain. I am very glad to welcome the honourable gentleman to this House. I hope he may be here as long as I have been. By that time he will be ready to go to the good place.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: As to the seconder of the Address, I must say that he spoke very good French. Even the right honourable gentleman (Right Hon. Mr. Meighen) understood him; so he must have spoken good French and spoken it very distinctly. He also will be a credit to this House, and I commend the Government upon his appointment. The French people in the Northwest are not very numerous; nevertheless, they are entitled to a few senators. Previously we had one from Alberta; now we have one from Saskatchewan. So long as the Government continues that policy we will support it.

Now I come to the right honourable gentleman (Right Hon. Mr. Meighen) who leads this House. It is a great honour to the Senate to have as its leader a gentleman who twice has been Prime Minister of Canada. I may

remind him, however, that he is not the first Prime Minister to lead in this House. When I first came here we had another gentleman leading this House who had been Prime Minister of Canada, though not for as long as the right honourable gentleman opposite. I refer to Sir Mackenzie Bowell. He was a dear old man, and well liked by everybody. Although he was at the head of the Orange Order, he showed no partiality. He often told me, and I really believe it was true, that all the Irish Catholic priests in Hastings had supported him. Of course when Sir Mackenzie Bowell came to us he was already weighted down with years. Now we have as leader a comparatively young man, a man who appears to be in excellent health. I have no doubt that we shall get along very well together. I admire the right honourable gentleman's clarity of expression. By a few turns of his able tongue he yesterday dealt the League of Nations the worst blow that I have ever heard. May I read two or three lines? He said:

The League of Nations, while still a hope—

Still a hope.

—to be effective must be of wider range than it is to-day.

This means that the League as at present constituted is not of much use. One does not have to be very logical to come to that conclusion. Then he adds that Article 15, containing the economic sanctions by which pressure may be brought to bear, is not of much use. And why? Because the United States and Russia are not bound by it, and if we were to invoke it we should simply be throwing away any chance we might have of making money out of it. I think I can read the thoughts of the right honourable gentleman even though he did not state them. As a good lawyer he knows that if there is no sheriff to enforce his judgments a judge on the bench might as well be singing as rendering judgment. However, I do not want to gloat over the difficulties of the League at present. De mortuis nil nisi bonum.

Memory is the greatest gift that Providence gives to man, and in that respect the right honourable gentleman who leads this House has been favoured, for he has a wonderful memory. I remember an occasion when he, as Prime Minister, was leaving for London, England, to attend a conference. I happened, while speaking in this House, to have given him some good advice, telling him to beware of the wiles of the people in England. I hope the right honourable gentleman will not take the reference as disparaging. As an ardent admirer of Sir Wilfrid Laurier I could not give different advice. I said: "See what they did to Sir Wilfrid Laurier." The first time he went over there they got a preference, for which we got nothing in return. The next time he went over they worked him into the Navy, and he had with him the Minister of Marine, Mr. L. P. Brodeur. Mr. Brodeur, when he came to Montreal was more than a Liberal; he was more than a Radical or a Socialist; he was a Nihilist; and when the Czar was put to death the honourable member from Rougemont (Hon. Mr. Lemieux) telegraphed to Mr. Brodeur: "At last you must be satisfied. The last of the Romanoffs has gone."

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: It was a very humble member of this honourable House who had undertaken to give advice to the right honourable gentleman. When the right honourable gentleman reached Montreal on his return from England he remembered what had happened, and said to this member, "Did I mind what you said?" I thought it was wonderful that a Prime Minister of Canada should take such an interest in what had been said in this House as to remember it when he was across the Atlantic. He remembered my remark and said he was guided by it. That made him a great friend of mine, and I hope he will continue to be guided by what I say.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: In the Speech from the Throne reference is made to the coming of prosperity when international settlements have been made. Well, if we are to wait till then for prosperity I am afraid not many of us will be alive to see it, for I do not believe those settlements are going to be made very soon. I think that statement might as well have been left out of the Speech from the Throne. All the money is owing to the United States, and they are not going to forgive one cent of the debt. As the other nations are not getting the money due them, they cannot give it. So how is the settlement going to take place?

Germany has no intention of paying. In 1919 I made a long speech in the Senate on this subject. In 1917—to speak from memory—the Germans said: "We will spend a lot of money, and if we win the war we will make the conquered nations foot the bills. If we lose the war we shall go bankrupt, but we shall have the works upon which we have made the expenditure." So they went to

work and built no less than twenty-nine canals in Germany. Those who are familiar with the geography of that country know that four large rivers—the Rhine, the Weser, the Oder and the Elbe—run almost due north and empty into the North Sea. Between those rivers there are huge mountains. And what did Germany do? She built canals connecting those rivers, and encouraged all her different states, or provinces, as we should call them, to go into all sorts of expenditures, whispering to them on the quiet, "You will never have to pay a cent for it." She said, "If the Allies win the war they cannot take these works away from us." This went on during 1917 and 1918, and the Reich, the central governing body, put up the money in paper marks which were never to be redeemed. To give you an idea of the importance of this work I may tell you that a canal was built from the Rhine over the mountains to Lake Leman in Switzerland, and in spite of an elevation there of 600 metres, 1,900 feet, there is now a canal with locks 1,000 feet long. They had solved the problem of how to supply the water. At each lock they turned the water into power so that they could distribute electric energy all over the place. All that equipment cost them nothing, because they paid for it with depreciated currency, and if they had won the war they would have made their enemies pay for it. They made up their minds at that time not to pay.

I was struck with the gambling in marks that was so general when people bought them at two or three cents. Who can say how many millions of dollars they gathered from the sale of those marks? Germany actually encouraged the people by printing these marks, which became so cheap that for a hundred dollars you could get an astronomical number of them. Since then the Germans have borrowed all the money they wanted, and out of every three dollars they borrowed they paid one dollar back to their creditors, and kept two. They have spent money galore on railway stations that would make the proposed Canadian National Station in Montreal look like nothing at all. They crossed the corridor, to the east of which they built a station that cost thousands and thousands of pounds. It is easy to spend money that you have no intention to pay back. See Hansard of 1919, which gives all the details.

If the Germans do not make payment, those who were to receive this money cannot pay the United States, and if prosperity depends on that we shall all be very hungry before it arrives.

This has been a rather quiet afternoon; so perhaps we might have a little levity and I might tell of a recent meeting in New York of some very important financiers who were talking of present conditions and mentioning countries on the gold standard. Here are the countries that they said were on the gold standard: France, United States of America, and Bennett.

Having mentioned the name of the Prime Minister, I should like to say that the speech I heard him deliver yesterday was a marvellous performance. His wonderful vocabulary and the rapidity with which he speaks remind one of a great torrent sweeping down the side of an abrupt mountain, and boiling and foaming. I admired his oratory. I felt as if riding on a thoroughbred, and I was carried away. It was like a train going 75 miles an hour—and running past the station. He said Sir Wilfrid Laurier had built two transcontinental railways. The right honourable gentleman was going at such a speed that he went right through Edmonton, and never stopped until he got to the Pacific Ocean. Now, the right honourable gentleman knows that Sir Wilfrid Laurier never voted one cent of money to Mackenzie & Mann or the Canadian Northern Railway to spend west of Edmonton. I think the statement should be corrected at once. It has been said—and even Liberals believe it—that Sir Wilfrid built too many railroads. The Prime Minister yesterday in another place actually said that it was all the fault of the Liberals that the railway situation of this country was in such a mess. The right honourable gentleman opposite (Right Hon. Mr. Meighen) did not always see eye to eye with the Prime Minister on railway matters. However, there were few lines, as mentioned in the Drayton-Acworth report, which gives the whole story. I need not read it, for I know it well. In 1896, when Sir Wilfrid Laurier rose to power, there were 18,000 miles of railroad in the country. In 1911, when he went out, there were 24,000 miles. He had a good Minister of Railways, the right honourable member for Eganville (Right Hon. Mr. Graham), and he said, "We have enough to go around the earth; so we can stop." There had been 300 persons per mile of railway in 1896. After fifteen years, during which the mileage in the country had been increased by 6,000, from 18,000 to 24,000 miles, the population per mile was 286 instead of 300. In 1901 the population was five millions odd; in 1911 it was seven millions odd: so in the ten years there was an increase of forty per cent in the population. Then the

Conservative Party came into power, and everything stopped; the population did not increase; there was stagnation, according to the Drayton-Acworth report. Sir Henry Drayton said, six years afterwards, that there were then seven and a half million people. At the same time, six years afterwards, the railways had increased from 24,000 to 40,000 miles. I invite anyone to read the report. These figures were not invented by me, but were given by Sir Henry Drayton, who was afterwards Minister of Finance and then was Chairman of the Railway Commission. In the four Western Provinces there were only 120 persons per mile of railways; still the people in the Northwest wanted more lines.

Right Hon. Mr. MEIGHEN: All those railways, except the Pacific extension, were guaranteed by the Government which went out of power. The railways were projected and the contracts made by it.

Hon. Mr. CASGRAIN: Be that as it may, the facts are there. Drayton does not say that in his report.

Right Hon. Mr. MEIGHEN: That is the most important fact.

Hon. Mr. CASGRAIN: However, I have not read it in the report. We had 40,000 miles, with only 120 persons per mile of railroad in the four Western Provinces, whilst in the United States, with their tremendous mileage of 240,000 miles—ten times around the world at the equator—there were 400 persons to support every mile of railway. Everybody who knows anything of railway stocks in the United States knows that. Now, what chance have we, with less than 200 persons a mile, to support our railways? That is the great question.

I suppose the Commission that is sitting now is not a court of justice, and we have a right to speak here. It has been suggested that three or five of the principal men of each of the railroads—some from the C.P.R., and an equal number from the Canadian National—should form a board, and if they could not agree on a chairman, then the Chief Justice of the Supreme Court, I suppose, would appoint the chairman. I am against government operation from start to finish, because I believe that what is everybody's business is nobody's business. The United States, a much wealthier country than we are, started government operation and were losing millions every day, and they handed back the railways to private owners. Those railroads were not only in a bankrupt state, but the road-bed, the rolling-stock and all the equipment were dilapidated. Notwithstanding that it was made by a big and wealthy country, and during the war, when they were piling up money there, the experiment was not profitable.

The plan of appointing a joint board is not my own, but I think that in such a way we could save duplication. Is there any sense in the present methods? Look at the time-tables of trains leaving Montreal on both lines at the same time, and arriving here at the same time, with tracks over practically the same territory; and this duplication occurs every day, and several times a day. Is there any sense in it? Could that not be stopped at once? The Board of Railway Commissioners are remiss in their duty. They should summon Mr. Beatty and Sir Henry Thornton and say: "You cannot afford this. There are not enough passengers in the two trains to fill one train properly, and a great many of the passengers are travelling on passes, which do not help the revenue." It is perfectly right to make the ten per cent reduction that is proposed, but that is only a flea bite. Look at the extravagance that is going on with those railroads competing one against the other. If the country were rolling in wealth it could not afford that. The wages of the railway people are reduced. They went up because the cost of living had gone up. Now the cost of living is down. Two dozen of eggs can be bought in Montreal for what one dozen used to cost; three bags of potatoes can be had for what used to be the price of one bag. If the wages were reduced proportionately we should be all right.

Much has been said about trading outside of Canada. It is all right if you can do it, but for a couple of centuries Canada lived very well within itself and progressed. I have tried to find statistics as to what our external trade was before Confederation. The amount was very little. People provided for themselves. The honourable member for De Salaberry (Hon. Mr. Béique) will tell you that where he was brought up the total sum spent by the family in a year was very small, and it was nearly all spent in the country. I do not know that the ordinary farmer would in a year spend more than twenty or twenty-five dollars on imported commodities for his wife and family of seven or eight children. There is not a thing that we cannot manufacture here, and yet we import by shiploads. There is no reason why we cannot manufacture our sugar in this country. England, the country that owns nearly all the cane plantations in the world, uses more than half beet root sugar. After the war with Napoleon, France could not get any more sugar because England was in control of the

seas, and the cane could not be brought in. French scientists said, "We will make sugar out of beet roots," and to-day enormous quantities of sugar are shipped from France across the Mediterranean to that immense French territory where there are sixty million coloured people.

We have fifteen artificial silk factories. Cotton we do not need at all. When we were young there was very little cotton in the country; people had linen, which was much better. If you went into a farmhouse in our province you would see a loom there. The honourable gentleman from De Salaberry says people used to make their own sheets and blankets and quilts right where he was brought up. Nowhere else were boots made so cheaply as in Canada; and it is a strange thing that though there was no duty on boots going to the United States, boots from Canada could never be sold there. For some reason or other the Americans did not like the shape of them. That is something that cannot be explained.

I am afraid I am straying a little from the path—

Right Hon. Mr. GRAHAM: It is seldom the beaten path, anyway.

Hon. Mr. CASGRAIN: I thought it would be interesting to get a copy of the Statute of Westminster. This reminds me of the Imperial Conference. The Statute is not long, and when you have read it all you do not make very much out of it. I have also a copy of the debates in the Imperial House of Commons on this Statute. We all remember that when the Prime Minister, Right Hon. Mr. King, came back, he made the statement that everything was changed, that we were going to be an independent nation, and so on. There was another Prime Minister who was returning at the same time and passed through Montreal—Mr. Bruce, the Prime Minister of Australia. At lunch I asked him, "Is there any change?" He replied, "Not a bit—no change at all." So it looks as though the representatives who attend Imperial Conferences talk a great deal, but everybody goes home with his own story, whatever it is. Mr. Bruce thought that I was an Imperialist. If there is any one thing I do not like, it is this independence business. If you want to break up the Empire you are going about it the right way. I have lived long enough to see that you cannot have independence here and independence there. The first thing you know, Australia will go one way and New Zealand another, and then South Africa, and it will not take them long to go. And the Irish Free State might go too. Then what would Canada do? Of what value would be its independence and its ambassadors at Tokio, Washington and Paris? Now suppose, for instance, that our ambassador to Tokio, the Hon. Herbert Marler, wanted to make some remonstrance. He would be like the League of Nations, without any force to support him. He could only say. "I ask you to do so and so, if you will, but I cannot make you do it. I have no fleet nor army." It is true that we have a couple of gun boats. By the way, I wonder who is the Lord of the Admiralty in this country who ordered those boats to go down to San Salvador. I think the right honourable leader of the House should not smile, for it is a serious matter—it is a casus belli.

Right Hon. Mr. MEIGHEN: Your smile is infectious.

Hon. Mr. CASGRAIN: I thought those boats were stationed at Esquimault, on the Pacific Coast. It is quite a long trip that they have taken, and the cost of the coal they consumed must be a considerable item in these hard days. Suppose they went through the Panama Canal: in addition to all the other costs they would have to pay tolls of $1.25 a ton, which for a boat of 10,000 tons would be $12,500. Why did we send them down there? Would it not be a good thing for the right honourable leader of the Senate to give us an explanation some time during this session? After all, although we are not the custodians of the public purse and have no right to vote money, we have a right to see that it is not spent improperly. I should like to know who is the chief of the Admiralty in this country. Mr. Desbarats, the Deputy Minister of National Defence, surely would not take the responsibility of sending our boats. Perhaps if we questioned the Minister of Marine, whose name I do not recall at the moment, he could enlighten us. However, I am told that the boats are coming back and that none of the crew caught hay fever or anything else.

To my mind this independence business is absolutely wrong. I believe in the unity of the Empire, and if that means being an Imperialist, then call me an Imperialist. I have no confidence—and I say this with all due respect—in the Conference that is to take place here. There will be many fine speeches and dinners, and I suppose plenty of champagne and so on, and everybody will be pleased. But what can it achieve? The delegates will have no special mandate. I dream of the day, and I think it will come,

when there will be a truly Imperial Parliament, a Parliament for Imperial affairs. When that time comes our representatives will have a vote and we shall be able to do some Empire business. To-day we have no such vote. If England were to go to war—and the decision to do so might be made in the British House of Commons by a small majority of members, elected by comparatively few votes—we should have no say whatever in the decision. The Prime Minister of Canada, even if he had a solid Senate and a solid House of Commons behind him, would have no more influence in stopping England from going to war or in the making of peace than the wildest flathead Indian in our Prairies, or the filthiest Esquimaux in the land of the aurora borealis, or the blackest kaffir in South Africa. Some people may say that Canada does not have to go to war unless it chooses to do so, but that is not the way the thing is done. I remember a statement by Sir Robert Horne at a meeting of the Interparliamentary Union in Washington. The honourable gentleman to my left (Hon. Mr. Belcourt) and the honourable senator from Montarville (Hon. Mr. Beaubien) were present. An Irish delegate, I think Mr. Dillon, proposed that if England were at any time to engage in war the Dominions should not necessarily be at war also. Sir Robert Horne said: "That would be a very convenient thing; of course, it would mean less territory to defend. But I must say we are not asking for this eleemosynary aid. And it must be borne in mind that a belligerent power would not be prevented from attacking any Dominion simply because that Dominion happened to say that it was not at war. If the enemy decided to do so, it could try to take possession of that Dominion's territory, whether the people living there considered themselves to be at war or not."

The world never before saw such an empire as ours, which occupies one-quarter of the earth's surface and contains one-quarter of the population of the whole world. It would be a great mistake that we should be so indifferent as to let that Empire go to pieces. Now, if we in Canada were British citizens, instead of being, as we are, British subjects, we should have some influence in an Imperial Parliament. Perhaps that body would sit on the shores of the Thames, but it might sit in any other part of our world Empire. We should not be by any means an insignificant minority in this Parliament, for I suppose the representation would be based on population. I am not alone, honourable senators, in realizing the danger in independence for the different parts of the Empire. A great many people are afraid of what would happen in the event of disunity, with one part pulling against another, but they are afraid to speak. In the same way, a great many people do not like to say what they think about the League of Nations. I feel confident, honourable senators, that there will be an Imperial Parliament, although I may not live to see it. If not, the only alternative is disruption of the Empire.

Hon. C. P. BEAUBIEN: Honourable senators, I had intended to move the adjournment of the debate at this stage, but I understand that it would fit more conveniently into the plans of the right honourable leader of the House if I spoke now. I shall make my remarks as short as possible.

First I should like to say how fortunate it is for us that the Government has selected such able and outstanding men for appointment to this Chamber. I desire to join with honourable members who have already expressed congratulations to our new leader (Right Hon. Mr. Meighen). And may I take this opportunity of paying a tribute to our former leader, and of expressing my sorrow that ill health forced him to relinquish his leadership. I want to tell him that those of us who followed his work during the last session felt the greatest admiration for the courage with which he carried on his duties in spite of great physical and, I am afraid, mental anguish. And to our new leader I should like to say that though perhaps the five years of his absence from public life seemed long to him, they seemed still longer to his friends in Parliament. And I think that probably they seemed even longer to the people of my province than to those of any other province. I say that advisedly. A large share of the burdens of the War fell on the shoulders of the right honourable gentleman. It was often and often repeated that he was responsible and held responsible throughout the country, and especially in the Province of Quebec, for most of the sins of that hectic period. But that is not true. He has many followers in Ontario, where he now lives, and in the West, where he made his home for many years, but if he travelled throughout the Dominion to-day, I doubt that he would find anywhere else as many devoted friends as in the good old Province of Quebec.

This afternoon we have listened to a number of addresses dealing with existing conditions. It is probably true that this country, within the lifetime of any person now living, never experienced such strenuous times as those through which we have been and still are passing. But we have reason to hope that

we are now on the way to better conditions, and that though the whole world may be suffering from depression deeper than has ever before been known. Canada is suffering less than any other country and in many respects can be considered as in a specially fortunate position. Perhaps it would not be amiss to quote here a letter issued on the 5th of this month by Babson, whose competence in his own field no one will challenge. This is what the letter says:

To my Canadian friends I can give a distinct word of cheer based on fundamental business statistics. Of course, the Dominion is now passing through the usual mid-winter quiet, but several factors point toward a forward movement when spring arrives. Construction activities which in 1931 were 31 per cent below the preceding year, should show a moderate upturn during 1932. As spring advances considerable construction and maintenance work will be opened up, including road building, sewage systems, track laying, and general repair work. Some of these contracts already have been awarded.

Another important factor is gold production. Canada produced $55,000,000 of gold in 1931 compared with $43,453,600 in 1930 and $39,861,663 in 1929. In 1932 production may be expected to further increase to around $60,000,000. A favourable factor for the mines is the stable price of gold, whereas production costs have been lowered and profit margins increased. Recent gains have also been seen in production of automobiles and tires and in crude rubber imports. Of course, world conditions are still in confusion, tariff problems unsolved, and financial markets unsettled; but the fundamental position of business in Canada is sound and in fact better than in most other parts of the world.

There is, it seems, another factor that should help to bolster up our confidence in the future. At the last meeting of the League of Nations at Geneva it was pathetic to witness the grand old statesman of France, M. Briand, facing the collapse of his dream of the United States of Europe, on which he had based so much hope. It seemed as if the different countries of Europe would continue along their separate ways, each isolated by impassable tariff barriers. To-day the countries of the British Empire are in a much happier position, for they are on the eve of entering into an agreement which would result in greatly stimulating their trade. In the British market, which absorbs yearly $650,000,000 of imports, Canada participates now only to the extent of $50,000,000, but under preference this country ought to increase its share in that trade very materially.

Honourable senators, we are undoubtedly facing a difficult situation here at home. Our financial condition is such that we have to remit $300,000,000 to foreign countries every year, or almost a million dollars a day, and by reason of our depreciated dollar we are losing no less than $150,000 every day through exchange. Never before have we been saddled with such a heavy burden.

Then we have a serious railway problem, but of that I prefer not to speak at this time. An able Commission has been charged with the duty of examining into the whole matter, and I feel that we may well leave the problem to its wisdom. But I should like to speak briefly on one subject which is of interest to the whole of Canada and particularly to Quebec, and that is the St. Lawrence waterways. The development of the canal system to its present stage has been the work of both parties for the last sixty years. Expressed in simple terms, that development has been nothing but the enlargement of our canals in an attempt to keep pace with the growing demands of shipping. In the old days canals of 9, 12 or 14 feet were sufficient, but an additional increase in capacity is required to provide accommodation for modern vessels. Viewed from that angle, there is nothing extraordinary about it, unless we regard the Welland canal as something out of the way. Why should a waterway of similar size, from Lake Ontario to Montreal, be looked upon as an exceptional accomplishment for the Government, something quite out of the way, something perhaps unwise? We felt the necessity of improving our waterways from Lake Ontario west in order to meet the conditions imposed by new developments in the world of shipping. From that point of view I do not know that there can be any very serious objection to this project, but I must say that in many sections of the country there is an impression that perhaps the time has not been as well chosen as it might be to initiate a work which entails such an expenditure.

Hon. Mr. CASGRAIN: A billion dollars.

Hon. Mr. BEAUBIEN: I realize that in the lives of nations as well as in the lives of individuals there are circumstances that sometimes compel them to do things that they otherwise would not do. There is no doubt that we are now feeling the natural pressure of fifty-seven million people tributary to the St. Lawrence waterways, perhaps the richest people in the world, a people who produce more per head than any other people in the world, and who are insisting day after day, month after month and year after year upon a better outlet to the ocean for their goods. Every day they are knocking more persistently at the door of Canada, demanding that the waterways up to the boundary, in which they have a half share, should be opened up in order to give them what they believe to be their right—better communication between the source of production and the markets of the

world. We must not lose sight of the fact that if they do not find an outlet through the St. Lawrence, which is the natural way, they will find a new outlet through the New York Canal from Oswego to Albany.

Hon. Mr. CASGRAIN: That is where they belong.

Hon. Mr. BEAUBIEN: That is where they belong? Imagine how happy we in Canada should be if all the trade from the West, the enormously important trade of these fifty-seven million people, should take the route to Albany instead of the route to Montreal. What would we then say to those who had been responsible for letting this tremendous opportunity slip from our grasp? What would we do with the investment already made in our canals? Is it possible to conceive that we could run the risk of seeing the enormous trade from that western portion of the continent turned away from Montreal and directed to Albany? The risk may be regarded by certain members of this House as negligible, because it is true that the territory traversed by the New York Canal is by no means as suitable as that of the St. Lawrence route; but to make the New York Canal as useful as the St. Lawrence route would entail an increase in expenditure of but two or three hundred million dollars, and what is that to the United States with its colossal wealth?

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. Mr. BEAUBIEN: Honourable gentlemen, I want to be very careful not to go too deeply into such a vast project as the St. Lawrence waterways. I shall endeavour to keep closely to the argument which I intend to lay before the House. I am fully aware that in a matter of this importance opinions cannot be unanimous. I know perfectly well that a great many factors upon which the success or failure of the project will be determined are not now available, and will only become so in the course of time. In other words, as to the positive merit of the project we have nothing to go by but expert advice, and, as we all know, that is not necessarily infallible. But I believe we shall have to consider whether we must go on with the work sooner than we otherwise would, on account of circumstances over which we have no control. I am thinking of existing political conditions in the neighbouring republic, which are such that we may soon find it advantageous to enter now into certain negotiations. I cannot deny that the time appears propitious for us, from that point of view. It may be that political pressure will force the United States Government to make a decision before the next presidential elections, and should that decision not be in favour of the natural route by the St. Lawrence, then of course the other available route may be adopted.

But though the present time may be appropriate for negotiations, we shall have to give very grave thought to the cost of the proposed undertaking. I know that the National Advisory Committee suggested to the former Government, led by the Right Hon. Mackenzie King, an apparently simple method for financing the entire scheme, and it seems to me that we should examine the Committee's proposal, not with a view of following it, but rather with the intention of carefully avoiding it. As all honourable members know, the Committee considered the project as comprising two sections, an international and a national one. It was suggested that the United States should pay for the entire work in the international section, including the canalization and the development of some 1,100,000 horse-power for Canada and a like amount of hydro power for the United States. So far so good, but it seems to me that the Committee's proposal as to the apportionment of the cost of developing the national section is most unjust. With your permission I shall read a couple of paragraphs from the Committee's report:

> We have carefully considered the financial aspects of the project. If it were seriously suggested that Canada should undertake to finance as a public undertaking the immense outlay that would be required even in the domestic section of the St. Lawrence, or assume one-half of the fresh financial obligations involved in the project as a whole, we would unhesitatingly recommend that no action be taken until such time as the Dominion shall have had opportunity to recover from the heavy financial burdens imposed by the war, by our railway obligations growing out of the war, and by the necessity, since the war ended, to find the large sums required for needed public works throughout the Dominion.

It is for honourable members of this House to consider whether the conditions therein referred to are not even worse at the present time. The next paragraph reads:

> We are of opinion, however, that an arrangement might be made which would make possible the undertaking at little, if any, public expense, so far as Canada is concerned. The St. Lawrence, between Montreal and Lake Ontario, consists of a national and an international section, and, with the exception of the Welland Canal, the international problem continues throughout to the head of the Lakes. We believe that the first concern of this Committee should be, and of the Government will be, the national aspects of the proposed undertaking,

and we regard it as most desirable that the initial development take place in the purely domestic section of the river lying within the Province of Quebec.

Listen to this:

We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.

In the national section some 3,000,000 horsepower can be developed. I think no one will deny that such power would form part of the natural resources of the Province of Quebec, just as its mines and timber limits do. Yet the suggestion was that the 3,000,000 horsepower should be saddled with the entire expense of the canalization in the national section. That is to say, for all time to come the users of electricity produced by that great volume of natural energy would have to pay for the canal, including the interest and sinking fund of the capital therein invested. Perhaps it would be illuminating to quote some figures. The first and second Soulanges developments, which were contemplated in the report, would produce 949,300, or roughly 1,000,000 horse-power. For power alone the development would cost $92,399,000, or $97 per horse-power, but if the cost of the canalization were added to it the expenditure for the first 1,000,000 horse-power would reach $199,670,000, or $210 per horse-power. Could anyone conceive of a burden more unfair to the Province of Quebec? One can hardly imagine that men of the calibre of those who composed this Committee could have made such a recommendation.

Yet it would seem that the Government of the Right Hon. Mackenzie King attempted to follow the suggestions of this Committee. I make that statement after having read correspondence which took place between the ex-Prime Minister of this country and the Foreign Secretary of the United States. It seems to me that the negotiations then pursued were based upon this very report, which, if followed out to conclusion, would have saddled the entire cost to Canada, of the Waterways, upon the natural resources of the Province of Quebec.

Now, honourable senators, I think the time is coming soon, if it has not already come, when we must make a decision in respect to the waterways. I know there are serious reasons why the project should be delayed, but I doubt whether it will be possible for us to defer it at this juncture. It may be that the disadvantages arising from our immediate decision would be balanced by the much more favourable conditions that could be obtained for the future.

Hon. Mr. CASGRAIN: I do not desire to interrupt the honourable gentleman, but I should like to ask him why we must do anything about it? Who is going to make us do so?

Hon. Mr. BEAUBIEN: I have endeavoured to show that in my opinion, if we are not able to come to some arrangement with the United States, political pressure might force the Government of that country to undertake the construction of a canal by way of Albany and New York instead of by the natural course of the St. Lawrence. I think if my honourable friend will enquire into the situation he will find that what I say is fairly accurate.

In my own province, and particularly in the city where I live, a great many people look upon the canalization of the St. Lawrence as an unwise undertaking for Canada. I am not prepared to say that they are altogether wrong. Reports have shown that six-sevenths of the benefits arising from the waterways will accrue to American, and one-seventh to Canadian, shipping. If the St. Lawrence route is developed there is no doubt that it would become a great highway through which trade from the United States would flow in large volume to all corners of the world. We know that tourists who come across the border into this country propagate a pro-American sentiment among our people. We had many instances of how this influence operates in inducing our people to emigrate to the United States. However, we must not forget that the whole of this system of waterways belongs to the United States as well as to Canada.

Hon. Mr. CASGRAIN: No, no.

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. BEIQUE: Exactly.

Hon. Mr. BEAUBIEN: Yes, it does belong to the United States as well as to Canada.

Hon. Mr. CASGRAIN: Up to Cornwall.

Hon. Mr. BEIQUE: No; to the sea.

Hon. Mr. BEAUBIEN: It is not unreasonable to think that the people of the United States, realizing that the development of the St. Lawrence waterways would result in tremendous commercial advantages for them, will by political pressure upon Washington endeavour to force their way through to the sea, or, as they put it, to bring the sea to their very doorstep. I hope that if Canada

decides to proceed with the project the cost will be apportioned equitably for every part of the Dominion.

Some honourable members may say that this is not the time to begin a work of such great dimensions; that we should wait until a better day dawns. That view may be right, but engineers say that the international section cannot be completed in less than ten years, whilst the national section could be done in less than five years. So it is quite possible that arrangements may be made to proceed with the development of the international section, and in the meantime Canada can wait for the return of a more prosperous period before assuming any burden in connection with the national section.

If improvement in world conditions can be hoped for, it behoves us to ascertain how we can the better hasten it along. It seems to me that in this respect the primary and fundamental necessity is the establishment of permanent world peace. I may be wrong, but it seems to me that, far removed as we are from the source of all the troubles that have visited Europe during the centuries—for Europe has been nothing but a battlefield—we are apt to mistake sadly the conditions essential to assure peace, to release credit, and thereby to re-establish economic prosperity. I hear people say, "It is abominable to see how certain countries are monopolizing the gold of the world." Will you allow me to state briefly in this respect an explanation given to me in Paris? It is this: People generally believe that the French nation captures whatever it can get of the gold of the world. They fail to see that gold is sent to France as to a country of refuge. That gold is left on deposit and has to be invested. To-morrow conditions may be such that France will no longer continue to be a country of refuge, and then the gold, like the birds, will take wings and fly to some other refuge. What then will happen to France? France will have to pay. France, having invested the gold in her own securities, will have to sell those securities, and they will fall in value. Just as soon as the value of those securities drops, other consignments of gold will be recalled, and more French securities will be thrown on the market, thus depressing values still further, and very soon all the gold sent to France for refuge will seek a haven in another country. Do you want evidence that gold concentrates in certain lands in an endeavour to seek protection? Are you aware that Holland has a gold cover for her specie that exceeds 150 per cent? About the same condition exists in Switzerland. Why? Because, rightly or wrongly, the people throughout the world—in Germany, perhaps, more than anywhere else—send their gold to the countries where they think it will be in safe keeping until such time as they require it.

This brings me down to disarmament. If there was one thing above any other that impressed me at the last meeting of the Assembly of the League, it was the unanimous accord on the essential fact that the only foundation upon which better times could be built gradually, but surely, was confidence. Admirable speeches drove this conviction home to the delegates. Sir Robert Cecil, for instance, gave a magnificent picture of conditions throughout the world and showed how it was that people who were disposed to lend their money to a country hesitated and then abstained when they learned that it could be devastated, nay, practically destroyed, overnight, by an attack from the air with explosives and poisonous gases. Sir Arthur Salter said that through lack of confidence the flow of credit was suddenly interrupted in 1929, the stoppage leaving a gap to the extent of two billion dollars in the usual credit requirements of the world. After lending lavishly, the creditors of the world abruptly ceased providing funds, and this left a deficiency for the normal needs of the business of the world. How can it be supplied? Sir Arthur Salter, like everybody else, affirms that the primary condition for the reconstruction of the economic and financial activities of the world is confidence.

It seems to me that in this country, as in many other parts of the world far removed from the immediate point of danger, people look to disarmament as a means of security. But, if I may venture the statement, the reverse is true. It is security that is the means to attain disarmament. Do you believe that any argument, even the most convincing, could induce people to lay down their arms and bare their breasts to the attack of the enemy who, they know, or they think they know, lurks just over their frontier?

It may be useful to bring to this Chamber a whiff of the atmosphere of the Assembly of the League at Geneva. Strange as it may seem, those who come from places farthest removed from the point of danger clamour the loudest for disarmament. In other words, the intensity of the demand for disarmament is in direct ratio to the distance that separates those who make the demand from the danger zone in Europe. Of course we are vitally interested in the peace of the world; nevertheless it is difficult to conceive how anyone

protected by three thousand miles of ocean could insist that those exposed to immediate danger should forthwith lay down their arms.

In order that what I am saying so imperfectly may reach you, as it came to me, from a great master of eloquence, I shall take the liberty of reading a passage from M. Briand's wonderful speech at the last Assembly of the League.

After several pronouncements had been made, all more or less pointing to France as the chief offender against disarmament, the position of M. Briand became a difficult one. I can see him shuffling slowly towards the rostrum, his shoulders stooped, his grey head bent. I knew that he was suffering from a very serious disease, one which I had thought would not permit of the effort then required. For an hour and a quarter he held forth, and when he had concluded his hearers knew why security must precede disarmament.

In other words, the problem is not disarmament, but security. Can you conceive that the governments of Europe, functioning under democratic rule, could extract from their respective populations the huge amounts required for armaments unless it was for them a matter of life and death? They could not do it. If they attempted it they would not remain in power for a day. There is only one thing that will cause a people in a democratic country to submit to such a process, and that is dire necessity.

Now I will read to you a part of M. Briand's speech. He explains first of all that France is not going to seek the postponement of the Disarmament Conference. All the nations have made a solemn promise, on their honour, to be at the place of meeting on the 2nd of February. Time and again within the last four or five years France has preserved the life of the Disarmament Conference by finding the way out of difficulties which otherwise would have been fatal. This is what M. Briand says:

When we examine the Covenant, we find that it is soundly conceived, that it is a solid construction, and the only regret I have to voice here is that some of its provisions should still have remained as it were veiled, like one of those statues that are always going to be but never are uncovered.

Beneath the shroud, however, a searching eye can discern the contours of the statue; it is possible to tell what lies hidden behind that shroud. What the founders of the League all wanted, what they were trying to embody in the Covenant, was peace, a means of placing the people in such a state of tranquillity as should enable them to forget the horrors of the war and to devote themselves whole-heartedly and unreservedly to the work of peace. When that result had been achieved, the huge outlay that a nation expends on material forces would be found to be needless.

Similarly, the authors of the Covenant had devised means for replacing material force. They were not pure ideologists; they know quite well that between peoples, as between men, subjects of discord may remain long after the cessation of hostilities. Proportionately as they envisaged the disappearance of individual material force, they prepared legal solutions and collective sanctions; they called upon the peoples to agree to conciliation, to arbitration. They saw a progressive reduction in armaments in proportion as security increased; they saw the peoples, in the settlement of their conflicts, turn more and more to the judge instead of resorting to force. We need only read the Covenant to realize that all these various considerations were in the minds of the authors and founders of the League.

I now pass to the question of security, a word which my lips hardly dare utter. It is one of those words over which contests have so often raged, which have so often stood as obstacles in the way of certain experiments, that those who employ it appear to do so not in order to act but in order not to act.

This word, however, is written in the Covenant of the League. That is quite natural. If the authors of the Covenant had not kept a place for it, they would have been guilty, for the most generous-minded members of the League might have been deceived.

As regards security then, has progress been achieved? No one can deny that it has. I, who stand on this platform, have done all that was in my power to increase the sum total of security. The Paris Pact was conceived with that purpose in view; certain work which you have undertaken and in which you are still engaged is calculated to add to guarantees of this nature.

War is a crime. Such was the dictum of the nations who signed the Paris Pact. Until then, we must not forget, war had actually remained, in certain circumstances, a licit means for settling disputes. It is appalling to think that, in this century, war should have been considered a normal means of putting an end to disputes that might arise between nations. The Paris Pact laid down that it is an impious act to have recourse to war, that war is a crime against mankind. All the nations signed the Pact, thereby declaring that they renounced the possibility of making that fatal gesture—a declaration of war. That is something; morally it is an excellent result.

One fact, however, we cannot disguise: cases still exist in which war may occur. That fact is apt to be forgotten, and it is right not to become obsessed by such an idea; still, it is a contingency that has to be borne in mind. The League of Nations, I willingly admit, had realized this. Lord Cecil will not contradict me if I say that on that point it had thought out a whole system which, had it been adopted, would have obliterated once for all that terrible question mark. For three whole weeks we met in order to establish that system. I will not discuss the reasons why it was found impossible to put it into application; but it must be admitted that if it had become a living reality, if mutual assistance against the contingency of which I was speaking could actually have been organized, the problem before the coming Conference would have been very much simplified.

That system, however, was left standing there, like one of those ever-veiled statues to which I I have just referred, those statues of which only the outlines can be discerned. I do not know

what Lord Cecil may think about it now; perhaps he will not think I am going too far if I say that like myself he probably would not be sorry if such an institution were ready to function among the nations.

But what was not done and what perhaps can never be done again in the same way, must be sought in another form. We are drawing near to the conclusion of a term, to a date towards which the peoples are looking with increasing expectation. When, on February 2nd, all the nations of the world, representing the highest ideal, the sum of authority and the sum total of force, are met here solemnly together for that particular purpose, when they are all sitting round the same table and have to consider this twofold problem—the reduction of armaments combined with recourse to juridical guarantees and sanctions relating to security—what will they do? That will be a solemn moment; and I proclaim here and now that never before has such a heavy responsibility lain upon the nations. That will be a decisive moment. Will they, who have power to do anything they choose, leave unanswered, staring them in the face, that terrible question-mark that still haunts us? That is the issue.

When that moment comes, all they need do is to utter the necessary words to supplement in the matter of security and mutual assistance what has already been done; all they need do is solemnly to affirm with a full realisation of the consequences which their words imply: "No more war! In no case, for no reason, in no circumstances will we allow war, which we have pilloried as a crime, to blaze forth again and still remain unpunished!"

They will have power to ensure that such an event shall never occur again. They will say whether they wish to establish contact with one another and to create between themselves reciprocal conditions of security such as to render it impossible.

But I must not weary the House. Suffice it to say that most of his audience must have been convinced that before demolishing armaments, whether willing or not, they must proceed to build up security. And the security can be built in two ways—either by the use of the weapons that already belong to the League, or by throwing back of it the weapons that the big Powers hold in their grasp, and especially by their coalition against aggression. Therefore, the whole problem is not disarmament, but security.

A word on the cancellation of international debts. Of course, we are interested deeply in any move that may permit the re-establishment of prosperity, and particularly of foreign trade. We must not forget that Canada reacts very deeply to any commotion or disturbance felt in Europe. We are the fifth trading nation in the world, and conditions in the wide universe affect vitally our commerce and foreign trade. Now, I want to lay this before you. Is it true that the cancellation of all international debts would have the beneficial effect that is often claimed for it? I will give you just one authority. If the request that seems to be made by a great many people should be granted, the result would be this. Listen to Sir Walter Leighton: "If all the war debts and reparations were wiped out, somebody would have to pay. A rather strange picture would emerge. Germany would be left with only £500,000,000 sterling of international debt, or £8 per head; France with approximately £2,300,000,000 of international debt, or £56 per head; the United States with £3,200,000,000 of debt, or £27 per head; Great Britain, after allowing for the elimination of the debt to the United States, with international debts of £6,600,000,000, or £150 per head. And perceive that Germany, after wiping her slate clean of past indebtedness through her first failure, and when perhaps on the verge of repeating the operation, would be given a quittance which would allow her to enter the race without a handicap, while all the other competing nations in the industrial field would have crushing debts such as I have mentioned." Germany's debt would be $40 per head; Canada's—do not forget this—Canada's, $250 per head; Great Britain's, $750 per head. Is this reasonable? Will anybody, knowing exactly the consequences, such as are pointed out by Sir Walter Leighton, agree to the proposal?

And that is not all. In what condition is Germany to-day? Germany is poor; yes, Germany is terribly poor; she is absolutely unable to get the £80,000,000 required to pay her yearly indebtedness under the Young plan. That is true. She is poor in money. But anybody who has traversed Germany knows how rich she is in all that is necessary for her industry and exportation.

I am not going to give you my own testimony, though I went through Germany at a time when she was building her industrial equipment at a tremendous rate, with the marks she was selling throughout the world at what she could get for them. They did not cost Germany a cent except just the machinery and the paper and the industry to sell them in foreign countries, get the cash in, and put the cash very deeply and solidly into structures firmly anchored in the soil. And when such constructions and equipments are complete, who can take them away? Besides, Germany has a population perhaps more efficient than any other in Europe, hard-working, intelligent and systematic. All is ready and in waiting, but the moment has not come. But if it does come, and if there is a cancellation of debts, what chance has Canada or Great Britain to compete with Germany? Not one in a thousand.

Therefore, when it is repeated that there is only one way out of the difficulty, and that

is the cancellation of debts, please remember the figures I have given you. Perhaps also you may gather some useful knowledge from the following article written by Mr. Esmond Harmsworth in the Daily Mail of London:

Under present conditions it would be impossible for Germany to find £80,000,000 a year for the payment of reparations. It must be kept in mind, however, that when the bad times through which we are passing begin to improve she is likely to make a more rapid economic recovery than any other country.

Germany has been most generously treated by the bankers of the whole world. After she had freed herself of internal debt by allowing the currency in which it had been contracted to become completely valueless, she was amply supplied with fresh funds by American, British, and French financiers, which have enabled her to equip herself with the finest factories, railways, power-stations, canals, and other wealth-producing assets of any country in Europe.

Such a policy has certainly had excellent results for Germany, but for us it would be sheer disaster if in a few years' time, burdened with debt and crippled with taxation as we are, we were to find ourselves faced with the competition of a thoroughly up-to-date German nation, which had been relieved of all its international liabilities.

We are fifth among those nations of the world most deeply interested and, I would say, under the greatest obligation, to see to it that Germany is not relieved of all her duties in such a way that it will become impossible for their exports to compete with hers.

Just one last word. Of course we hope for better times, and I think we have something to look forward to. If Europe has repelled Briand's scheme of uniting all her nations together for the purpose of artificially or scientifically rekindling the life of international trade,—if that great dream of Briand has been dispelled, it is passing strange and somewhat comforting that the great dream of Joseph Chamberlain has come true. Oh, I know that in many minds, perhaps in this House, Joseph Chamberlain is not held in very high esteem, but what a vision that man had of linking all the parts of the British Empire more closely, more firmly and more profitably together by trade and commerce! And now to think that after all these years his dream comes true, and it comes true in the words of Neville Chamberlain, his son, who stands in his place.

And may I say this, that Canada is largely responsible for this wonderful revulsion of public opinion. I remember the impression produced by the Prime Minister in the autumn of 1930, when he faced the British Government, when he faced a tremendous opposition in public opinion in the British Isles, and declared manfully that for thirty-two years we had waited in patience; that every year for thirty-two years we had given to Great Britain our contribution, taken from our own industries and from our own labour employed in those industries, and that now, at last, the British people must choose —must face the parting of the ways. All the Dominions stood by the Prime Minister of Canada and upheld him. It was for Great Britain to come part of the way and meet us. What has happened? I know the language of the Prime Minister was considered harsh at the time, and it was in certain respects criticized unmercifully; but what has happened, what do we witness to-day? I venture to say that no pronouncements ever produced on the British people a deeper impression than the speeches and pronouncements of our Prime Minister. They aroused public opinion and gave to Britain the impulse required for it to join with us of the Dominion in the construction of a new Empire.

Hon. G. LACASSE: Honourable senators, it seems to me that it is a whim of fate that I should invariably rise to speak after my honourable friend from Montarville (Hon. Mr. Beaubien). His eloquence has such a powerful influence upon me that after he has spoken I cannot resist the temptation to speak also. In this instance I do not know that any views I have to express will be contrary to those to which he has just given utterance.

I have listened with keen attention to the debate on the Address in reply to the Speech from the Throne, during which many matters of the utmost importance have been brought to our attention. One feature of the discussion particularly pleasing to me was the lack of bitterness such as has been in evidence on other occasions. I think that much credit for the improvement in this respect is due to the right honourable leader of the Government and the honourable leader on this side.

I desire to express my compliments to the mover and the seconder of the Address, and also to the new leader of the Government in this Chamber. His presence amongst us to-night reminds me of an incident connected with the famous election of 1925. In the course of the campaign the right honourable gentleman visited my home town, where he addressed an audience which was most sympathetic, although it was not in favour of the policies that he was advocating. After he had concluded his speech he smilingly and courteously invited anyone present to ask him for any additional information desired; but I did not dare to accept the challenge, because I knew of his reputation as a masterful debater. I realize my inability to engage successfully in a battle of words with him, for I am not one of those who have had the

privilege, the honour, the luck, and perhaps in some instances the discomfort, of sitting in another place and developing facility in debate. Partly on account of my youth and partly on account of my lack of ability and of experience, I feel that I am here rather to get than to give information. But to-night I humbly venture to make a few remarks.

Most of the important problems facing this country have been thoroughly discussed. Much has been said about Imperial trade, and the necessity of finding some means to improve it. Let us hope that an effective means will result from the next Imperial Economic Conference, to be held in Ottawa. Reference was made also to the question of international disarmament, and I am sure we all trust that the present conference at Geneva will make real progress towards a settlement of this grave question.

The honourable gentleman from De Lanaudière (Hon. Mr. Casgrain) alluded to our railway problem, which is a vital one to-day, and mentioned the fact that about twenty-four hours ago, in another place, the right honourable the Prime Minister laid the blame for the existing mess at the door of the party to which he does not belong. I agree with the views expressed by the honourable senator on this matter, and I think there is considerable exaggeration in the accusation against the party now out of power. I wish to add a thought that has occurred to me. We have in Canada now three transcontinental railways, which have been finding it very difficult to earn enough to meet expenses, yet in an attempt to relieve the unemployment situation there is now being built a fourth transcontinental highway, which must inevitably result in increasing the competition that the railways already face. We all know that their severest competition to-day comes from motor trucks, and to the extent that the new highway facilitates truck traffic it will make successful railway operations more difficult.

The financial situation of our country has been fully dealt with by honourable members who are more able than I to handle huge figures. I believe that whenever an effort is made to curtail public expense there should be a simultaneous attempt to lower proportionately the cost of living. My honourable friend from Montarville (Hon. Mr. Beaubien) spoke in a very interesting way about the deep waterways. As I have always been more or less fearful of swimming in deep water, I will not tackle that subject, although I wish to say that we should be very careful in all our dealings with the republic to the south. As a reminder of how we have fared in the past we need only glance at the map of Canada and notice the huge indentations which the States of Vermont and Maine make in the international boundary line. If that reminder be not sufficient, we can look at the Alaskan Panhandle. In spite of the ability with which Canada's claims to that territory were asserted by the veteran senator from North York (Hon. Sir Allen Aylesworth), the representatives of the Mother Country gave their decision in favour of the United States.

My main purpose in rising this evening was to refer to what I consider to be one of our most serious problems, and one that demands an early solution, namely unemployment. I think it is not only distressing but ridiculous to undertake huge public works for the sake of giving employment to a limited number of men in certain localities, while elsewhere an equal number of persons are dismissed from their positions. In my opinion the remedy on which we can with most reason pin our hopes is a systematically organized movement back to the land. By that I mean two things: first, some means of enabling the unemployed in our cities to move from the cold and dry pavements, where carrots and turnips cannot be grown, to the soil that gave a living to their ancestors; and secondly, the instituting of a scheme of repatriation whereby many of our fellow countrymen who have emigrated to the United States would be induced to return to Canada. I was pleased to note a few days ago that, according to a report presented in the Quebec Legislature, over 800 families had returned from the United States to this country in the course of the last twelve months, as a result of the invitation and co-operation of a far-seeing Government that even went so far as to give financial assistance to people who wished to return to the land of their forefathers.

One of the leading financial authorities in the City of Montreal, Mr. Beaudry Leman, General Manager of the Banque Canadienne Nationale, said a little while ago that in order to get relief from some of our most pressing burdens we shall have to increase our population. The more people we have here, the more traffic there will be for our railroads; and the larger the number of our consumers, the less likely are we to have over-production. The more taxpayers we have, the greater will be the receipts of the Canadian treasury, while the proportionate share of our individual taxes will be lowered. As our population grows the northern part of our country will be developed. We should be grateful to Providence that we do not have

to look to a neighbouring country for room for our people. It has been stated by an authority in colonization matters that the northern part of one province alone can give a living to 300,000 families.

I think that careful study should be given to the possibilities of a back-to-the-land movement, especially at the present time, when we are finding it so difficult to take care of the unemployed. In the Province of Ontario, the Government has removed squads of young men to the north to help in the building of the transcontinental highway; but the relief given in that way is only temporary, for after they have been separated from their homes a few months they will flock back to the cities and help to make the problem as bad as ever. On the other hand, if our Governments would sincerely endeavour to open up new lands in the north and give financial assistance to families, the resulting relief would be permanent. I happen to come from one of the largest industrial centres in Ontario, and I am sorry to say that conditions are such there that I hesitate to quote figures for fear of startling honourable members. But I will state this, that I am a member of a relief committee in one of the border municipalities, where from 75 to 85 per cent of the people are living on public funds. Such a state of affairs is more than alarming. Of course, I realize that the situation is partly due to the fact that we have been trying to take care of about 22,000 people who formerly worked in the City of Detroit, and many of whom we have had to feed this winter.

As a doctor, I believe that back-to-the-land movement is one of the most effective remedies that can be prescribed for our national ills. It would not be necessary for people to take the treatment three times a day, before or after meals, for in most cases one treatment would, I think, work a permanent cure.

Next Thursday in the City of Montreal there will be opened a national congress on colonization, which will last two days. I intend to keep in touch with what goes on there, and I hope that later on in the course of this session I shall be able to give to honourable members some more detailed and more practical information as regards this vital problem.

The Address was adopted.

The Senate adjourned until Thursday, February 11, at 8 p.m.

THE SENATE

Thursday, February 11, 1932.

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

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

Hon. John Alexander MacDonald, of St. Peters, Cape Breton, N.S., introduced by Right Hon. Arthur Meighen and Hon. J. McLean.

DOMINION INSURANCE COMPANIES STATUS AND POWERS BILL

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill C1, an Act respecting the Status and Powers of Dominion Insurance Companies.

He said: This is a companion to the Bill respecting British and Foreign Companies, which was introduced two days ago.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the Bill be read the second time?

Right Hon. Mr. MEIGHEN: To-morrow.

Hon. Mr. DANDURAND: If the right honourable gentleman saw any advantage in our taking the second reading immediately, in order that the public, and particularly the parties specially interested, might examine the Bill before it is referred to the Committee on Banking and Commerce, to which probably the right honourable gentleman will desire to send it, we might take the second reading to-morrow with the consent of the House. The discussion of the proposed measure might well be postponed until the Committee meets. I do not suppose there will be any discussion on the principle of the Bill.

Right Hon. Mr. MEIGHEN: I am grateful to the honourable senator for the suggestion. The reason I mentioned to-morrow was that I anticipated that the second reading of the companion Bill will be moved then. I should be very glad if the House would follow the suggestion of the honourable senator and permit the second reading of this Bill also to-morrow, because I know it would be wise to allow time to intervene before the Committee takes the Bill into consideration, in order that those specially interested in insurance might have an opportunity to peruse the Bill and to be heard.

THE JUDICIARY

APPOINTMENT OF SPECIAL COMMITTEE

Hon. Mr. McMEANS rose in accordance with the following notice of motion:

That a Special Committee composed of the honourable senators Bureau, Casgrain, Gillis, Griesbach, Hardy, Logan, McGuire, McMeans, Planta, Robinson and Tanner be appointed to examine into the system of appointing judges as at present existing, and report upon the necessity of taking some steps by which the number of judges may be reduced, and the system of appointments equalized.

He said: I would ask that with the indulgence of the House the following words be added to my motion:

That the said Committee be authorized to send for persons, papers and records.

Also that the names of Senators Barnard and Laird be added to the names of members of the Committee.

The proposal to appoint a committee to deal with this matter received the unanimous approval of the House last session. When the Committee met it was found necessary to obtain a great deal of information from the different provinces in regard to the number of judges and the work they had to perform. During the intervening time the Deputy Minister of Justice has been endeavouring to get the information for us. Some of it—not all, I understand, but a great deal—has come to hand. We hope that if this special committee is appointed we shall be able to present a statement to the House before the end of the session.

I do not think there is anything further to be said, and I would move the motion with those amendments for which I have asked the indulgence of the House.

The motion, as amended, was agreed to.

THE BEAUHARNOIS PROJECT

APPOINTMENT OF SPECIAL COMMITTEE

Right Hon. Mr. MEIGHEN moved:

That a Special Committee of nine senators to be hereafter named, be appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, said Special Committee to hear such further evidence on oath bearing on the subject-matter of such report in relation to any such honourable members of the Senate as it may deem desirable and in accordance with constitutional practice, and that the said Committee be authorized to send for persons, papers and records.

He said: I beg to put this motion before the Senate. There is nothing that I desire to say at the present time further than to confirm my statement as to my personal attitude, and the attitude which I believe should and does exist on the part of every honourable member of this House.

The motion was agreed to.

Right Hon. Mr. MEIGHEN: Honourable senators, I beg to move, seconded by the honourable senator from Welland (Hon. Mr. Robertson):

That the fourth report of the Special Committee of the House of Commons appointed to investigate the Beauharnois Power Project, laid on the Table of the Senate on the 1st of August, 1931, be referred to the Special Committee of the Senate appointed for the purpose of taking into consideration the said report in so far as it relates to any honourable members of the Senate.

Hon. Mr. DANDURAND: I am under the impression that the evidence did not accompany the report.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: Shall we leave it to the Committee to move for the tabling of that evidence?

Right Hon. Mr. MEIGHEN: The honourable senator is right. I had some question in my own mind as to whether the Committee would be in a position to obtain the evidence without the interposition of this House, but I had come to the conclusion that the point might well be left to the Committee. If they choose to ask that we intervene and obtain the evidence, we can quickly do so. However, I have no doubt that, should the honourable senator (Hon. Mr. Dandurand) care to confer with me on the subject, if a better method could be found, we could agree, and it would be followed.

The motion was agreed to.

THE IMPERIAL ECONOMIC CONFERENCE

NEWSPAPER STATEMENT

Before the Orders of the Day:

Hon. Mr. CASGRAIN: May I draw the attention of the Senate to something that appeared this morning in that well-known paper, the Montreal Gazette? You will see there in flamboyant type:

The parley will be well attended.

That means the Imperial Conference.

All parts of Empire to have delegates at Ottawa. Colonies present for first time—two billion people represented.

They are not forgetting anybody. In the body of the article this number is reduced to

only five hundred millions, but I have thought it well to give publicity to this matter so that the citizens of Ottawa might prepare to receive all these people.

Right Hon. Mr. MEIGHEN: The Gazette no doubt has in mind not only this generation, but posterity.

TRIBUTES TO DECEASED SENATORS

THE LATE SENATORS FARRELL, CURRY, CROWE AND SIR GEORGE FOSTER

Right Hon. ARTHUR MEIGHEN: Honourable senators, as is all too usual, we are called upon at the opening of the session in which we are now engaged to observe the absence from our midst of four honourable members who at the last sitting were among our number. A duty tinged with sadness devolves upon me of making reference to them, and I only fear that my lack of acquaintance with the House itself, and consequently a rather immature knowledge of the work of these honourable members in the House, render me an inappropriate person to discharge this task. However, I had the pleasure of knowing all the honourable gentlemen, and of close personal friendship with at least two of them.

He who was longest among us was probably the late Senator Farrell. He represented in this Chamber the Province of Nova Scotia. Prior to his entering the Senate he had a long record of services of a very practical character in the public life of that province. He did what some of us have not had the privilege of doing—something which qualifies a man very adequately and properly for service in higher spheres: he acted for a long time, both energetically and efficiently, upon public bodies of a municipal or provincial character. After a period of such service, extending over some years, he rose to the post of Speaker of the Legislative Assembly of his native province. From this high post he came to the Senate Chamber, and honourable gentlemen who worked with him here will bear testimony to the kindly and courteous character of the man, to his devotion to public service, and to the high esteem in which he was held by all. We deeply regret his demise.

Senator Curry was a man older in years and of different experience, an experience universally considered valuable for public service, especially in this Chamber of Parliament. Early in life he developed business talents of a high order. His experience was widened by a sojourn over a period of years in the United States of America. It was at an early age that he launched upon large ventures down in the Province of Nova Scotia, ventures which he pursued with such courage, capacity and tenacity as brought him at length to a high peak of fame and fortune in that province. His services in this House are well known, the regard in which he was universally held is acknowledged on all hands, and I need only mention his name to recall to honourable members everywhere his kindly disposition, the soundness of his counsel and the strength of his personality.

Senator Crowe was also a Nova Scotian by birth, having been reared and educated in the town of Truro in that province. He left for the West in the eighties, as a lad of nineteen, and grew up with the city of Vancouver. In that city he not only made a marked success in business as a contractor, but became one of the best known and best beloved citizens of that western metropolis. Retiring at an early age from commercial pursuits, he devoted himself to public service of a municipal character for a considerable time, giving all his energies thereto. He entered the House of Commons, where I was closely associated with him, in the darkness of the war years, and I only express what I know would meet with the ardent concurrence of members on all sides of politics in that Chamber, and indeed of all in this House, in which he later arrived, when I say that he became the friend of everyone, and because of his companionable qualities was affectionately regarded and esteemed by men of all shades of opinion and all creeds. Senator Crowe's demise was sudden and unexpected. To his widow, and as well to the families of those to whom I have previously referred, I know the sympathy of all honourable members goes out.

I come now to the oldest and foremost of all those whom we miss at this session, to the man who left the deepest and most lasting impression on the life of this Dominion. When I entered Parliament, almost a quarter of a century ago, Sir George Foster was perhaps the most brilliant and daring gladiator in the Lower Chamber. He was then at the summit of his great powers as a public speaker, and many of us sat at his feet and learned lessons from him in the conduct of the work of the House, and more particularly in the great art of public address and of debate, of which he was a master. On the platform his talents were displayed to perhaps even greater advantage than on the floor of the House of Commons. He had a wealth of simile which very few public speakers possess, and that gift he knew how to utilize. Never have I known him to push a metaphor too far; never have I known him to choose

an inapt illustration. He had a wonderful power of throwing before the eye a gleaming picture of his presentation, so that young and old of all classes, however ill they might have been versed in the subject beforehand, knew just what he was driving home. He was a master of the platform, perhaps the greatest stumper this Dominion has produced.

In his later years the role of gladiator was thrown aside and his whole life was devoted to service in a sphere which had captured his imagination, indeed seized his whole being. He devoted the evening of his life to trying to advance the cause of one of this world's great necessities, a cause which was impressed upon his mind indelibly by the tragic events of the War. His interest in the League of Nations was such that to promote its mission there was no service too arduous, no toil too hard. In those years he forgot what domestic enemies and political opponents were; he was the great Canadian, fighting for what he believed to be a high and noble ideal, one that in his judgment mankind had to achieve if the world was to be saved.

I speak with some emotion of Sir George Foster, and I know that in recording the affection that I feel for his memory I do little more than reflect the feeling on the part of all honourable members of this House. To his widow, I am sure, goes out the sympathy of all honourable senators. We trust that those left to mourn in the families of the four departed will ever rest assured that they have the very tenderest good wishes of the surviving colleagues of those who have gone.

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is with some diffidence that I rise to follow my right honourable friend in speaking of the matter which is now before us. With such felicity of thought and language has he discharged his task, that I might refrain from adding anything. However, as I have sat for a number of years with the senators whose names have been mentioned, I feel it my duty to join with the right honourable gentleman in declaring that the departure of our late colleagues is a great loss to the Senate. I will not repeat what has been said of their careers. They endeared themselves to their colleagues by their geniality, their humanity and their devotion to their work in this Chamber.

We recognize what Canada owes to the Maritime Provinces when we bend over the departed. Senators Farrell, Crowe, Curry and Foster all were born in the Maritime Provinces. Three of them left those provinces and enriched other communities by their presence, their work and their talents. Senator Crowe went to Vancouver, helped to build that city, and developed with it. He was recognized by all as a leader, and was esteemed and beloved by all. Senator Curry extended his activity to the city of Montreal, where he was interested in many financial and industrial undertakings. His advice was sought by many, and, as the right honourable gentleman (Right Hon. Mr. Meighen) has said, he played an important part in the development of industry in this country.

As to Sir George Foster, he is now part of Canadian history. It is difficult to picture his career within the compass of a few phrases. It stands to be portrayed at greater length. He was a scholar, a man of culture, an orator. Having been a university professor, he had acquired a training that prepared him for his public work in the country and in Parliament. He had as clear a mind as could be met with anywhere, and during the fifty years of his public life no one in Canada stood higher in oratorical ability. Sir Wilfrid Laurier more than once told me he had the greatest admiration for the talents of our late colleague, who, he said, had no peer as an orator in the House of Commons during the time he sat there. Not only for his record in this Chamber and in the House of Commons were we proud of him, but also for his accomplishments abroad, and especially at Geneva. I had the advantage of hearing him there in 1929, and I know that his speeches rank among the best that were delivered by the most brilliant statesmen from all the countries represented at the session of the League of Nations that year. I am sure that Canada's prestige throughout the world was enhanced by the reputation he made then, and at other meetings of the League, in 1920 and 1926.

I join with my right honourable friend in expressing the sympathies of this Chamber to the families of our departed friends.

Hon. PASCAL POIRIER: Honourable senators, the death of our four departed colleagues is a serious loss to the Senate and to the whole country. I wish to refer particularly to Sir George Eulas Foster. Since I first entered this Chamber—and that is a long time ago—I have witnessed the departure of very many members. Among them none was more prominent than Sir George Eulas Foster. He occupied a peculiar, a unique, position in the parliamentary annals of Canada. Ever to the front, in the thick of action, equally formidable in attack and defence, he never rose to the supreme command; yet in him was the kind of material out of which prime ministers are built.

His departure affects me profoundly. He and I hailed from the same province. We entered life about the same time. We were personal and political friends from beginning to end. He has gone the way of all flesh. No longer will his voice be heard within the walls of the Senate, nor throughout the country which he so often thrilled with his magic eloquence. If not the greatest, he certainly was among the greatest orators that this country—and I might say the Empire—has produced. As the right honourable leader of the House has said, he was equally at home on the rostrum and in Parliament. The definition of an orator which an ancient rhetorician has left us, "a virtuous man, versed in the art of diction," applied to him. For besides being the great speaker that we all knew him to be, he was essentially virtuous, or, as we say now, an honest man. The activities of his life began with the teaching of classics to young men, in a New Brunswick university, and ended with the teaching to all men, young and old, of the catechism of peace. His whole life was one of devotion to his country and to humanity. He is gone—gone for ever. We shall meet him in the House of our Father where good and faithful servants receive their reward.

HOSPITAL SWEEPSTAKES BILL

MOTION FOR SECOND READING

Hon. G. H. BARNARD moved the second reading of Bill A1, an Act with respect to Hospital Sweepstakes.

He said: Honourable senators, after the three very eloquent addresses to which we have just listened, upon the careers of our departed colleagues, I feel that it is possibly a somewhat ungracious act to come down to the commonplace business of the day. However that may be, though men may come and men may go, the business of the country must go on. Something had to be taken up as the first item on the Order Paper, and it happened to be my motion, the proposal of which at this time may not meet with the approval of all honourable members, or even of a majority. But had some other measure preceded mine, it also might have failed to meet with entire approval.

The Bill, with the exception of an amendment to which I shall refer later, is the same as one that I introduced last session and that after a somewhat stormy career fell by the wayside—largely owing, possibly, to the eloquence of one of our departed friends. Notwithstanding the discussion of last year, I have not changed my opinions in the least, as to the measure.

It is not necessary for me to make a lengthy explanation of the Bill. To put it shortly, the object of it is to legalize, under the auspices of the Attorney General of any province that may see fit to take advantage of it, a system of sweepstakes, the proceeds to inure to the benefit of hospitals in the province in which it is held. I do not need to elaborate upon the conditions, financial and other, of hospitals in the different provinces. It is sufficient to say that these conditions are even more deplorable to-day than they were twelve months ago. In my own Province of British Columbia the Provincial Government has served notice upon these institutions and the municipalities that owing to the absolute necessity for the strictest economy the grants to the institutions are going to be cut.

Subscriptions from private individuals have always been another source of revenue. I imagine it is not necessary to tell honourable members of this House that private incomes throughout the whole country have been seriously diminished during the last year. In addition to our other troubles, we are all faced with the prospect of greatly increased taxation by the Dominion and Provincial Governments, and, in my own part of the country, by the municipalities. The result of all these circumstances undoubtedly will be that the provincial, municipal and private grants to hospitals will be extensively reduced. Since I arrived in Ottawa a few days ago I have received an appeal from the directors of the Provincial Royal Jubilee Hospital in Victoria, which is, I think, the largest public Protestant hospital in the Province of British Columbia outside the city of Vancouver. The appeal reads in part as follows:

> Existing conditions throughout the world are having a direct effect on the financial position of the Provincial Royal Jubilee Hospital.
>
> The directors of the institution are making every effort to economize on maintenance expenditures, but in spite of their endeavours, the liabilities to the merchants of Victoria and district are steadily increasing, and the time is rapidly nearing when drastic measures, entailing curtailment of service rendered to sick, helpless people, will have to be put into operation unless financial relief is forthcoming immediately.

I happen to be aware of some of the facts behind that appeal, and I know that the directors have just about reached the limit of their credit, and that the tradesmen of the community are beginning to wonder where their payments are to come from, and are very much inclined to refuse further credit.

Unless something is done to relieve the situation, the final outcome will not be in the best interest of the people nor of the province.

If this Bill becomes law it will, I believe, provide a source of revenue which cannot be obtained in any other way. It will be the means of getting contributions—I do not mean in a philanthropic sense—from untold numbers of residents of British Columbia who otherwise would not think of giving one cent to hospitals, although they might be quite ready to receive the benefit of their services in time of need. And then, no doubt, tickets would be sold in the United States, and thus a certain revenue would be received from people in that country. A further result of the Bill would be to put a check on the flow of money that has been going from this country—at least, from my province—to purchase tickets for sweepstakes in various parts of the world, such as the Irish Sweepstakes, the Calcutta Sweepstakes, the London Stock Exchange Sweepstakes, and others.

I have already mentioned that the present Bill is different in one respect from the one previously introduced. Last session the honourable senator from De Salaberry (Hon. Mr. Béique) gave notice of intention to introduce certain amendments, the effect of which was to provide that the sale of tickets on any authorized sweepstakes in any province should be confined, within the Dominion of Canada, to the province in which the sweepstakes were authorized. That is to say, if we chose to take advantage of this plan in British Columbia, we could not sell sweepstakes tickets in Ontario, or Quebec, or any other province, but we should not be prevented from selling them in the United States, for example, or in any other foreign country. I was agreeable to such amendments last year, and I have incorporated them in the Bill.

One point that perhaps was not given as much consideration last year as it should have been is that the proposal is not to legalize the operation of sweepstakes for the benefit of any individual. The Bill provides that the Attorney General of any province which decides to take advantage of this plan shall have the power to appoint a committee to conduct the sweepstakes, and that he may make regulations as to the percentage of receipts that may be allowed respectively for expenses of operation, contributions to hospitals, and prizes. Furthermore, the Attorney General may make regulations providing for the auditing of the accounts of the conducting committee, in a manner satisfactory to himself. Should any of my honourable friends from Ontario, Quebec, Manitoba, or any other province, feel that they cannot conscientiously support this Bill, or that the people they represent would not like to see it become law, may I remind them that if the Bill is passed, the Attorney General of each province—and, I suppose, his opinion would be that of his Government—would refuse to authorize sweepstakes if the public opinion of the province were opposed to them. All that this Bill does is to enable sweepstakes to be held in any province in which, in the opinion of its Government or the principal law officers of that Government, the public would desire it.

I understand and appreciate quite well that there are in this country a number of people who conscientiously object to money being raised in this way; but the only arguments which I have heard adduced in favour of their contention do not appeal to me. Of course, it is a matter for every man's conscience; but to my friends who have so strenuously opposed this measure in the past I would say that this Bill is at least a fair, honest, and, I think, practical attempt to deal with the solution of a problem which is presented. If they do not agree with it, if they feel constrained to vote it down, all I can say to them is that I think it behooves them at least to suggest some other method of financing the institutions to which I refer.

With these few remarks, I beg to move the second reading of the Bill.

Hon. L. McMEANS: Honourable gentlemen, I want to congratulate the mover of this Bill on the very plausible way in which he has introduced it. I believe it contains many meritorious clauses. However, I would point out this fact, that sometimes a Bill passed by this Senate and sent to the other Chamber, no matter how meritorious, is simply put upon the list of private members' Bills, to which only one hour a week is allotted. Then if anybody wants the Bill defeated, it may be put down at the bottom of the list and never be reached. I think we have had a good deal of experience of that kind. On no less than four different occasions, I think, this House passed a Bill in regard to divorce, it went to the lower Chamber, was sponsored there by a private member, and, as only one hour a week was given to private members' Bills, it met the usual fate of such proposals.

Though I voted against the present Bill last session, I am not inclined to vote against it this year, so far as my present knowledge goes. But the point to which I desire to call attention is this. After the Upper Chamber has spent time in deliberating upon this or any other Bill, and has passed it, why should the other House treat us in such a way that,

our Bill having to be introduced by a private member, it receives no consideration at all? When a Bill comes over from the Commons to this Chamber it is considered at once and is usually given the three readings and passed. But if a Bill goes from the Senate, even if it is passed unanimously here, what is the fate that awaits it in the other House? I think we should receive more consideration. I think the Government should see to it that when we pass a Bill and it goes to the Commons it is not dealt with so unceremoniously as it usually has been.

Hon. RAOUL DANDURAND: The remarks of the honourable gentleman from Winnipeg (Hon. Mr. McMeans) concern the procedure governing the relations between the two Houses. Therefore it would not be amiss for this House to suggest a conference with the other Chamber to see if some amendments or modifications of the rules of the Commons could not be made in order that that House might be given an opportunity to examine Bills that are sent there by the Senate. For a considerable number of years the complaint has been made that the procedure of the other House does not facilitate the bringing before it of the legislation initiated and passed here. However, this complaint does not prevent us from dealing with any matter brought before us in the form of a Bill. Even though we must await the good graces of the House of Commons in taking up and considering the question, it is our duty to examine any proposal that may come from any honourable member of this House.

I should like to tell my honourable friend from Victoria (Hon. Mr. Barnard) that I admire his zeal for the hospitals of British Columbia. They are not the only ones that suffer from the present depression, and if I were disposed to yield in the least in the attitude which I have taken in this matter, the first exception I would make—and I would gladly do so—would be for such a proposal as that which is embodied in his Bill.

He has stated that people conscientiously opposed to the principle of the Bill might well limit their objection to the application of the principle to their own provinces, and that those people who do not intend taking advantage of the Bill should permit the neighbouring or other provinces to apply it. He has spoken of the opinions of some members of this Chamber being governed by conscience. I may say that my attitude has not been governed in that way. With me it is rather a question of social policy.

In 1900, or thereabouts, there developed in the Province of Quebec a system of art lotteries which seemed to have a considerably disturbing effect on the minds of the younger element of the population. Such was the extent of the evil that police magistrates represented to the Attorney-General of Quebec and to members of Parliament, sitting in the Commons and in the Senate, that quite a number of young men were being brought before them for stealing money from employers in order to buy lottery tickets.

We all know that lotteries have been prohibited in many countries. The effect of the lottery system seems to be to sap the vitality of a people. According to writers who have dealt with the subject, it has done so in other countries, and the Anglo-Saxon race has been quite firm in refusing to allow the adoption of that system. I know it does not exist in Great Britain to-day—at least, I do not believe it does; but it does exist across the English Channel.

The Senate in 1900 passed a Bill that restricted lotteries to those of the Art Gallery Association of London and one or two others, which I succeeded in having exempted. Those were the only exceptions from the operation of the Criminal Code. Not without some difficulty, the Bill passed in the House of Commons also, and art lotteries disappeared from the city of Montreal and other places in the Province of Quebec. I need not explain the system on which they had been operating. At first there were drawings once a week. Then there came to be drawings once a day and art lotteries were being organized in all quarters of the city.

Shall the principle of restricting games of chance, such as lotteries, be maintained? That is the question for the Senate to decide. The Parliament of Canada has been quite insistent on restricting such games of chance. Now, it is on the second reading of this Bill that we must give our views.

Hon. Mr. BARNARD: Will the honourable gentleman tell us anything about horse-racing and the pari-mutuel system?

Hon. Mr. DANDURAND: Yes, there are such things as horse-racing and the pari-mutuel system.

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

Hon. Mr. DANDURAND: I have never attended a race nor bought a ticket. But if I had been at the races I should not have hesitated to take one ticket on an unknown horse.

Hon. Mr. CASGRAIN: My honourable friend, not being an expert, should not talk on this.

Hon. Mr. DANDURAND: But what I want to draw attention to is the fact that by voting for this Bill and thus opening the door for these very laudable institutions throughout the country, we are sanctioning pro tanto the principle of the lottery. Of course the hospitals are undoubtedly suffering to-day from lack of funds. I need not go to the Pacific Coast for experience in that respect. I notice it in Montreal. I am not disposed to alter my views in this matter. I shall not be scandalized if there is in this Chamber a majority that differs with me, but we must proceed with our eyes open and see exactly to what principle we are adhering.

Hon. A. B. GILLIS: Honourable gentlemen, I am not going to repeat the remarks I made last year, but I wish to say a few words. The logic of the honourable senator from Winnipeg (Hon. Mr. McMeans) was that we should report this Bill and let it be defeated later.

Hon. Mr. McMEANS: I did not say that.

Hon. Mr. GILLIS: I have not changed my mind on this question since last year. Our action in defeating this measure then has met with the approval of people all over Canada. Wherever I have gone in our Western country I have been much surprised to find that the people, particularly the church people, have very strongly commended the Senate for defeating the Bill.

I quite agree with the honourable senator from Victoria (Hon. Mr. Barnard) that the hospitals are in distress, but their situation is similar to that of many other institutions. We are struggling along. Our hospitals are being fairly well supported, and I think that support will be continued even if this Bill is defeated, because hospitals are institutions in supporting which the people of this country take great pride.

I think this should be pointed out as a very serious matter, that the passage of this Bill would result in nothing more nor less than a system of public gambling which would tend to lower the morality of the people of this country. That being the case, I think this House, following the course it took last year, should vote this Bill down. At any rate, I am going to oppose the second reading of the Bill.

Hon. C. E. TANNER: Honourable members, I should like to say a few words in favour of this Bill. If all we hear said about it is true, I am wondering what kind of people those Irish people are. I had the pleasure of visiting them a couple of years ago, and I thought they had a lovely country, and that they were good people. I did not think they were depraved gamblers; they did not appear to be; and I came away from Ireland under the impression that theirs is just as good a country as ours, with people just as well behaved as we are, notwithstanding that they carry on these sweepstakes.

Of course I may be bad myself. Perhaps I should make a confession. I began my gambling career many years ago. I am sure my first depravity occurred at a church bazaar, where I threw dice for a picture of Daniel O'Connell. I won the picture, and I have it yet, and am proud of it. I do not feel one bit the worse for having thrown dice. I think I have bought lottery tickets by the hundred —at church bazaars or from religious organizations, if you please—and I never felt any worse, and I never saw that the religious organizations were any worse.

I have been amused at what happens sometimes in Nova Scotia, particularly in Halifax, where we have a few Chinamen. Those poor fellows meet in the evenings, above their laundry shops, to play a game of fan-tan, and the first thing they know, the patrol wagon is down at the door, and the police bundle them in and take them to the lockup. The next day they are brought before the stipendiary magistrate. Yet not more than a hundred yards away are men and women playing poker and forty-five and euchre and several other games for money, but not a word is ever said to them—I suppose, because they are Christians. The poor Chinaman is locked up in jail because he plays a little game of fan-tan.

Hon. Mr. McMEANS: That is gambling.

Hon. Mr. TANNER: Is this thing wrong, or is it right? I go out to this race-course near Ottawa, or to one in Montreal or Toronto, and buy a ticket. I bet on a horse. I may pay $2, which will buy two tickets. Everybody says that is all right, and the law says it is all right. There is no fine, no moral offence. But if I buy a ticket on a horse in the Irish Sweepstakes, or the races at Epsom, or any race over in England, I am at once a criminal. I am headed for the jail if anybody finds me out. Where is the principle of the thing? Where is the principle in letting religious or any other kind of organizations run lotteries if it is wrong to do so? If the lottery is wicked, if it is immoral, why do we not wipe it out? Why make a law that allows me to buy a ticket on a race at Ottawa

and prevents me from spending ten shillings on a race in England? Where is the logic of it? It is said, "Oh, too many people will buy tickets." As I see it, under this Act the lottery can be regulated—it can be brought under control. For that matter, I should judge that if the Attorney General wanted to do so he could make such strict regulations that he would know the name of every person who bought a ticket. What is the use of shutting our eyes to the facts? Everybody in Canada is buying sweepstake tickets, and the money is going somewhere else. We know it. People tell me they have tickets, and I know of people in this city, and in Nova Scotia, who have bought them by the book. You cannot stop the practice. Is it not better to try to regulate it and bring it under authority? I cannot see where the principle comes in if we legislate to let John Smith buy a ticket and refuse to let Tom Jones buy one. John Smith wants to buy a ticket on a race at Toronto; Tom Jones wants to buy a ticket on a race in England. One man is all right, a Christian, a good-living man; the other is a criminal. That is what we say.

We have tried the plan of making people good by law, and we know how we succeeded in regard to the liquor business. I say we ought to be reasonable about this. There are certain laws and regulations that appeal to the consciences of the people, and that they are willing to obey; there are other laws that do not appeal to their consciences, and that you cannot make them obey. All you do by laws of the latter kind is to make criminals. On this continent we have made more criminals under the liquor laws than have been made by any other system ever invented, and we are still making criminals every day by trying to enforce laws against people making a bet on a horse. People are being chased around by policemen and constables, and are declared to be criminals when they are not. All they want is to be free.

Hon. G. LYNCH-STAUNTON: Honourable members, when this Bill was before the House last session I had the pleasure of supporting it, and I intend to support it again. I have been reading the arguments directed against the Bill by that peerless orator, that Rupert of debate, unsurpassed in forensic eloquence and clarity of expression, whose voice will never again be heard in this Chamber, and I am of the firm opinion that the right honourable gentleman had a wrong mental attitude when he approached the subject. He said:

It is, in fact, the complete apotheosis of chance. Through it the winners of prizes are determined by chance, and chance alone, and in that respect it is the most dangerous and most demoralizing form of gambling.

I am surprised that such a master of English, a gentleman who so well understood the meaning of words, should have fallen into the idea that this Bill was in nature a gambling Bill. I have taken the trouble to look up the word "gambling" in the Oxford Dictionary—that "well of English undefiled"—and nowhere do I find a definition that covers this case. Not only does the definition of gambling not cover this case, but it says that all games of chance are not gambling. I will read it:

To play games of chance for money for unduly high stakes; to stake money in extravagant amount on some fortuitous event. As the word is, at least in serious use, essentially a term of reproach, it would not ordinarily be applied to the action of playing for stakes of trifling amounts, except by those who condemn playing for money altogether.

Now, gambling is playing for stakes. In buying a ticket on a lottery nobody is playing for stakes. The right honourable gentleman says:

In the first place, there would be a reversal of the policy and practice of Canada since Confederation—to go back no farther. It would result in the exploitation of human weakness such as is evinced in an inordinate desire for money, or to get something for nothing, or to "get rich quick" at the expense of someone else.

That, I think, is a definition of gambling, but the essential element of getting rich quickly at somebody else's expense is entirely wanting in a lottery such as would be authorized by this Bill.

I need not go further. The honourable gentleman from Pictou (Hon. Mr. Tanner) has shown the absurdity of the contention and the hypocrisy of the statement that such a Bill as this authorizes gambling. I have gambled, but the only place I ever had an opportunity to do so was in that great, public, lawful casino, the stock market.

Hon. Mr. BUREAU: How did you come out?

Hon. Mr. LYNCH-STAUNTON: Lost every time. Not only have we established a stock market, but we have framed that monstrous thing the company law of the Dominion of Canada in order to permit, foster and encourage gambling of every kind, colour and description; we have gone back to the condition preceding the passing in England of the Bubble Act, the purpose of which was to restrain gambling—gambling which was disastrous to the whole world. We encourage

and facilitate gambling by extending and extending the chances under our company laws, and that a people like ourselves, whose chief industry is gambling, should condemn this Bill passes my understanding.

The only other thing I have to say is that the honourable gentleman from Winnipeg (Hon. Mr. McMeans) is quite unreasonable. He has said that a Bill that passes this House, a branch of Parliament, has no chance in the House of Commons, but is pushed aside. He must remember that this is a democratic country and that the voice of democracy is the voice of God. Perhaps that is the reason they do not listen to it.

Hon. Mr. McRAE: Honourable gentlemen, I move the adjournment of the debate.

Hon. Mr. CASGRAIN: Before the debate is adjourned, perhaps the honourable member who introduced the Bill would give us figures showing how much money Ireland has been making out of this system. I am surprised at the last speaker (Hon. Mr. Lynch-Staunton). He comes from Ireland, and if he votes for this Bill he will not be welcomed back there.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: Perhaps the honourable gentleman who introduced the Bill would tell us how much money Ireland is getting out of the sweepstakes. Why, in my own house in Montreal tickets galore have been bought for the next sweepstake in Ireland.

Hon. Mr. BARNARD: I do not know that I can give my honourable friend all the information he wants.

Right Hon. Mr. GRAHAM: The motion to adjourn is not debatable.

Hon. Mr. BARNARD: The motion has not been put.

Hon. Mr. POPE: There is a motion to adjourn.

Hon. Mr. BARNARD: I can give my honourable friend a little of the information he asks for, but, as I say, I am not in a position to tell him all that he may want to know.

Hon. Mr. LYNCH-STAUNTON: Does the honourable gentleman know that there is a motion to adjourn?

Hon. Mr. BARNARD: I am trying to answer the question of my honourable friend opposite.

Hon. Mr. POPE: The honourable member is out of order.

Hon. Mr. BARNARD: I cannot tell my honourable friend the total amount of money that has been received in respect of these sweepstakes in Ireland, but I can give him some details from the report on the last one, the Manchester Handicap, which was run in November. The total prize money was £1,942,164, which was divided into nineteen prize units of £100,000 each and ten prizes of £4,216 8s. each. Of the total received—and all the money was not Irish money; much of it went from Canada, which is one of the points in favour of my Bill—

Right Hon. Mr. GRAHAM: What was the amount of the balance left for Ireland?

Hon. Mr. BARNARD: I will send the information over to my honourable friend, if he wants it. Out of the total amount 20 per cent, I think, is allowed for expenses, and 30 per cent for hospitals. I say that subject to correction. The balance goes in prizes.

The debate was adjourned.

BRITISH AND FOREIGN INSURANCE COMPANIES STATUS AND POWERS BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill B 1, an Act respecting the Status and Powers of British and Foreign Insurance Companies in Canada.

He said: Honourable senators, possibly I owe a brief explanation to the House of the purpose of this measure, and of its companion measure, which was introduced to-day. There has been a series of deliverances of the Privy Council affecting the powers of the Dominion of Canada, and differentiating them from the powers of the provinces, in relation to the status, powers, control and regulation of insurance companies chartered by the Dominion. The decisions affect similarly the status, powers, control and regulation of British or foreign companies—known as aliens—doing business in Canada.

The most recent of those decisions is of very late date, and its effect is known, I am sure, to the lawyers of the House. That decision in an important respect was in favour of the provinces, and this Bill is designed to meet the situation as it has developed. It seeks—as I think it ought to seek—to maintain by virtue of the powers of this Parliament such measure of jurisdiction as is essential to protect the public, in their relations with insurance companies, against bankruptcy or insolvency on the part of the com-

panies. I do not need to go further into the reasons based on the Privy Council's decisions.

Honourable members will have an opportunity of reading the Bill, and will very easily see the principle upon which it is based. So that the import of the Bill may be fully studied by those immediately concerned, it is intended to allow an interval before the measure is taken up by the Banking and Commerce Committee of this House.

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

BUSINESS OF THE SENATE

Hon. Mr. CASGRAIN: May I ask the right honourable leader if there is anything on the Order Paper for to-morrow?

Right Hon. Mr. MEIGHEN: One needs to be a member for some little time to know the exact procedure with regard to the Order Paper, but I presume that everything uncompleted at any stage would appear there. If that is so, the resumption of the debate on the previous Bill would appear.

Hon. Mr. CASGRAIN: Will there be any new business?

Right Hon. Mr. MEIGHEN: There will be the second reading of the companion Insurance Bill, and there will be the naming of the committee to act in relation to the Beauharnois Project.

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

THE SENATE

Friday, February 12, 1932.

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

Prayers and routine proceedings.

DIVORCE PETITIONS

Hon. L. McMEANS: Honourable senators, I beg to present a list of seventeen petitions for divorce. I may say, for the information of the House, that the Divorce Committee is feeling the depression: the applications are falling off.

Right Hon. Mr. MEIGHEN.

ALBERTA-BRITISH COLUMBIA BOUNDARY BILL

FIRST READING

Bill 2, an Act respecting the Boundary between the provinces of Alberta and British Columbia.—Right Hon. Mr. Meighen.

THE LEAGUE OF NATIONS

ORDER FOR RETURN

Hon. Mr. GRIESBACH moved for an Order for a Return showing:

1. (a) Names of the nations who are members of the League of Nations, and

(b) The contributions assessed against each nation, member of the League, for maintenance of the activities of the League for last year, or, failing that, any recent year for which the Government has the information.

(c) The receipts and expenditures of the League (totals only) for last year or any recent year for which the Government has the information.

2. The contributions made by Canada to the League of Nations since its inception year by year on account of (a) assessments or payments for the support of the League; (b) cost of delegations; (c) incidental or other expenditure occasioned by Canada's membership in the League.

3. Showing what (if any) nations, members of the League, are in arrears with their assessments or contributions for the maintenance of the League year by year, extended to show the total arrears in the case of each nation in arrears.

The motion was agreed to.

NEW BRUNSWICK POTATOES

NEWSPAPER STATEMENT

Before the Orders of the Day:

Hon. C. W. ROBINSON: Honourable members, before the Orders of the Day are called, may I rise to a question of privilege? I notice in one of the newspapers published in the metropolitan city of Ottawa this morning the following remarks:

> New Brunswick is famous for potatoes, but New Brunswick politics is generally small potatoes. Inspired by the New Brunswick peer, Lord Beaverbrook, a resolution of potato dealers has been passed threatening to boycott British trade. Great Britain has survived Chinese, Indian and other boycotts: the threat from New Brunswick will hardly cause the Federation of British Industries to call an emergency session.

I can understand, of course, the desire of the editor to have a little joke at the expense of the Province of New Brunswick. While our potatoes down there may be small, they might have been a little larger if we had not been hornswoggled into Confederation. Potatoes have always been more or less mixed up with politics in New Brunswick. But this is a

serious matter, and I am calling attention to it in the belief that the more advertising it gets, the better for us in the Province of New Brunswick. We have a very difficult situation down there. The potato growers are not allowed to export their potatoes to Great Britain. If our friends of the newspapers would study the question closely they might come to the conclusion that the potato growers of New Brunswick have a good case; and now that the newspaper writers have had their amusement, I hope they will lend a hand towards improving the situation.

Right Hon. Mr. MEIGHEN: I join with my honourable friend in lamenting the character of the article; but I think he did a still greater injustice to the province when he said it had been hornswoggled into Confederation.

Hon. Mr. ROBINSON: Well, I think that is a correct statement.

THE BEAUHARNOIS PROJECT

PERSONNEL OF COMMITTEE

Right Hon. Mr. MEIGHEN moved:

That the following senators, to wit: the Hon. Senators Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, Robinson and Tanner constitute the Special Committee appointed for the purpose of taking into consideration the report of the Special Committee of the House of Commons of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, and that the said Committee be authorized to sit during sittings and adjournments of the Senate.

He said: Honourable senators, no words would be appropriate at the moment save as they bore upon the personnel of the Committee, and possibly the last section of the motion. It goes without saying that honourable members have not been eager for appointment to this Committee and have accepted merely as a matter of duty. That is true of those on the other side, I have no doubt, and certainly it is of members on this side. One consideration that governed me in determining choices was that I felt the members appointed would be more appropriately selected from points of the country not immediately associated with those from which come the senators whose names appear in the report. On the principle of venue, very often suggested and indeed usually adopted in our courts, I have made the selections from men who are geographically distant from and in no way connected with those who may be involved.

On the last point, namely, the request that the Committee have power to meet during adjournments, this is included in the motion merely because of the conviction that the public expect that expedition will be exercised, as far as it can be exercised in justice to all concerned, and that the delays incident to adjournments which this House will have to submit to because of the lack of business should not mean delay on the part of the Committee.

Hon. Mr. LAIRD: How many members of this Committee of nine are lawyers?

The Hon. the SPEAKER: I think there are seven: Hon. Messrs. Béique, Chapais, Copp, Griesbach, McMeans, Robinson and Tanner.

The motion was agreed to.

DOMINION INSURANCE COMPANIES STATUS AND POWERS BILL

SECOND READING

Bill C1, an Act respecting the Status and Powers of Dominion Insurance Companies.—Right Hon. Mr. Meighen.

THE BEAUHARNOIS PROJECT

MOTION FOR PRODUCTION OF EVIDENCE

Right Hon. Mr. MEIGHEN: Before the next Order is called, I beg to make a motion, the exact form of which is not in my hand, but the effect of which is indicated in some words that I spoke in the Senate yesterday. It is a motion authorizing the procurement in the proper way, from the House of Commons, of the evidence in the Beauharnois investigation, for the use of our Committee, and to accompany the reference. I shall have the form in the hands of the Clerk very shortly.

Hon. Mr. DANDURAND: Is that a notice of motion?

Right Hon. Mr. MEIGHEN: No; it is a motion to the effect that the proper official of this House request the House of Commons to send to us the evidence of the Beauharnois Committee, and that on arrival we commit it to the Committee we have just appointed.

Hon. Mr. DANDURAND: I have some hesitancy in agreeing to this motion, and I will state what is passing through my mind. Yesterday we asked ourselves whether we should send that request to the Commons without delay or whether we should leave the matter for our Committee to decide. The right honourable gentleman thought the Committee could come to us at any time and ask that the proper steps be taken in that direction. Now I would ask my right honourable friend, could we not attain the same object

if we left the Committee free to decide as to its need of that evidence and simply empowered it to ask for a copy? Perhaps the request would still have to pass through the Senate.

Right Hon. Mr. MEIGHEN: The delay is all I wish to avoid. I do not want the Senate placed in the position of being responsible for any delay on the part of the Committee. I want the Committee perfectly free to carry on its work as it may be advised. But if, for example, the Committee, after this House adjourns to-day, should see that it ought to have the evidence in order to go on, it would be rather reprehensible on our part that we had adjourned without providing for that requirement. I therefore feel that, as doubtless the Committee will wish the evidence, the motion had better be carried. We could wait until Monday if honourable members were willing that the Senate should adjourn from to-day until Monday.

Hon. Mr. DANDURAND: No. I was simply wondering whether we should not leave the matter to the Committee. But I see the difficulty that the Committee would be in if the Senate were not sitting.

The Hon. the SPEAKER: It is moved by Right Hon. Mr. Meighen, seconded by Hon. Mr. Robertson:

That a message be sent to the House of Commons requesting that House to grant leave to their Clerk to appear and produce before a Special Committee of the Senate a copy of the evidence adduced during the last session before the Special Committee of the Commons appointed to investigate the Beauharnois Power Project.

The motion was agreed to.

HOSPITAL SWEEPSTAKES BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill A1, an Act with respect to Hospital Sweepstakes.

Hon. A. D. McRAE: Honourable gentlemen, in speaking in support of the Sweepstakes Bill introduced by the honourable senator from Victoria (Hon. Mr. Barnard), I quite appreciate that a considerable portion of our Canadian people are adverse to so-called gambling. Not a few of them would entirely prohibit gambling of all sorts, were that possible. With those I frankly disagree. It might not be amiss to review very tersely our national attitude towards gambling.

As a whole are we Canadians a gambling people? That is a blunt question. My answer is: we are, both by inheritance and by environment. The British race has long been recognized as a race of sportsmen. It was the boldest and best sports of their day, both French and British, who tempted fate and discovered this Dominion, later exploring it to the Pacific and to the Arctic. We never tire of referring with pride to those ancestors, to their spirit of adventure and to their daily gamble with life and death. Adventure is akin to gambling; the two are inseparable.

As the descendants of those adventurers, what outlet do we find to the spirit that is inbred in us and that we in turn shall pass on to our children? Speaking for myself, I have found an outlet in the commercial life of the Dominion, and I am sure many other honourable senators can say the same thing. In that life there are many gambles. As I look back on the long years I have spent in business I realize that some of the greatest gambles I ever took were in my commercial ventures. Undoubtedly, many of you honourable gentlemen have had similar experiences. When the gamble turns out well, when we win, we are given credit for unusual business acumen; when we lose we are said to have made a poor gamble. Such is modern business.

We come from races that took their chances. Should we—indeed, can we—eradicate in our generation the spirit that we have so well inherited? I do not believe we can. Would it be wise to do it if we could? I do not think so. That spirit has been responsible for the development of the Dominion to its present position. The restoration of that spirit of adventure—or gamble, to use the less polite term—would perhaps do more than anything else to bring about the return of prosperity.

With such breeding, instead of destroying, should we not endeavour to control and direct the avenue through which this national spirit may find its outlet?

I do not share with the honourable senator from De Lorimier (Hon. Mr. Dandurand) the fear that the adoption of sweepstakes may undermine the morale of our people. By our approval of the pari mutuels in several provinces—for example, in my own Province of British Columbia, in Ontario, and, I believe, in Quebec as well—we have not only authorized gambling, but we have reconciled the public conscience to the necessity of it. We have gone a step further by taking as our quid pro quo, for the benefit of the public treasury, a rake-off from that particular enterprise, a form of gambling that many people say fails to give the public a fair run for

their money. If it is true that through pari mutuels we have accepted the principle of participating in the profits of gambling, why should we not deal with the whole matter in a thorough, comprehensive way, under proper public control?

The honourable senator from Victoria (Hon. Mr. Barnard), who is sponsoring the Bill, has referred to the money going out of Canada in connection with the Calcutta, the Irish and other foreign sweepstakes. I find that a great many people in Canada to-day, aware of the fact, are beginning to feel that we should keep our money at home and at the same time give our citizens a fair gamble. No doubt these people have not entirely overlooked the little odd change that sweepstakes might bring in to us from other countries. Perhaps the present burden of taxation and the need for new sources of revenue may account for this softening of our national conscience with respect to these matters. Serious thought is being given throughout the Dominion to the possibility of raising funds by some such means as proposed in the Bill, and I am sure that the discussion here and in the other House, if honourable senators see fit to give third reading to the measure, will serve a useful purpose.

I intend to vote for the Bill because I am in favour of its principle, but I cannot say I am very enthusiastic about the idea of putting nine provinces into the sweepstakes business with nine different managers. I should greatly prefer federal sweepstakes, the net proceeds to be devoted to the retirement of the public debt. If our tender national conscience frowned upon contributions from such a source, then I should like to see the proceeds applied to unemployment relief, the burden of which is likely to be with us for some time to come, with the ever increasing difficulties of financing the same.

I hope honourable members will see fit to pass the measure and send it to the Commons. There the discussion as to the financial value of sweepstakes would probably be more detailed than it could be in this Chamber, the proposal should thus receive wider publicity and become a more general topic of conversation throughout the country. I think the sweepstakes issue will attract increasing public attention in the near future. The discussion on the present measure in this Chamber and elsewhere should therefore prove to be of an educational and generally useful character.

Hon. E. MICHENER: The honourable member for Victoria (Hon. Mr. Barnard), who introduced this Bill, has given us some plausible reasons why it should be passed. Having been mentioned as the seconder of his motion, I should be remiss in my duties if I did not speak to it. There are two sides to every question. It is not my purpose to review the arguments raised by my honourable friend, nor to repeat those which have been stated by honourable members who hold opposite views. I will say, however, that I think the incorporation of the amendment to which my honourable friend has referred has weakened rather than strengthened his Bill, for if we may have in one province sweepstakes in which the people of the other eight provinces cannot participate, then the merit of the whole thing is largely lost. The only virtue in the sweepstakes would be the providing of revenue for the hospitals in one province. But why should the people of Alberta, for example, be denied the right to buy tickets for the benefit of hospitals in British Columbia? This brings up a point which my honourable friend from Pictou (Hon. Mr. Tanner) stated in support of the Bill, but which in my opinion is really a reason why he should oppose it. He said he did not believe in legislation which could not be readily enforced, and I am sure we all agree with him on that. But if this measure passed and only one province took advantage of sweepstakes, would it be possible to prevent people in the other eight provinces from buying tickets for those sweepstakes? On the contrary, would there not be a great number of lawbreakers in this respect? It is commonly said that hundreds of thousands of people in Canada are illegally participating in the Irish and other sweepstakes. It seems to me that if the honourable senator from Halifax follows his argument to a logical conclusion, he will have to oppose this Bill on the ground that if it became law it would be unenforceable.

My honourable friend from Vancouver (Hon. Mr. McRae) has expressed the view that we are gamblers by force of heredity and circumstances, and possibly to a certain extent he is right. But there is a difference between gambling for sport and gambling with the object of contributing to hospitals or reducing taxes. One of the great public virtues is the ready and generous response that is made to appeals for donations to hospitals and other charitable and philanthropic institutions. It is perhaps the crowning glory of humanity that it follows that noble impulse to help those who are in need. I am convinced that people always will continue to give of their means to charitable objects, and I think it is undesirable to substitute sweepstakes for the higher incentive to which I have referred. As far

as the Province of Alberta is concerned, I have not heard of any difficulty in the financing of hospitals; but it is said that it is necessary to create an additional source of revenue for such institutions in British Columbia.

There are two particular reasons why I cannot support the measure. In the first place, I am told that in Ireland a number of hospitals have refused to take proceeds from sweepstakes, on the ground that anything gained thereby would be more than offset by the loss of voluntary contributions and bequests. Secondly, so far as I know, when this Bill was up for consideration last year it did not receive any editorial support, although it was the subject of a good deal of comment by both the secular and the religious press of the country. I happen to have in my desk an editorial from the Winnipeg Tribune of May 11, 1931, which is perhaps a very good example of how the measure was regarded by the press. It reads in part:

> Irish hospital lotteries won a certain measure of approbation because they seemed to be a device for getting the people of England to support the Irish hospitals. This droll and typically Irish touch of poetic justice succeeded very well, but there is such a thing as carrying a joke too far. The British race, and Canadians in particular, are too wise to adopt the lottery as a permanent institution. We have to cope with enough degrading and demoralizing influences without setting up any new ones.

In reply to my honourable friend from Vancouver (Hon. Mr. McRae) let me say that in my opinion there are plenty of ways in which we may find an outlet for our gambling instincts without tying them up to hospitals or similar institutions. When my honourable friend intimates that he is speaking for a majority of the people I think he is perhaps taking in too wide a circle. To continue reading:

> The immediate plea for the Senate Bill is that it will rescue the hospitals of British Columbia, which are said to be in a bad way financially. The answer to that plea is that the lottery is a very expensive way to support a hospital. The hospital gets only a few cents out of the ticket-buyer's dollar. The lion's share is absorbed by selling costs.
>
> Adoption of the scheme by British Columbia would mean that the people of the other provinces would be exploited.

Of course, the present Bill seeks to overcome that objection, but the people of the other provinces would be exploited nevertheless, although illegally.

> The other provinces would be almost compelled, in self-protection, to adopt the scheme for themselves. The lottery appeals to a certain type of practical politician as a means of reducing taxation. It is only a step from liquor profits and race-track rake-offs to a state lottery. All of these are open to the same objection: they absorb a great deal of money from the public, and return only a slight percentage to the public treasury. Canada, in a period of depression, should be, and as a matter of fact is moving in the opposite direction. It is a time when our most important task is to make the most efficient use of what we have, instead of squandering it in childish, costly and sordid delusions.

Does any honourable member imagine that this Bill would pass in another place? I think we all realize that it would not. Then why should we pass it here and call down upon this House a Dominion-wide criticism in the press, which would dub us a reactionary body? Why should we put a club into the hands of our enemies? For we have enemies, some of whom are editors of papers, and it seems to me that to pass this measure in the Senate would be playing into their hands. For the reasons mentioned, honourable senators, I intend to vote against the measure.

Hon. J. H. KING: Honourable senators, I hesitate to continue this debate, but I intend to be brief. I should be disposed to support any fair measure which would result in additional revenue for our hospitals, provided we had the assurance that the revenue would be permanent. But I do not find any such assurance in this measure. The public hospitals of Canada have become great institutions in their respective communities. In recent years there has been an entire change of public attitude towards hospitals and their services. Some thirty or forty years ago these institutions were used principally by persons suffering from incurable diseases or ailments requiring urgent surgical attention. To-day these places have become human workshops to which people resort for the cure or relief of countless ills and frailties, of a minor as well as of a serious character. These institutions have become so important to the public generally that it has been necessary for all municipal and provincial governments to subsidize and support them. The greatest hospital service in Canada to-day is maintained by the Dominion Government. During and following the War it was necessary to establish hospital units throughout Canada to take care of those who suffered war casualties. That service has grown to be a very large one, providing treatment in the hospitals for some three thousand or more patients every day in the year, in addition to rendering other services outside. Although the housing is not all that one would like it to be, the service is well maintained, the staff well officered, and the work being done is, I think, a credit to the Department, to the

Government, and to the people of Canada. The civilian population are dependent on a variety of organizations, such as hospital committees, church organizations, the Red Cross, and the Daughters of the Empire. Their revenues come from fees received from paying patients, public subscriptions, endowments, and in many cases provincial and municipal grants. Also, the provincial and municipal governments have set up certain classes of hospitals; for instance, sanitariums for tubercular patients, and asylums for the treatment of those suffering from mental diseases. All these institutions are under government supervision, and nearly all receive, to a greater or less degree, municipal or provincial government support.

That being so, I prefer that it should be left in the hands of the constituted authorities to make up any deficiencies that may occur, rather than that the hospitals should be dependent upon chance, as I think they would necessarily be under the present proposal, or upon the enactment of further legislation. Of one thing I feel certain: if we adopt a measure of this kind, we shall find that the source of revenue now available will dry up.

Hon. C. P. BEAUBIEN: Honourable members, I should like to clear up certain objections of a practical nature which seem to attach to this Bill. I cannot but congratulate the honourable member from Victoria (Hon. Mr. Barnard) upon the crisp and clear way in which he has presented this measure, and the very sincere effort he undoubtedly has made to restrict its application to provinces which might desire to adopt the sweepstake method of raising money for hospitals. Nevertheless, I question very much whether the honourable gentleman is really presenting a practical proposition to this House. Is it true that if this Bill is passed every province will be free to accept it and make use of it, or to reject it? I am extremely doubtful that it will be possible to prevent the flooding of this whole country with tickets for sweepstakes, should even one province take advantage of the provisions of this Bill. The reason for my doubt is that although the authorities are at present armed with the weapons of the criminal law, and have the assistance of the arsenal at the disposal of the Post Office Department, they do not seem able to prevent the permeation of the whole country by tickets for sweepstakes which are being operated thousands of miles from here.

Now, honourable gentlemen, if a lottery is established in the Province of British Columbia, do you think it will be at all possible to prevent the tickets of that lottery, which have been legally issued, from being sold in the other provinces? In my humble opinion, based upon the example that we have before us, it will not be possible. If money is required in a province for the purposes that have been mentioned, and a sweepstake is authorized, the only means the other provinces will have of keeping within their own boundaries money that would be likely to go to such an enterprise will be to institute lotteries of their own, and appeal to their people to patronize them. Therefore, in every province of the Dominion sweepstakes will be organized from time to time, and tickets will be sold. What will be the result? Although in theory the liberty of each province is preserved, in practice every province will be constrained to make use of this law in order to protect itself.

But that is not all. If we now create a precedent by granting such extraordinary privileges for the purpose of maintaining hospitals, where are we going to stop? I can name many meritorious objects which are deserving of consideration in this respect. For instance, we have in my own province, in the city of Montreal, a Refuge for Incurables. I know of no more praiseworthy endeavour, no more necessary institution. Should the Province of Quebec decide to make use of this law, could we refuse such institutions as this the right to conduct a lottery in order to raise necessary funds? Think of all the meritorious undertakings of this kind that would be entitled to consideration. We have our insane asylums. They are not hospitals.

Hon. Mr. BOURQUE: Yes, they are.

Hon. Mr. BEAUBIEN: No, they are not. They are refuges. That they are not hospitals is demonstrated by the fact that patients are forced to leave the hospitals when once it is determined that they are incurable. I know that the rule in all hospitals, at all events in Montreal, is that incurable patients must find some other refuge; and that admirable institution, the Sacred Heart, receives these unfortunate people who, having no further hope in this life, seek a haven in which to pass the remainder of their days. Where are we going to stop? One organization after another will knock at the door of this Senate asking for measures similar to this one. If we grant the request now before us we shall be creating a precedent that will tie our hands in the future.

But suppose that we are all converted by the very excellent argument of the honourable member from Victoria, and that sweepstakes

are instituted in every province. What then? Competition will arise, and we shall see one lottery competing with and underbidding another. I understand that out of every three dollars subscribed to lotteries, two dollars go to the people who carry them on as a means of making a livelihood, or to the holders of lucky tickets, and only one dollar goes to the support of the institution for which the funds are being raised. In seeking a means of raising funds for hospitals, would it not be more practical to look for one in which sixty-six per cent of the money subscribed would not be actually wasted, and more than thirty-three per cent would be applied to a useful purpose? Further, when competition commences, the cost of raising the funds, instead of being sixty-six per cent, will be seventy or seventy-five per cent, or even more. Where is it going to stop? When institutions of this kind are set up all over the country, lottery tickets will be sold in the streets of all the big cities of Canada, as they now are in the city of Buenos Aires. In that city, on the most frequented business highways, where rentals are tremendous, you will see every two or three blocks enormous stores with windows all placarded with nothing but lottery tickets. Aside altogether from the moral point of view, is that a healthy condition? I am appealing to you, honourable gentlemen, purely and simply on practical grounds. Is it good business to authorize the throwing away of two dollars out of every three raised, simply because one dollar is to go to a meritorious cause?

Our honourable colleague has made good use of the argument that the money is to be raised for an excellent purpose, but I think that the means of raising it are rather doubtful. After all, Canada is the offspring of Europe. We have learned many lessons from Europe. Lotteries existed in many countries of Europe years ago. Where are they now?

Hon. Mr. BARNARD: In France.

Hon. Mr. BEAUBIEN: Ah, my honourable friend makes a terrible mistake. Years ago France made two lottery issues, the City of Paris and the Panama; but that was at least thirty years ago.

Hon. Mr. BARNARD: I beg to differ with my honourable friend. I happen to have a few of the bonds issued by the French Government in 1919 and 1920.

Hon. Mr. BEAUBIEN: I am glad my honourable friend has brought that to my attention. It is passing strange to me. Remember, honourable gentlemen, the City of Paris bonds and the Panama bonds are not really lottery tickets, because although you may lose part of the interest on your money you are sure of the principal. A lottery is something in which one's investment, if you may call it that, depends absolutely upon chance: he either wins, or he loses it entirely, the result depending on whether fortune smiles or not. In the case of the City of Paris bonds and the Panama bonds the investor was sure to get back his capital, although he might be deprived of part of the interest on it for a certain number of years.

Are we not going to benefit by the example of Europe? The people there have found, probably through an excess of such undertakings, that they were obliged to abolish them. After all, is it unreasonable to say that if lotteries are permitted in one province they must exist in all; that if they exist in all they must compete with one another; that if they are permitted for one good purpose they must be permitted for all good purposes; and that when hundreds of lotteries are functioning in this country we shall be obliged to put a stop to them and to revert to the situation as it is to-day?

Just one last word. My honourable friend says we are suffering the pangs of conscience, which should have been apparent long ago. Lotteries, he says, exist on the race-track, and are operated in the cause of charity. I may be permitted to say that it is not a crime to take a drink; at least, having been brought up in the Province of Quebec, I have absolutely no misgivings about that; nevertheless it is a folly to permit the retention of the bar, because what in use is commendable, in abuse may be fatal. When a lottery ticket is put into the mail it will travel anywhere in the world. You cannot stop it. The disease, instead of being confined to a small area, permeates all the people. I will not attempt to speak of the moral danger, because that aspect has been pleaded so well by a voice that we shall never hear again; but from the practical point of view it seems to me that if we permit lotteries at all they will bring about such an abuse that before very long we shall be constrained to forbid them altogether.

On motion of Hon. Mr. Sharpe the debate was adjourned.

The Senate adjourned until Tuesday, March 1, at 8 p.m.

THE SENATE

Tuesday, March 1, 1932.

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

Prayers and routine proceedings.

CANADIAN FARM LOAN BOARD

INQUIRY

Hon. Mr. McMEANS inquired of the Government:

1. What is the cost of operation of the Head Office of the Canadian Farm Loan Board, including salaries, rent and office expenses?
2. What is the total cost of operation of other offices of the Board?
3. How much of the total stock has been subscribed for and by whom?
4. What is the total value of bonds issued by the Board?
5. What sums have been loaned by the Board, in what provinces and at what rate of interest?
6. What sums have the Board received from the Federal Government?

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

1. 1930-31, $37,068.60.

2. 1930-31, $90,295.97.

3. Capital stock subscribed as at December 31, 1931:

By Govt. of Canada	$ 366,465
By Govt. of British Columbia	58,109
By Govt. of Alberta	154,025
By Govt. of Manitoba	19,410
By Govt. of Quebec	97,827
By Govt. of New Brunswick	24,977
By Govt. of Nova Scotia	12,116
By borrowers from the Board	375,028
	$1,107,957

4. As at December 31, 1931, $1,350,000.

5.

	Amount loaned to Dec. 31, 1931
British Columbia	$1,229,471 76
Alberta	3,166,987 49
Manitoba	390,833 92
Quebec	2,008,713 03
New Brunswick	521,358 00
Nova Scotia	250,700 00
	$7,568,064 20

Interest 6½ per cent per annum on current principal and 7 per cent per annum on arrears.

6.

Special advance, Vote 505, Appropriation Act, 1928	$ 50,000
Initial capital advances (Section 5, a, Canadian Farm Loan Act)	5,000,000
Subscriptions to Capital Stock (Section 5, b, i, Canadian Farm Loan Act)	339,047
Sale of Canadian Farm Loan Bonds (Section 18, Canadian Farm Loan Act)	1,350,000
Total at December 31, 1931.	$6,739,047

BOARDS OF TRADE BILL

FIRST READING

Bill 3, an Act to amend the Boards of Trade Act.—Right Hon. Mr. Meighen.

CRIMINAL CODE (SUMMARY TRIALS) BILL

FIRST READING

Bill 7, an Act to amend the Criminal Code (Summary Trials).—Right Hon. Mr. Meighen.

JUVENILE DELINQUENTS BILL

FIRST READING

Bill 8, an Act to amend the Juvenile Delinquents Act—Right Hon. Mr. Meighen.

CRIMINAL CODE (CONVEYANCE OF PROHIBITED ARTICLES) BILL

FIRST READING

Bill 11, an Act to amend the Criminal Code (Conveyance of Prohibited Articles).—Right Hon. Mr. Meighen.

OTTAWA AGREEMENT BILL

FIRST READING

Bill 12, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.—Right Hon. Mr. Meighen.

ORDERS IN COUNCIL BILL

FIRST READING

Bill 13, an Act relating to the submission to Parliament of certain Regulations and Orders in Council.—Right Hon. Mr. Meighen.

ADMIRALTY BILL

FIRST READING

Bill 15, an Act to amend the Admiralty Act.—Right Hon. Mr. Meighen.

MARRIAGE AND DIVORCE BILL

FIRST READING

Bill 17, an Act to amend the Marriage and Divorce Act.—Hon. Mr. Griesbach.

ALBERTA-BRITISH COLUMBIA BOUNDARY BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 2, an Act respecting the Boundary between the Provinces of Alberta and British Columbia.

Hon. Mr. CASGRAIN: Honourable gentlemen, I understand that the land in Alberta now belongs to the Province. Is the same thing true of the land in British Columbia?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. CASGRAIN: In that case how can the Federal Government interfere? The Government has no further interest in that boundary; it does not own any of the property. It is a common thing to establish boundaries. It is well known that the line between Quebec and Ontario runs from where White River falls into Lake Temiskaming, and then follows the meridian until it arrives somewhere near Moose Factory. That line was finished only last August. The Dominion Government did not interfere with that. There is another place, on Lake St. Francis, where there will have to be a boundary fixed between the two provinces, Quebec and Ontario, and the matter is now pending.

A boundary has no width, but is only an imaginary line, and I do not see how the Federal Government can interfere. How can it take land that it has already given to one province or the other? I think the right honourable leader in this House should consider this point, which I think is well taken. As I am a land surveyor, it is my business to mark boundaries. Certainly the Dominion has no right at all, as far as I can see, in this matter, because the land belongs either to British Columbia or to Alberta. Are we going to take land from one province and give it to another by straightening or changing the line? I think the right honourable gentleman might let this matter stand and ask the Government to consider it. I think the proposal is an encroachment on provincial authority. What interest has the Dominion Government in that line?

Right Hon. Mr. MEIGHEN: The matter is not so pressing that it could not be delayed, but I would rather undertake to convince the honourable senator to-night than undergo the humiliation of a delay.

Hon. Mr. CASGRAIN: I do not consider it a humiliation.

Right Hon. Mr. MEIGHEN: I think the honourable senator is mistaken as respects the function which the Dominion Parliament must perform in the determination of any boundary line, in the case to which he has referred, the delimitation of the boundary between Ontario and Quebec. While the provinces must concur in any addition, subtraction or alteration, the Dominion Parliament itself must legislate. But it legislates only with the concurrence of the affected provinces, and must have done so in the case to which the honourable gentleman has referred. The British North America Act as amended in 1871 provides that modifications of the limits of any province must be made with the approval of the province, but must be legislated by the Parliament of Canada. I think the honourable member will find a recital of that fact in the very legislation which is before us. He will find it in the preamble of the Bill. Without delaying the House by a perusal of the whole preamble, let me read this section:

> And whereas the said Commissioners have made due report of their said survey, and have caused the line indicating the boundary between the said Provinces to the extent aforesaid to be surveyed and marked upon the ground and to be duly laid down upon maps signed by them as such Commissioners, which said reports and maps have been printed and copies thereof deposited in the office of the Surveyor-General of the Dominion—

and so on;

> And whereas by section three of The British North America Act, 1871, it was enacted that the Parliament of the Dominion of Canada may from time to time, with the consent of the Legislature of any Province of the Dominion, increase, diminish or otherwise alter the limits of the Province, upon such terms and conditions as may be agreed upon by the said Legislature, and may, with the like consent, make provision respecting the effect and operation of any such increase or diminution or alteration of territory in relation to any Province affected thereby; And whereas the said Provinces have given their consent—

and so forth. It is observable that the Dominion must legislate.

What has occurred is this. Back in 1913, proceeding, I believe, upon the petition of the particular provinces, the Dominion Government extended an invitation to those provinces to join with the Dominion in the survey, each appointing a land surveyor. The land surveyors were not neglected in this matter, any more than they are now. They took their proper part, but not an improper part, in this great work, determining where the boundary lay in the great mountainous country to the north. The legislatures accepted the invitation; they appointed their commissioners. One

commissioner, I think the one for the Dominion, died. Then the Dominion Government accepted the Alberta commissioner, and he and the representative of British Columbia proceeded to do the work. Until 1924 this work was carried on. They extended and marked the boundary. It was not a case of altering the line; it was merely a case of ascertaining it. They marked it for some 252 miles, I think, and on reaching the point they did in 1924 the Governments of the day decided that, as they had got to the territory which was uninhabited and unproductive, they might as well stop there and save expense, and there has been no more surveying since.

It is now necessary that the surveys so made, and registered in the form of maps in the proper offices of this Government and of the Provincial Governments, as well as marked on the ground, should actually be established by legislation of this Parliament, and such is the purpose of this Bill. It is true that a line has length only, and no width, but as far as proper jurisdiction is concerned it does not matter a particle who owns the territory on either side of the line—whether the Dominion, the province, or John Jones. It is all a question of establishing under the terms of the British North America Act the boundary between British Columbia and Alberta.

Hon. Mr. CASGRAIN: When the survey was made the land had not been transferred to the provinces: they did not own it. Now this Government has no further interest.

Right Hon. Mr. MEIGHEN: We have, of course, no interest in the land where this line lies; and I do not know that we had any interest in it before. It is not a question of whether the land is owned by this or any other government. We are trying to fix a boundary line between two provinces. The ownership of the land does not affect the question any more than the ownership of land at the South Pole.

Hon. Mr. DANDURAND: I understand that the Dominion of Canada has no interest as to where the line is drawn.

Right Hon. Mr. MEIGHEN: Not a particle.

Hon. Mr. DANDURAND: The two provinces have agreed as to the line. Perhaps it has advanced into one province at one point and receded at another. What is of interest to this Parliament is the fact that the legislatures of the two provinces have passed legislation agreeing to the line, and this Bill simply ratifies what has been done.

Hon. Mr. CASGRAIN: They could not agree. They are going to make a new line.

Hon. Mr. DANDURAND: We are ratifying the line accepted by their legislatures.

Right Hon. Mr. MEIGHEN: The Bills of their legislatures fixing this line are in my hands, but the line is not finally established until this Parliament, in accordance with the British North America Act, makes it permanent.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

HOSPITAL SWEEPSTAKES BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Friday, February 12, the adjourned debate on the motion for the second reading of Bill A1, an Act with respect to Hospital Sweepstakes.

Hon. Mr. BARNARD: Honourable members, I suppose that in the absence of the honourable senator from Manitou (Hon. Mr. Sharpe), unless some other honourable gentleman wishes to speak, I may as well close the debate, so that we may go to a division. I do not think the argument on this Bill can be furthered by anything more that I can say at this time—

Hon. J. J. HUGHES: Honourable senators, before the debate is closed I should like to say just a few words. This Bill appears to be divided into two parts—the one intending to provide for the maintenance of hospitals, the other having to do with horse-racing pure and simple. I have no particular objection to horse-racing as a sport, and while in a great many countries of the world, including Canada, it is carried on as a business, good or bad, desirable or undesirable, this is the first time to my knowledge that an attempt has been made to link it up with a charitable object. Why this attempt is made to link up two objects that should, I think, be kept apart, has not been very clearly explained.

The honourable gentleman who is promoting the Bill (Hon. Mr. Barnard) emphasized the charitable side, but did not lay so much stress on the other side, and he gave me the impression that he wished the meritorious features of the Bill to take care of the unworthy ones. That, I think, is unwise legislation. Another thing that struck me while the honourable gentleman was speaking was that he

seemed to argue that we were justified in doing a little evil that a particular good might follow. The temptation to do that is about as old as the human race; it is very insidious; and to yield to it is, I think, very unwise.

I got the idea from the remarks of my honourable friend that even though part of the Bill might be bad or wrong, we could legislate to put the responsibility upon the Attorneys General of the provinces, and that the Bill would apply only to British Columbia, and we might let the people of that province look out for themselves. I think that would be very undesirable. The duty of Parliament, if I understand it aright, is to legislate not for any particular province or part of Canada, but for Canada as a whole; therefore we should bear the responsibility ourselves and not try to put it upon the shoulders of the officers of the provinces.

I have read speeches delivered in favour of and against this Bill—more particularly those in favour of it—with the idea of trying to discover an argument that would justify us in legislating in the way proposed. I should like to refer first of all to the remarks of the honourable leader on this side of the House (Hon. Mr. Dandurand). The honourable senator pointed out that some years ago, in the Province of Quebec—I think, in the city of Montreal—the law allowed lotteries of a character somewhat similar to what has been outlined to us, and that they became very objectionable. I shall read his words as found on page 48 of Hansard:

> I need not explain the system on which they had been operating. At first there were drawings once a week. Then there came to be drawings once a day and art lotteries were being organized in all quarters of the city.

They had to be abolished. They had become a nuisance, and worse—a menace, I should say, to the character of the people. That is an example that we ought to consider carefully before legislating in the way suggested. Then the honourable senator said this:

> He—

meaning the promoter of the Bill—

> —has spoken of the opinions of some members of this Chamber being governed by conscience. I may say that my attitude has not been governed in that way. With me it is rather a question of social policy.

With all due respect to the honourable gentleman, I cannot for the life of me see how a sound social policy can be established if you eliminate conscience and all reference to the moral law. I think the honourable senator must have been misreported at that point, or he must have slipped in his logic. It appears to me that we must consider legislation of this kind according to our consciences, and according to the Divine Law. I think that all proper human legislation is founded on and must be in conformity with the Divine Law.

Hon. Mr. DANDURAND: I may inform my honourable friend that I intended to say—though perhaps I failed to use an expression that I should have used—that I did not approach the matter primarily from the conscientious point of view, but saw the importance of approaching it from the social angle.

Hon. Mr. HUGHES: I am glad to have the explanation of the honourable gentleman. I think it is desirable at this stage of the proceedings.

I have read with considerable interest the remarks of the honourable member from Pictou (Hon. Mr. Tanner), to which I shall refer very briefly. At page 50 the honourable senator makes this statement:

> On this continent we have made more criminals under the liquor laws than have been made by any other system ever invented, and we are still making criminals every day by trying to enforce laws against people making a bet on a horse.

As I see it, the honourable gentleman was there trying to compare things that are not comparable. I agree with him that there has been a great deal of unwise legislation for the purpose of suppressing the liquor traffic, but I do not think that that business can be regarded as coming within the same category as horse-racing, betting on horses, or gambling of any kind. It is no offence against the moral law for any man to take a glass of wine or beer or whiskey.

Hon. Mr. McMEANS: If he can get it.

Hon. Mr. CASGRAIN: Give us one.

Hon. Mr. HUGHES: I say it is no offence against the moral law, for Our Lord Himself partook of wine, and provided it for others. But horse-racing, betting and gambling are entirely different things. We have no divine sanction for any of these things as far as I know. Drunkenness is a terrible evil, and it is the duty of legislators to legislate against the man who abuses wine, so that he may be fined or put into prison. But, as I see it, you might as well legislate against partaking of food as against partaking of wine. The taking of food to excess constitutes gluttony, and is a great crime against the individual and against society. I think the honourable senator from Pictou (Hon. Mr. Tanner) did not consider the matter very carefully when he tried to compare betting and drinking.

A little earlier in the course of his address he was on firm ground, I think, when he made this remark:

John Smith wants to buy a ticket on a race at Toronto; Tom Jones wants to buy a ticket on a race in England. One man is all right, a Christian, a good-living man; the other is a criminal. That is what we say.

I agree that if it is right to buy a ticket on a horse-race in Toronto it is equally right to buy one on a horse-race in England, but I am not sure—for this has not been established—that it is a proper thing to buy a ticket on a horse-race anywhere.

I have read with great interest the remarks of the honourable member for Hamilton (Hon. Mr. Lynch-Staunton). He is a man of erudition, very careful in what he says, and in order that I may do him no injustice I shall quote his words. I think he departed from his usual carefulness when speaking on this Bill, for this is what he said:

Not only have we established a stock market, but we have framed that monstrous thing the company law of the Dominion of Canada in order to permit, foster and encourage gambling of every kind, colour and description.

I did not know we had such a law as that.

We have gone back to the condition preceding the passing in England of the Bubble Act, the purpose of which was to restrain gambling—gambling which was disastrous to the whole world.

That is a very strong statement, that gambling is disastrous, that it is a bad thing in itself.

We encourage and facilitate gambling by extending and extending the chances under our company laws, and that a people like ourselves, whose chief industry is gambling, should condemn this Bill passes my understanding.

Now, it seems to me that the reasoning of the honourable gentleman from Hamilton is that our chief industry is gambling and therefore we should increase it until it becomes our sole industry. Yet he said that gambling was disastrous to the whole world at one time. I cannot follow such reasoning, and I think it condemns the Bill. In fact, I think that all honourable members who have spoken in favour of the measure have pronounced condemnation of it. I have every respect for my honourable friend from Hamilton, but I am afraid that the depravity behind that kind of reasoning is shocking, and I think it would be advisable for him—I say this with all sincerity and respect—to call in his spiritual adviser as soon as possible.

I should like to refer also to the speech made by the honourable member from Vancouver (Hon. Mr. McRae), who spoke very strongly in favour of the Bill. He said:

The British race has long been recognized as a race of sportsmen. It was the boldest and best sports of their day, both French and British, who tempted fate and discovered this Dominion, later exploring it to the Pacific and to the Arctic. We never tire of referring with pride to those ancestors, to their spirit of adventure and to their daily gamble with life and death. Adventure is akin to gambling; the two are inseparable.

That is a far-reaching statement. The men who crossed the trackless ocean and discovered the American continent, the men who explored that continent, who trod its pathless forests, who sailed its uncharted lakes and mighty rivers, who ascended previously unknown mountains, and who indicated all their discoveries on maps, did a truly wonderful work; and it seems to me that it is altogether unreasonable to compare that work with horse-racing and gambling. Did I know nothing else about the Bill, arguments of that kind would lead me to believe that it is very undesirable. If honourable members so able as the senators from Victoria (Hon. Mr. Barnard), from Pictou (Hon. Mr. Tanner), from Hamilton (Hon. Mr. Lynch-Staunton), and from British Columbia (Hon. Mr. McRae) are unable to find reasons for supporting the measure on its merits, then it must be even worse than I thought it was. It passes my comprehension how the buying of a lottery ticket can be compared with the exploration of a continent, or with manly games of sport that are played for the sake of the game, such as cricket, boat racing, and so on.

I should like to consider this Bill on its merits, but the fact that it is linked up with charitable organizations makes me suspicious of it. I am inclined to agree with those who feel that if it became law it would eventually injure the hospitals which it is intended to help, for the reason that a great many people would object to sweepstakes as a means of raising money for these institutions, and some of the present contributors would discontinue their financial assistance. In my opinion it is not desirable legislation. The speeches that have been made in its favour induce me to vote against it, and that is how I shall have to vote.

Hon. R. FORKE: Honourable senators, I seconded the amendment that defeated this Bill last session, and I desire to take this opportunity of saying that I have not changed my mind on the matter. My chief purpose in rising is to deny a statement that was made by one honourable senator, that Canada is a nation of gamblers. I think it was a wrong thing to classify our people in that

way. Of course, it might be said that all life is a gamble, that fate plays a large part in human existence. At the same time I think a man can stand up and say:

I am the master of my fate,
I am the captain of my soul.

There are a few other words I should like to quote:

One ship sails east, another sails west,
While the selfsame breezes blow,
But it's the cut of the sails, and not the gales,
That decides where the ship shall go.

And so it is with human life. The same breezes blow on a great many men at one time, but it is the cut of every man's sails, how he guides himself, that determines what he will accomplish in life. We are not a nation of gamblers. When I heard an honourable gentleman read the definition of "gambling" from the Oxford Dictionary I came to the conclusion that a lottery ticket is farther down in the scale. Gambling means playing for a stake, and is sometimes in the nature of a game of skill whereby judgment and intelligence are brought into play. Perhaps a man can be said to gamble when he makes a bid on the strength of some information he has. A man may gamble for money by means of a game of cards, but he must know something about the game and he is required to use intelligence to a certain degree. But a lottery ticket places the moron and the college professor on the same level, for intelligence has nothing to do with the buying of the ticket. Neither is gambling in stocks or in wheat on the same plane as gambling on a sweepstake. Surely before a man buys wheat he uses some intelligence: in all probability he has studied market conditions and knows whether there is a surplus or a shortage and what the current crops are like. When he buys stocks on the exchange he uses brains and ability.

Hon. Mr. McMEANS: And he loses.

Hon. Mr. FORKE: But that is not on the same plane as the buying of a lottery ticket. Many a man has lost, no doubt, through the buying of stocks. The honourable member from Victoria (Hon. Mr. Barnard) seems to derive some amusement from my statement, but I do not think there is anything amusing in it. I will go so far as to say that betting on a horse-race is different from buying a lottery ticket. If you buy a ticket in a sweepstake that is being run in Ireland, for example, you do not know anything about the matter, and a drawing is made for you. That is a pure lottery, such as we should have if the present Bill were passed. Now, if a man goes to a horse-race in this country—and though I have never bet in my life, I am no joy-killer; I do not think it is wrong to have a little fun sometimes—it seems to me that if he bets he has to use some judgment. Perhaps he will walk down the paddock and look at the horses, and for some reason or another he will favour one in particular. He may win or lose, but that does not alter the fact that he has had to bring his intelligence into play.

An honourable senator used, in support of the Bill, an argument which I think is a good one for opposing it. He said that later on sweepstakes might be resorted to as a source of funds for the Red Cross and other institutions, and even for the Government itself. It seems to me that one of the most dangerous features about a Bill of this kind is that we do not know where it would stop. We should be taking a downward step if we endeavoured to support our philanthropic institutions with money received through lotteries.

In closing I wish to repeat my protest against the statement that Canada is a nation of gamblers. It is not. It is a nation of enterprising people who use judgment and ability in the conduct of their affairs.

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

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

THE SENATE

Wednesday, March 2, 1932.

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

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

Hon. Mr. TANNER presented the second report of the Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate.

He said: Honourable members, the purpose in presenting this report is merely to confirm the appointment of counsel by the Committee. I presume the report can be adopted to-day.

Hon. Mr. DANDURAND: Is it for authorization or confirmation?

Hon. Mr. TANNER: Confirmation. I move the adoption of the report.

The motion was agreed to.

DOMINION CURRENCY—MEANING OF "BILLION"

NOTICE OF INQUIRY

Hon. Mr. PARENT: Honourable senators, in presenting notice of inquiry I desire to say just a word by way of explanation. In a recent edition of the Concise Oxford Dictionary I find the word "billion" defined as follows:

billion. A million millions; (in U.S.) a thousand millions.

[French, coined in the 16th century out of bi- and million to denote the second power of a million; meaning afterwards changed in France (so U.S.) but not in England.]

I should like to know what is the situation in Canada, and I intend to put the following question:

For purposes of currency, or otherwise, is the money of the Dominion of Canada put on such basis as to mean that one "billion" represents one thousand millions or one million millions?

Right Hon. Mr. GRAHAM: Referred to St. James Street.

PRIVATE BILL

FIRST READING

Bill D1, an Act respecting the Quebec, Montreal and Southern Railway Company.—Hon. Mr. Béique.

HOSPITAL SWEEPSTAKES BILL

MOTION FOR SECOND READING NEGATIVED

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill A1, an Act with respect to Hospital Sweepstakes.

Hon. F. B. BLACK: Honourable senators, in moving the adjournment of the debate at the last sitting of this honourable body, I did so at the request of an honourable member who at that time, I think, intended to make some remarks. As I have no remarks to make on the subject, I shall take my seat.

The motion for the second reading was negatived on the following division:

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

THE SENATE

Thursday, March 3, 1932.

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

Prayers and routine proceedings.

ECONOMIC CONDITIONS IN CANADA

DISCUSSION AND INQUIRY

Hon. J. J. HUGHES rose in accordance with the following notice:

That he will call the attention of the Senate and the Government to the existing world-wide depression and to the serious economic conditions in Canada, and will enquire what presentations the Government intends to make at the Imperial Economic Conference in July next, calculated to ameliorate or remedy said conditions.

He said: Honourable senators, we the members of this honourable House have been drawn largely from the professional and commercial classes, but coming as we do from all parts of Canada, we should be well acquainted with agricultural and industrial conditions. We have been selected for and appointed to our present positions largely because of our age, and because of our legislative experience in the other House and in other legislative and administrative bodies, also because of our experience in the various callings in which we have been engaged. Moreover, we are supposed to be, and actually are, largely free from strong political bias. We should, therefore, be well qualified to discuss usefully and intelligently the many serious problems which confront us; and if we be true to ourselves, our discussions and our conclusions

should perhaps be helpful to the other House, and certainly should be helpful to the country.

The question of international trade receives more attention and is more widely discussed than any other subject, not excepting war debts, reparations and disarmament, and this is to be expected if we realize that trade, perhaps more than anything else, differentiates the civilized man from the savage. But notwithstanding this almost universal discussion, I fear there is widespread misapprehension in regard to the fundamental principles of the subject.

The Hon. the Minister of Trade and Commerce, before the Montreal Board of Trade, or before a number of businessmen of that city, declared last summer or autumn that for the first time in many years the balance of trade was in our favour, that our exports exceeded our imports in value. The same honourable gentleman in his "Survey of the Economic Position of 1931" states that for the four months from July to October the favourable balances of trade aggregated $20,000,000. The Right Hon. the Prime Minister, answering the Winnipeg speech of the Leader of the Opposition advocating lower tariffs, states: "Changing an unfavourable visible trade balance of $73,755,000 for the last nine months of 1930 to a favourable trade balance of $10,000,000 for the last nine months of 1931 was a step essential for the maintenance of our national integrity." That is a fairly strong statement. The Montreal Standard of January 16 last thus summarizes the New Year's radio message of the Premier to the people of Canada: "The worst is over. Our financial institutions have weathered the shock and are fundamentally sound. The balance of trade has turned in our favour." And the Government, in the speech with which His Excellency opened Parliament, states: "Within the last few months a favourable balance of trade has been established."

Our Government is not alone in holding the views which I have mentioned; they are held by many of the leading newspapers, by many eminent bankers, by many experienced businessmen and by many political economists. This is true not only in Canada but in all other nations, with the possible exception of Great Britain.

Now I quite realize that it would appear to be ridiculous, perhaps indeed ludicrous, for an obscure country merchant and farmer to challenge the soundness of such an array of informed public opinion, but if I believe all this informed public opinion to be wrong, I have to say so, even at the risk of being

laughed at. I shall lay down in a few propositions the principles I believe to be sound, and I should like to have them examined and criticized.

Generally speaking, when imports and exports exactly equal each other in value, and the exports pay for the imports, there is neither profit nor loss in the trade, except whatever profit there may be in the business of transportation, which is certainly a useful industry.

When our imports exceed our exports, and the exports pay for the imports, we are trading at a profit; and the measure of our profit is the difference between our imports and our exports, unless we are borrowing abroad to the extent of the difference.

When our imports exceed our exports, and our exports not only pay for our imports but enable us to make investments abroad, or reduce our obligations abroad, our profits equal the difference between our imports and exports, plus the value of our foreign investments, or the reduction in our foreign obligations.

When our exports exceed our imports, and our exports are only paying for our imports, we are trading at a loss, and the amount of our loss is the difference between our exports and our imports. If, however, we are at the same time making investments abroad, and these investments equal the difference between our exports and our imports, our loss may be cancelled; further, if these foreign investments are greater than the difference between our exports and our imports, we may be trading at a profit.

Therefore, the method of thinking which causes us to believe that when our exports exceed our imports we are trading at a profit is wrong. The exact opposite of such thinking would be much nearer the truth. All profit in trade, international trade at all events, is made by taking things from where they are comparatively cheap to where they are comparatively dear; therefore the imports of all the nations of the world could be greater than the exports of the same nations, and if this happened all the nations would be trading at a profit.

To me these propositions are sound, but owing to my faulty presentation they may not appear so to others I would therefore be deeply grateful if my honourable colleagues would examine them. We surely ought to be able to arrive at a unanimous decision in regard to the fundamental principles of trade. Surely the principles of trade are not an abstruse or occult science about which honest

men may constantly differ. They ought to be capable of mathematical, or almost mathematical, demonstration.

Perhaps a concrete example of an actual business transaction would make my view clearer. I shall give one: If I purchase a cargo of wheat, say 100,000 bushels—and for the sake of easy computation let us say it cost one dollar per bushel—and send it to England and sell it at a profit of fifty cents a bushel, I have $150,000 with which to buy goods in England. The export entry is $100,000, and if I buy goods the import entry is $150,000. I certainly have made a profitable transaction, and one that is just as profitable to my country as to me. It goes without saying that this would apply to all possible commodities. It also goes without saying that the reverse of this would be true if I sold the wheat at a loss: I should suffer and my country would suffer, though the exports would be greater than the imports and the balance of trade would be favourable. But suppose I were not an importer, and instead of bringing back goods I brought back a bill of exchange. That would make no difference at all. Some man who was an importer could buy $150,000 worth of goods in England and a bank in Canada could give him the money to pay for them, or I could give him the money to pay for them. Again, suppose no goods were imported to balance this transaction, but I made an investment in England, or in some other country, or paid off an obligation in England or in some other country, or enabled some other Canadian to do these things. What I fear is that while the so-called balance of trade is turning in our favour we are not making any foreign investments nor paying off any foreign obligations to equal this balance. And if we are not doing either of these things we are trading at a loss.

If the views that I have had the temerity to put forward be sound, it follows that our Government and many other governments have erroneous conceptions in regard to trade matters. Hence the unwise legislation of high tariffs, which are to be found almost everywhere, and which have had not a little to do with the present world-wide depression. It also follows that governments would be well advised to interfere as little as possible with businessmen in matters of trade, and certainly should never put impediments in their way. Trade, or exchange of goods, is carried on by merchants individually or in companies, and no two individuals or companies will engage in trade unless they think it will be to their mutual advantage; certainly they will not continue to trade unless it is actually to their mutual advantage. If, therefore, individuals or companies continue to trade, and if they belong to different countries, it may surely be taken for granted that such trade is to their mutual advantage; and if so, then it follows as the day follows the night, that it must be to the advantage of their respective countries. Therefore, governments need not worry about what their nationals may be doing in trade matters; their nationals will take care of themselves.

Now, I do not mean to say that under all circumstances the principle of protection is wrong. Circumstances might arise when it would be well to use it in self-defence, or to accomplish a specific purpose, just as a skilful physician might administer a deadly poison, such as arsenic, to a patient for a special purpose; but no physician outside an insane asylum would prescribe arsenic as a daily food for the well. Again, all laws, human and divine, allow us to do whatever may be necessary to protect our lives, even to the killing of an assailant, and common sense makes this a duty; but nobody outside a madhouse would recommend homicide as a national policy. If protection were regarded as a necessary evil which might be employed temporarily, but put aside as soon as possible, I do not think it would ever do much harm. But if our delegates and those from some of the sister Dominions go to the Imperial Economic Conference with the idea that protection is in itself a good thing, and that their duty is to push exports as much as possible and impede imports as much as possible, the Conference, as I see it, will be a failure, and it would be better if it were never held.

At a meeting in Montreal and at another in Ottawa last year, the Hon. Minister of Trade and Commerce advocated, I think, a bimetallic currency and favoured the monetization of silver, or some arrangement of that kind that would enable us to sell our products to China and other silver countries and take payment in that metal. For many years prior to this century, 16 ounces of silver would purchase one ounce of gold. Since then the value of silver has fluctuated wildly in the gold standard countries, and now it would take about 80 ounces of silver to purchase one of gold. This prevents the gold standard countries from trading with the silver standard countries, and taking payment in the white metal. But why take payment in metal at all? Speaking in a large sense, if we take payment for our goods in any kind of metal, before that metal is any good to us we have to exchange it for goods with the country from which we got it, or with some other country. Would it not be as well to make the exchange of goods for goods in the first instance?

As I see it, all these things show the inadvisability of governments putting impediments in the way of trade by tariffs and such like legislation, and then trying to get around or over these barriers by other legislation. The simpler way would surely be the better way, but apparently simplicity does not appeal to the statesmen of the world. I can see no objection to the nations of the world having two metallic currencies instead of one, particularly if the monetary value of the two were kept close to their intrinsic value. If this were not done, people would hoard the more valuable metal and use the less valuable, and we should come back to one metallic currency again. I would, however, welcome any device that would make the exchange of goods easier. I cannot help thinking that God, in His infinite wisdom, in creating this world with all its variety of soil, of climate, of seasons and productions, must have intended His children to exchange these productions with one another. Such an exchange would do more than anything else to promote the material happiness of all, and would be a large factor in the promotion of civilization itself.

Further, I cannot help thinking that in matters of trade we make gold and silver altogether too important. I think I should be safe in saying that ninety-five per cent of the trade of the world is carried on by means of bits of paper, a means which necessity and the common sense of the merchants of the world have evolved, and which admirably serves the purpose. In 1923, when the Bank Act was being revised, the late Sir Edmund Walker said that 96 per cent of the world's trade was carried on in that way. When a shipper sends goods to another country, or to another part of his own country, he makes a draft against the shipment, the amount of which his banker puts to his credit. Against this credit he writes and uses in his daily business other bits of paper, called cheques, which are cancelled after being paid, and when the draft is paid it is cancelled and the transaction is ended. Warehouse receipts and letters of credit, also bits of paper, serve a similar purpose. There is practically no limit to the number and value of the pieces of paper that can be issued in this way, and so long as they represent value there is no possible danger of over-issue or under-issue, of inflation or deflation; the whole thing takes care of itself.

Gold, because it has an intrinsic and an international value, is very useful for the settlement of ordinary international balances, and is, of course, also useful as a basis for the redemption of bank notes. But when the principal nations of the world undertook to pay their war debts to the United States in gold, and when the United States insisted upon being paid in that metal, a colossal mistake was made. To begin with, I doubt whether there was enough gold in the world with which to pay those debts, but even if there was enough, such a sudden and enormous demand for it was bound to inflate its value and make the payment of the debts practically impossible. If the debtor nations of the world had insisted upon paying their debts in goods, or in kind, they would have been discharging their obligations honestly, would not have been impoverishing themselves, and would have been giving the United States something useful; but the tariff laws of that country would not permit this to be done—another illustration of the folly of protection.

The United States got payments in gold, and when she received more than she could use she had to hide the surplus by burying it in holes in the ground, where it is, of course, useless. Before it can be properly used it has to be taken out of these holes and exchanged with other nations for goods—be it fifty, one hundred, five hundred or five thousand years from now. Of course, the exchange might as well have been made in the first instance. The United States, since the War, has made loans to Germany and other nations, but she will have to take goods in payment if she is ever to get either interest or principal. The late William Jennings Bryan said, in one of his election speeches, that the American people were being crucified on a cross of gold. I do not know whether that statement was true at the time it was made, but I feel sure that it is true now, and that it would apply to the people of every other nation as well.

The Government proposes to cut the salaries of civil servants and the indemnities of members of Parliament by ten per cent. I approve of that and I advocated it last year, but I went farther and said the cut should apply to every person either directly or indirectly in receipt of government pay. That would certainly include the Lieutenant-Governors and the judges. At least one judge has told me that the judges should be included, and that he would make the offer to reduce his own salary, but he did not wish the publicity it might bring him. His Excellency the Governor General cannot be too highly commended for and congratulated upon his noble offer to take his cut with the rest of us. "There is something in the English, after all." I must,

however, say that I think the cut should be on a sliding scale,—the lower paid persons with dependants perhaps not reduced at all, the more highly paid persons perhaps seven or eight per cent, and those most highly paid perhaps twelve or fifteen per cent, so that the cut would average at least ten per cent.

Again I say, why should the bondholders be untouched when cuts are being made? I know I shall be met by the cry that these people have a contract with the Government and that contracts are sacred things. But have not the people whose incomes are being reduced also contracts with the Government? And is one contract more sacred than another? I know that in our way of thinking, and in our legislation for thousands of years, property has been more sacred than humanity, and that it is hard to get away from what has been bred in the bone. I know that because of the inflation of the gold dollar the debtors are paying the creditors two or three times over, but in the estimation of many that kind of thing is all right—the creditors are entitled to their pound of flesh, and the sacredness of contracts must not be disturbed.

The right honourable gentleman who leads this House and who has the ability to go to the heart of, and to clarify, every subject he discusses, made the following statements during the present session:

> What is clear beyond all question is that the world is entangled in a great coil of debt: that the world's debts, national as well as private, are out of all proportion to commodity values. Debts as between individuals adjust themselves. The creditor finds that he must adjust or he loses all. Economic forces bring this about. But international debts are in another sphere, and it seems to me so plain that he who runs may read, that unless there is a readjustment of international debts a return to prosperity on the part of the world, especially on the part of creditors, is finally and wholly impossible.

I agree whole-heartedly with every one of these statements, and I ask the right honourable leader of the House if there is any difference in principle between public and private debts, or between national and international debts. If it is necessary for the salvation of the world, and of the creditors themselves, that international debts should be adjusted, is it not equally necessary for the salvation of the nations, and of the creditors themselves, that national debts should be adjusted? And this appears to be especially necessary where the national debts are of colossal proportions. If we go on increasing taxation and continually borrowing, municipally, provincially and federally, the time will soon come when the great majority of the people can pay no more; and when that time arrives the bondholders and the Governments will be as poor as everybody else, and we shall have gone back to the beginning of things. Would it not be better for the bondholders and the creditors generally to adjust matters while there is yet time, and, in the words of the right honourable leader of the House, take part of what may be legally due them rather than run the risk of losing all? I do not think this country, or any other country, can endure if the income of the average farmer, who works twelve to fifteen hours a day, continues to be not equal to that of the average man in other occupations. For the farmer there is no eight-hour day; he would be quite satisfied if he could make a living by working twelve hours a day. We have long been told that farming is the foundation of our industrial life, that if the farmer is not prosperous nobody else can be. If this be true, the country is in bad shape, because farming has been shot to pieces, and our whole industrial life is out of proportion.

The nineteenth century was undoubtedly the age of invention—the mechanical age—when labour-saving devices were astonishingly multiplied. These inventions enormously increased the productive power of Europeans and Americans, and raised the general standard of living in all industrial countries. The masses, however, spent as they went, while some of the captains of industry amassed fortunes. But not satisfied with getting rich in the ordinary way, they saw that by restricting the exchange of goods and controlling the channels of trade their power would be enhanced, and that by getting legislation which would enable some of the people to exploit all the people, the chances of adding to their fortunes would be increased; hence protective legislation. The beneficiaries of such legislation were not slow to ascribe the general improvement to their own particular device.

In addition to this, the enormous natural resources of the North American continent were being exploited by the few for their own particular advantage, and this resulted in large additions to already huge fortunes. While this was going on, the Great War was launched, very rich men became millionaires, millionaires became multi-millionaires, the United States became the creditor nation of the world, and the conditions so clearly visioned and so aptly described by the right honourable leader of this House a short time ago were upon us. I read recently in a report issued by the Treasury Department of the United States that three per cent of the people

of that country own ninety per cent of the wealth, and ninety per cent of the people do not own their own homes. There are men in the United States who are paying taxes on incomes of five millions of dollars and more, while tens of millions of people are starving. Conditions in Canada are not so bad, but they approximate. This is capitalism gone mad, and if drastic remedies be not applied, conditions will get worse. The United States is not likely to cancel willingly the war debts. In this respect she is like most other creditors, whether national or individual. If Europe would take Mussolini's advice and do what suited itself, regardless of what America might think or say, the United States would likely fall into line, because she could do nothing else, and the world might be saved.

At some place in Canada, I think shortly after his return from England last summer, the Prime Minister made this public and solemn declaration: "Only the grace of God can save the world." I believe that in that declaration he put his finger upon the cause of all our troubles and proclaimed the remedy. A few years ago, I think, he held different views. If experience and responsibility have caused him to change his mind in that regard he is to be congratulated, and he is also to be congratulated upon having the courage and the honesty publicly to announce the change. If God created not only this world, but the universe of which it forms a part, and sustains it during every moment of its existence, then, as reasoning beings, we must surely conclude that He has the power to intervene, in a special manner if necessary, and save it from destruction, and that He will likely do so if His mercy be invoked. In the first place, is there a God? If so, did He walk this earth as a man and tell men what He wished them to do? The immensity of the universe, its regularity and its order postulate a supreme intelligent being, for the universe could not have made itself. That would be an answer to the first question. The miracles of Jesus, particularly His resurrection from the grave, prove His divinity. That would be an answer to the second question. But I shall submit what appears to me to be additional proof; not that it is at all necessary when speaking in the presence of Christian men and women, but it can do no harm.

St. Paul, who had been one of the brightest pupils of the great Gamaliel, became a clear-headed, practical man of affairs and a doctor of laws. He was a hater and persecutor of the Christians, and because of his energy and thoroughness was employed by the authorities

to hunt out the Christians and destroy them. The miracles of Jesus and His resurrection were discussed by everybody; they were the very reason for the existence of the Christians. What happened? St. Paul, from being the greatest persecutor of the Christians, became the greatest defender of Christianity, and in some respects perhaps the greatest of the Apostles. The evidence that convinced and converted him would, I think, be sufficient for any court of justice in the world that would properly consider it, and it is certainly sufficient for me. Perhaps it would do no harm to add that the explanation which Christianity gives of the Creation, and of things as we find them, is far more reasonable than any other hypothesis that has ever been advanced.

What I believe to be the honest and courageous declaration of the Prime Minister has far-reaching implications. It surely implies the omnipotence of God, and it also implies that God will give His grace and His mercy and His love to those who properly ask for these blessings. But common sense should tell us that before we can expect such favours we must at least be in the mood to try honestly to observe the laws and do the will of the dispenser of such gifts. Where do we find the will of God in relation to the human race clearly set out? Surely in the Gospels, and particularly in the Sermon on the Mount. How do the nations and multitudes of individuals receive that teaching? They laugh at it. They say in their actions, which speak louder than words, that it might have been all right for a few peasants in Palestine two thousand years ago, but it is altogether out of date in the modern world. If such conduct is not denying the omniscience and consequently the divinity of Jesus, and insulting Him to His face, I do not know how to describe it. The modern nations and the modern business world have many virtues; so have the pagans; for there is no such thing as absolute badness in this world.

Prior to the Christian era there were four or five great empires. Where are they now? And what was the cause of their downfall? I suppose there were several causes, but some of them stand out prominently. The right honourable leader of the Senate believes, as stated in his address on "The Price of Silver," that the fall of the Roman Empire "was due more than all else to a concentration of the precious metal supply and to a failure of governmental authorities to maintain a volume of currency adequate to increasing production." That was doubtless a contributory factor, but I think the real cause or causes went much deeper. I ask, what caused the downfall of the

older empires? I agree with those who believe that the decay and final collapse of those empires were caused by the corruption in high places, the concentration of great wealth in the hands of the few, the profligacy and immorality which usually accompany such conditions, and the consequent enfeeblement of the race. And are not all or most of these causes in the world to-day? We are more guilty than the pagans of old, because we have had the benefit of the Christian revelation.

Woe unto thee, Chorazin! woe unto thee, Bethsaida! for if the mighty works, which were done in you, had been done in Tyre and Sidon, they would have repented long ago in sackcloth and ashes.

And thou, Capernaum, which art exalted unto heaven, shalt be brought down to hell: for if the mighty works, which have been done in thee, had been done in Sodom, it would have remained until this day.

If God is to be believed, it was not the shortage of a metallic currency that caused the destruction of those cities and peoples. If we are following in their footsteps, can we hope to escape similar punishment? Possibly this world-wide depression may be sent as a chastisement, and if accepted in the right spirit may save us from still greater and more enduring evils.

A short time ago I read in the newspapers of the antics of a very wealthy society woman in the States, who stayed at Reno, Nevada, just long enough to satisfy residence requirements so that she could get a divorce from her husband. While technically residing at Reno, she came to Montreal to meet another man, who later became her husband, a wealthy, titled English nobleman, and to arrange the details of their wedding. The couple were married at Reno on the same day the lady obtained her divorce, and they left immediately for California on their honeymoon. The papers went on to say that the newly-married received the congratulations of hundreds of friends on both sides of the ocean, and that the wedding presents were fabulously costly. If this were an uncommon occurrence it would not be so bad, but what an ocean of immorality we must be living in that such conduct can be legal, honourable and even fashionable!

It is said that when the wealthy meet at the fashionable resorts and ask each other how many wives or husbands they have had, the questioned party has to stop and think for a moment or so, lest he or she might make a mistake in the number. And to come to our own country, several doctors have told me that since the automobile and the scanty attire of women came into vogue, the increase in immorality has been appalling.

During the Great War all the Christian nations that were engaged in the struggle implored God to give them victory. At last victory came to the Allied nations, and their representatives met at Versailles to arrange the terms of peace. Was Jesus invited? Oh no! The victorious nations did not want Him any more. They had won the War by their own prowess and generalship, and they could settle the terms of peace. Moreover, five evil spirits were invited, and there was no room for Jesus. The evil spirits were pride, anger, hatred, revenge and vengeance, and they dominated the proceedings. We know the results. The League of Nations was established. Has Jesus been invited to any of the meetings of that body? No. Pride prevented that. Generally speaking, the representatives of the nations went to those meetings with the idea of seeing what advantage they could get over their neighbours by manipulation and manœuvring, and not for the purpose of seeing what service they could give to one another. To say the least, it would have been inconvenient to invite Jesus while places had to be found for the evil spirits of pride, undue fear, suspicion and covetousness. The League of Nations has accomplished some good, but not much, and while the nations of the world feel towards one another as they do, it will not accomplish much.

There is in this world another league of nations, in which we have a potent voice, and that league will meet in this city in July next. The Prime Minister of Canada will have a commanding position at that meeting. He has declared, and honestly declared, I believe, that "only the grace of God can save the world." Do we need the grace of God, and shall we need His presence at that meeting? If so, we can have these blessings for the asking, for God himself has said so; but we must ask for them in the proper way, and not as the Pharisee prayed in the temple.

Here let me digress for a moment, to mention what I read in the newspapers a few weeks ago. The Archbishops of Canterbury and York composed a prayer which they wished to have read in the churches under their jurisdictions. The prayer reads as follows:

In the policy of our Government for the restoration of credit and prosperity, Thy will be done.

Because we have been selfish in our conduct of business, setting our own interest and that of our class before the interest of others, forgive us our trespasses.

Because we have indulged in national arrogance, finding satisfaction in our power over others rather than in our ability to serve them, forgive us our trespasses.

The prayer evoked such a storm of protest, on the ground that it was too humiliating and penitential to be swallowed by self-respecting Englishmen who had the firmest faith in their own respectability, nationally, internationally and in the sight of heaven, that it had to be revoked or made optional. It must be apparent that if the protesters have any voice in arranging the Conference, they might perhaps be willing to honour Jesus with an invitation, but they would never admit they were unworthy of His presence. I wonder if these men ever heard of the act of faith made and the prayer uttered by the Centurion, and the results that followed.

As I see it, the noble declaration of the Prime Minister that "only the grace of God can save the world" was not hastily made. It was a solemn pronouncement, carefully considered, and I feel sure he is prepared to implement to the full the great principles it contains. If he does this, I feel equally sure, he will have the whole people of Canada behind him; for, notwithstanding our many imperfections and failings, we are a Christian nation at heart, and it would require only an adequate cause and worthy leadership to make that fact abundantly clear to all the nations of the earth.

I quite realize that it is not the office of Parliament to preach or teach religion. At the same time, Parliament proclaims its dependence upon the Almighty Power by opening every sitting of either House with prayer and asking the divine blessing upon all its undertakings. If this be deemed advisable for our ordinary, everyday work, would not a similarly solemn national effort be appropriate on the eve of this epoch-making Conference? If the declaration of the Prime Minister is not to be treated as a meaningless phrase, something will have to be done in this direction, and it is for the leading men of Parliament, and of the nation at large, to decide what that something shall be. Adequate, appropriate action in this regard could not fail to impress the Motherland and all our sister Dominions, and perhaps the rest of the world.

The delegates attending the great Conference, should think not of what advantages they can obtain for themselves or their respective countries, but of what contribution they can make to the general welfare, of what service they can render to the general good. If the Conference be held in this spirit, the results may well be most important. In any event, they will be commensurate with our worthiness.

Hon. Mr. HUGHES.

DOMINION LANDS ACT AND DOMINION FOREST RESERVES AND PARKS ACT

APPROVAL OF ORDERS IN COUNCIL

Hon. G. D. ROBERTSON moved:

That the following Orders in Council, laid on the Table on the 8th day of February, 1932, be approved:—

Orders in Council which have been published in the Canada Gazette between the 21st day of January, 1931, and the 17th day of December, 1931, in accordance with the provisions of Section 75 of the Dominion Lands Act, Chapter 113, R.S. 1927.

Orders in Council which have been published in the Canada Gazette between the 21st day of January, 1931, and the 17th day of December, 1931, in accordance with the provisions of Subsection "c" of Section 21, of the Dominion Forest Reserves and Parks Act, Chapter 78, R.S. 1927.

He said: Honourable senators, the text of this motion is on record and well known, and perhaps needs no explanation.

The motion was agreed to.

CHICAGO WATER DIVERSION

MOTION POSTPONED

On the notice:

By Hon. J. P. B. Casgrain:—

That he will call attention to the diversion of water from Lake Michigan by the City of Chicago and will move, that in the opinion of the Senate no further negotiations on the St. Lawrence Waterways should be made until the Senate of Canada has examined the treaty now in force and has satisfied itself that this treaty is being carried out.

Further that a copy of the said treaty be placed upon the Table of the Senate.

Hon. Mr. CASGRAIN: Honourable senators, in deference, respect—nay, admiration—for the right honourable gentleman who does us the honour of leading this House, I shall postpone my remarks until he returns to his seat. When he took a prominent part as Solicitor-General Sir Wilfrid Laurier said, "At last the Conservative party has found a man." The dear old gentleman was absolutely sincere. As he was a brilliant fencer himself, he liked to meet a foe worthy of his steel—as all good sports do, whether in golf, billiards, or that princely sport, yachting. In old Quebec there were two yachts of about equal merit, the "Sorrente" and the "Corinne". A man who was friendly with both owners would sometimes be sailing master of one and sometimes of the other, and the one he was governing would win, because he knew the currents, the tides, the shores from which the favourable wind came, and the eddies, better than the others did. This shows that the human factor acts on inanimate things.

Sitting in a comfortable rattan arm-chair on the terrace of a luxurious "Palace," inhaling the balmy breezes from Lake Leman, and sipping the choicest vintages of France's sparkling wine, or the still hock of the Moselle, or German Rhine, whether Laubenheimer, Neirsteiner, or Liebfrau-Milch—that golden wine served on the tables of the crowned heads of Europe before they were assassinated, or exiled at Doorn or elsewhere—or in France gazing through the blue haze of the smoke of the finest Havana cigars, listening to the harmonious voice of the azure billows breaking gently on the white sands of those enchanting shores, admiring the beautiful nymphs, the stenographers of the League of Nations, in diminutive one-piece bathing attire to show their charms and shapely forms to the best advantage, a delegate would say: "Oh, boy! What a fine life is the life of a delegate!" The sight of these young nymphs would have delighted even the most fastidious Oriental Pasha reclining on his divan, propped up on downy pillows, slowly drawing at his narghile filled with perfumed tobacco.

My leader on this side of the House (Hon. Mr. Dandurand) enjoyed this fine life for many years, and no one could have done it better. This exuberant French Southerner captured the hearts of his colleagues, and they elected him President of the League of Nations. The following year Canada was given, through him, a seat in the Council. Will those days ever come back? If so, when?

The honourable member from Grandville (Hon. Mr. Chapais), with his pure diction and his marvelous store of knowledge, which he accumulated over a period of years and years and made use of through his indefatigable pen as an historian, simply amazed the Assembly. He was so happy in those environments that he forgot his hour of trial, 1891, when he was a Conservative candidate in his native county, Kamouraska. The storm then was so violent that he sent an S.O.S. to the late Hon. Thomas McGreevy, the treasurer of his party, in Quebec. I know the contents of that message by heart, but only with his permission would I recite it in the Senate. Shortly afterwards McGreevy went to gaol, not for answering the S.O.S., but, perhaps, for getting what he sent him.

The senator from Montarville (Hon. Mr. Beaubien) was our last delegate, but he is so eclectic that he may not have found things so beautiful as I imagined they were. One thing is sure, when he spoke he was a great credit to this Senate. No one in this hall will deny that.

The former Minister of Labour (Hon. Mr. Robertson) has been in indifferent health for some time, to the great regret of us all, and we all hope that his ocean voyage will do him good. Will he permit me, as an old man, and may I say a friend, to give him some good advice? He will come into contact daily with that notorious Socialist, M. Albert Thomas. Beware of him. He was the one sent by France to St. Petersburg, because he looked the part of one of the great unwashed, to give notice of recall to M. Maurice Paleologue, the most distinguished ambassador at the court of the Tsar. One of the descendants of the emperors who reigned at Byzantium before its capture by the Mamelukes in 1453, he is a very distinguished litterateur, and a member of l'Académie. Fancy his dismay when he saw, running bareheaded in the streets of St. Petersburg, this new French envoy, fraternizing with the revolutionists and those who are now Bolsheviks. After twelve years in Geneva, M. Albert Thomas may now be a Beau Brummel, but let the senator from Welland be on his guard all the same.

I move that this order be discharged and placed on the Order Paper for Wednesday next.

The motion was agreed to.

CLERKS ASSISTANT OF THE SENATE

EXEMPTION FROM CIVIL SERVICE ACT

Hon. J. W. DANIEL moved the following resolution:

Resolved, that the recommendation of the Civil Service Commission, dated 18th January, 1926, exempting from the operation of the Civil Service Act in so far as appointments are concerned, the Senate positions of First Clerk Assistant, and Second Clerk Assistant, be approved. (Vide Senate Journals, 1926, page 57.)

He said: Honourable senators, I think that perhaps a slight explanation of this resolution would be in order. In June, 1925, the Senate passed a resolution to the effect that all officers occupying seats on the floor of the Senate, to whom the Civil Service Act applied, should be selected and appointed by the Senate. A copy of that resolution was sent to the Civil Service Commission in the recess between the sessions of 1925 and 1926. The offices of the First and Second Clerks Assistant were vacated by the death of those who had up to that time been occupying them.

Hon. Mr. POIRIER: Did the Second Clerk Assistant die at that time?

Hon. Mr. DANIEL: Yes.

Hon. Mr. POIRIER: Who was he?

Hon. Mr. DANIEL: I forget his name.

Hon. Mr. CASGRAIN: Siméon Lelievre.

Hon. Mr. DANIEL: Early in 1926 the then Speaker of the Senate directed the Clerk to write to the Civil Service Commission and ask them to give effect to the resolution of the Senate by exempting the positions of First Clerk Assistant and Second Clerk Assistant on the Senate staff from the operation of the Civil Service Act, in so far as appointments were concerned. The Commission sent a report recommending that this resolution be carried out, and the report was laid on the Table of the House in the succeeding month, February, 1926, but was not formally approved. The reason for the omission to approve the report was that the then Speaker, the late Hon. Senator Bostock, who was a lawyer, and the Law Clerk of the Senate, as well as the Clerk of the Senate, agreed that as the report of the Civil Service Commission was based on a resolution of the Senate, that resolution itself was sufficient to make the required exemption effective. However, last summer the Civil Service Commission asked the Department of Justice for a ruling as to whether, in view of the fact that their report had not been formally approved, the appointment that was made in 1926 was really valid; and the Department suggested that in order to remove all possible doubt for the future it would be better if the Senate did formally approve the Commission's report.

The motion was agreed to.

BOARDS OF TRADE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 3, an Act to amend the Boards of Trade Act.

He said: Honourable senators, this Bill was introduced in another place and passed there on the 12th of last month. If an explanation of its details is required I shall be glad to give it, but it seems to me that one is not particularly necessary at this stage, on account of the very clear and direct remarks made upon the measure by the Hon. Secretary of State in the other House.

Hon. Mr. DANDURAND: Honourable senators, I do not desire to delay the disposal of this order, but I think my honourable friend might place on Hansard the explanations contained in the brief that he apparently has in his hand. At the present moment I do not understand the necessity for the proposed amendment, but I might be able to understand it if I read the statements that the honourable gentleman has before him. I would also ask him to be kind enough to give us to-morrow, or whenever we go into committee on the Bill, some information about the Dominion Board of Trade, which seems to have been replaced by the Canadian Chamber of Commerce.

Hon. Mr. CASGRAIN: No, no.

Hon. Mr. BEIQUE: They are two different bodies.

Hon. Mr. DANDURAND: I understand the Dominion Board of Trade has been replaced by the Canadian Chamber of Commerce.

Hon. Mr. BEIQUE: No.

Hon. Mr. DANDURAND: I am informed that the Dominion Board of Trade is now non-existent and that the Canadian Chamber of Commerce has replaced it. But I do not know where that body meets, how often it meets, nor of what boards of trade and chambers of commerce throughout the country it is composed.

Hon. Mr. ROBERTSON: There will be no objection whatever to giving the explanations requested by my honourable friend when we go into committee, which in the ordinary course of events should be to-morrow. My thought was that we could perhaps facilitate the business of the House in that way. I understand that one of the purposes of the Bill is to prevent confusion arising from the use of the name "Board of Trade" or "Chamber of Commerce" by any organization in a district where there already is a Board.

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

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

THE SENATE

Friday, March 4, 1932.

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

Prayers and routine proceedings.

BOARDS OF TRADE BILL

CONSIDERED IN COMMITTEE

On the motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 3, an Act to amend the Boards of Trade Act.

Hon. Mr. Gordon in the Chair.

Hon. Mr. DANDURAND: Honourable gentlemen, I asked yesterday that the Senate be informed as to the reasons for these amendments to the Act, which were not given us on the second reading. I desired to know what had been the activities of the Canadian Chamber of Commerce, which is substituted in the Bill for the Dominion Board of Trade. I take it for granted that the Canadian Chamber is a federation of boards of trade throughout Canada, but I have not seen anything of its action in the past.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I cannot enlighten the Committee very much about the operations of the Canadian Chamber of Commerce. I do recall one very considerable enterprise which they launched in the interest of Canadian trade, in having a visit made by prominent industrialists of this country to the West Indian Islands and to various countries of South America. But I am not here in any capacity representing that association, which was organized under a Dominion statute. The charter under which it operates was issued on the 12th of January, 1929. If my history is at all accurate, the honourable gentleman opposite (Hon. Mr. Dandurand) had then a great deal to do with the Government of Canada; so I should expect him to be very familiar with the operations of the company then launched. However, whether it did very much good or whether it did not I really cannot say; but what it wants is to obtain certain amendments to the Act. Those amendments, in the main, have passed the Commons, but there are certain further changes that we desire to make.

The honourable member leading the other side asks for an explanation of the changes. They are not very momentous. The Boards of Trade Act appears in the Revised Statutes of 1927 as chapter 19. Section 3 is to be amended by the changing of the word "person" to "persons" in subsection 2, added as part of the first clause of this Bill. The section itself is a restraining section, preventing persons from using the words "Board of Trade" or "Chamber of Commerce" unless they are in a duly chartered board. I presume this is for the protection of the public, the idea being to prevent the unauthorized and confusing use of the name. The purpose of the section is very clear.

Perhaps while I am on my feet I might as well proceed to give the reasons for the additional changes. Section 2 of the Bill provides as follows:

2. The provisions of subsection two of section six of the said Act shall apply to any application for incorporation under any special or general Act of Parliament of Canada, with the right to use the names "Board of Trade" or "Chamber of Commerce" or any other name so similar as to be liable to be confused therewith.

That is to say, it is forbidden to use those words; and spurious boards of trade, as we may call them, cannot overcome their difficulty by applying for a charter with that title.

Section 3 provides:

Any board of trade duly registered as aforesaid under the provisions of this Act, may become affiliated with the Canadian Chamber of Commerce—

—which is the name of the central organization—

—on duly complying with all the terms and requirements of that organization, and may be represented at all its ordinary or special general meetings, held from time to time.

I intend to move a further amendment to strike out the words, "all its ordinary or special general meetings, held from time to time," and insert the words, "its annual meeting."

Subsection 2 reads:

(2) The delegates or representatives to the Canadian Chamber of Commerce shall be elected at a general meeting, duly convened, of the board of trade desiring such affiliation as aforesaid.

It will be moved in amendment that after the word "to," in the first line, the words "the annual meeting of" be inserted; also that after the word "convened," in the third line, the words "or by the Council" be inserted, and that the word "affiliation" be changed to "representation."

The whole effect of these changes is that the machinery is hereby provided for representation of the individual boards of trade at the central Chamber of Commerce. The method of election and the purpose of the election are somewhat altered by the amendments which are to be moved. The election is simplified, and the duties of those elected will be merely to attend the annual meeting. That is the only meeting of the Chamber of Commerce as a central body, though the executive of the Chamber meets frequently during the year in different parts of Canada. There is no purpose at all in having members elected by the individual boards of trade to the executive of the Chamber of Commerce. They will naturally be elected by the Chamber of Commerce itself. This is the effect of the amendments proposed and those which I am about to move.

Section 4 of the Bill provides that the secretary, and not the president, shall furnish the duplicates for record in the office of the Secretary of State. None of the amendments is of world-shaking importance.

Right Hon. Mr. GRAHAM: I should like to ask my right honourable friend a question. Does he believe that if the Parliament of Canada subsequently passed an Act incorporating a body of men with these names which section 1 says, in effect, shall not be tolerated, the later Act would not override this legislation? In other words, can Parliament by passing the present measure declare that it cannot pass any Act that might override this one?

Right Hon. Mr. MEIGHEN: We do not say that at all.

Right Hon. Mr. GRAHAM: I am asking whether this prevents a body of men from coming to Parliament and getting incorporation through a Bill.

Right Hon. Mr. MEIGHEN: I see that section 2 does go about as far as the right honourable member says. It reads, as already quoted:

2. The provisions of subsection two of section six of the said Act shall apply to any application for incorporation under any special or general Act of Parliament of Canada, with the right to use the names "Board of Trade" or "Chamber of Commerce" or any other name so similar as to be liable to be confused therewith.

That section 6, subsection 2, which is now made to apply to any application to Parliament for incorporation, reads as follows:

6. Where the district is situate wholly or partly within a district for which there is an existing board of trade, the certificate shall be accompanied by a statutory declaration of two or more of the persons signing the same—

—giving particulars as called for by the section. That simply means this, that in the case of any application to Parliament for an Act involving the right to use those terms, these particulars shall be given. I am quite free to say that if somebody comes some day with an application that does not give these particulars, Parliament will not be without its usual power; no doubt of that at all.

Hon. Mr. DANDURAND: I would draw the attention of my right honourable friend to section 39, which is to be repealed. On reading the notes accompanying the Bill, I find that section 39 of the Act reads as follows:

39. Any board of trade duly registered as aforesaid, under the provisions of this Act, may become affiliated with the Dominion Board of Trade on duly complying with all terms and requirements of that organization. . . .

The "Canadian Chamber of Commerce" now supersedes the "Dominion Board of Trade." I have made a vain attempt to find an Act of Parliament creating the Dominion Board of Trade. I believe it was constituted not by a special Act, but under Part 1 of Chapter 19, section 3:

Any number of persons, not less than thirty, who are merchants, traders, brokers, mechanics, . . . may associate themselves together as a board of trade and appoint a secretary.

As such boards were not established by a direct act of our Parliament, my right honourable friend will understand why they did not come under my review. Seeing that the Canadian Chamber of Commerce is to replace the Dominion Board of Trade as the federal body, I wondered whether my right honourable friend had not in his notes some explanation of the disappearance of the Dominion Board, and its replacement by the Canadian Chamber of Commerce.

Right Hon. Mr. MEIGHEN: I have nothing at all on that point in the notes furnished me from the other House or from the Department of the Secretary of State. I notice that the Canadian Chamber of Commerce was created by charter, under the Companies Act, on the 12th of January, 1929. The presumption is that the Dominion Board of Trade must have been an organization similarly created prior thereto, and that the changes provided in section 3 of this Bill are necessary because the Chamber of Commerce now takes its place.

Hon. Mr. BELCOURT: Can my right honourable friend tell us whether the section itself gives the power to that body, created under the Companies Act, to establish and control branches throughout Canada? Where does it get its authority for imposing itself and its rules and regulations on people throughout Canada who wish to organize boards of trade?

Right Hon. Mr. MEIGHEN: They do not impose regulations.

Hon. Mr. BELCOURT: I should like to know where is the authority under this Act to impose such regulations?

Hon. Mr. STANFIELD: Most of our towns and cities now have boards of trade, and I should like to ask whether they have been consulted about this Canadian Chamber of Commerce and have given their consent to this change?

Right Hon. Mr. MEIGHEN: They have been in that organization all along. The Chamber of Commerce is in effect the central organization of these boards of trade. It does not impose regulations.

Hon. Mr. STANFIELD: Are all of them in it?

Right Hon. Mr. MEIGHEN: It is the central organization, very much in the same sense as the Central Liberal Association, and would be elected, I presume, by the various constituent bodies throughout the country.

Right Hon. Mr. GRAHAM: Does the right honourable gentleman accept those regulations?

Hon. F. B. BLACK: Honourable senators, the Canadian Chamber of Commerce is the present successor of the Dominion Board of Trade, which was never incorporated, as far as I know—and I have had some little connection with it. The Dominion Board of Trade, with the consent of those who comprised it and participated in its deliberations, changed its name voluntarily to the Canadian Chamber of Commerce and took out a charter. But there are many boards of trade in the Maritime Provinces that have no connection with the Canadian Chamber of Commerce, and they are not obliged to join that body. Many small boards of trade in towns all over Canada function independently. In the East we have endeavoured to form a central organization, which is known as the Maritime Boards of Trade, and we try to meet once a year. Last year our meeting was held at Halifax, and the preceding year at Moncton. Individual boards of trade who send delegates to any such meeting do so in a voluntary way. Dealing with the question raised by the honourable gentleman from Colchester (Hon. Mr. Stanfield), I doubt that many boards of trade know anything at all about the existence of the Canadian Chamber of Commerce. On the other hand, I can see no possible reason why any board of trade should object to this Bill, for as I gather from the amendments read by the right honourable leader of the House, their purpose is merely to make legal what is being practised at the present time.

Hon. Mr. BELCOURT: My honourable friend must understand that the practice to which he has alluded, in the Maritime Provinces, will not be possible in future if this Bill is passed.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. BELCOURT: Oh, no. Under section 1 it will not be possible.

Right Hon. Mr. MEIGHEN: That is not the effect of it at all.

Hon. Mr. BELCOURT: The explanatory note on section 1 says:

> The purpose of this amendment is to prevent the possibility of persons or organizations using the name "Board of Trade" or "Chamber of Commerce" within any district occupied by a duly constituted Board.

So in future the practice that my honourable friend from Westmorland (Hon. Mr. Black) has described will not be possible.

Right Hon. Mr. MEIGHEN: The honourable gentleman is entirely wrong. It will not be possible for any board of trade or any chamber of commerce within a district in which there is already a duly constituted board to use either of those terms in its title unless it is duly registered in accordance with the Act.

Hon. Mr. BELCOURT: That is what I was trying to say.

Right Hon. Mr. MEIGHEN: But any board of trade does not need to become a part of, or to have anything to do with, the Canadian Chamber of Commerce, as I read the Bill. All that section 1 says is that neither of these names can be used by any body of persons within any district in which there is a duly registered board of trade, unless they are registered under the Act. That does not say that such a body must be part of the central organization. I have no doubt that the boards of trade to which the honourable gentleman from Westmorland referred are duly registered. What he said was that they had nothing to do with the Canadian Chamber of Commerce.

Hon. Mr. DANDURAND: The adherence is voluntary.

Right Hon. Mr. MEIGHEN: Yes. Section 3 of the Bill provides an amendment to enable any duly registered board of trade to become affiliated with the Canadian Chamber of Commerce, but there is no compulsion about it. Section 1 of the Bill provides that the following subsection shall be added to section 3 of the Act:

> (2) No person shall within any district in which there is a Board of Trade which is registered under the provisions of this Act, use the words "Board of Trade" or "Chamber of Commerce" as part of the name under which they are incorporated or doing business, or any other words so similar as to be liable to be confused therewith, unless they are incorporated as a body corporate and politic under this Act or under a special or general Act of the Parliament of Canada.

Every registered board of trade has a certain area delimited in the memorandum which is the basis of its registration. After every such board is registered, no other body of men within that district or area can organize and call themselves a board of trade. Any board of trade so registered may, if it chooses so to do, become affiliated with the Canadian Chamber of Commerce and elect delegates

to that body, but it is equally at liberty to snap its fingers at the Canadian Chamber of Commerce.

Hon. Mr. BELCOURT: I still think I am right. This amendment would prevent any number of persons from using the words "Board of Trade" or "Chamber of Commerce" anywhere.

Right Hon. Mr. MEIGHEN: No, it would not.

Hon. Mr. BELCOURT: I think it would.

Right Hon. Mr. MEIGHEN: Only within any district in which there is a registered board of trade.

Hon. Mr. BELCOURT: Precisely. But what is meant by "district"? There may be a registered board of trade in the city of Saint John, for example, or the city of Montreal, and no body of men could organize under the name of "Board of Trade" or "Chamber of Commerce" in a suburb of either of those cities, because of the prohibition against the use of such names in those districts. I repeat that what has been going on in the past, as described by the honourable member from Westmorland, cannot continue in the future if this Bill becomes law.

Right Hon. Mr. MEIGHEN: That is not so.

Hon. Mr. DANDURAND: Section 6 of the Act, chapter 19 of the Revised Statutes of Canada, is informative. It says:

6. Where the district is situate wholly or partly within a district for which there is an existing board of trade, the certificate shall be accompanied by a statutory declaration of two or more of the persons signing the same as to

(a) the facts in that regard;

(b) the population of the existing district;

(c) the population of the proposed new district;

(d) the population of the existing district as diminished by the proposed change;

(e) any facts or considerations which made the establishment of the new board expedient.

2. In such cases

(a) the existing board of trade shall be afforded an opportunity to show cause against the proposed change;

(b) the certificate shall be recorded only with the sanction and authority of the Governor in Council.

According to that section an application may be made for approval of the formation of a new board of trade in a district in which there is an existing board, but the new board will be required to prove that there is need for its establishment, and the existing board will be given an opportunity to show why it thinks the application should not be granted.

Right Hon. Mr. MEIGHEN.

Hon. Mr. BELCOURT: If the central body does not choose to accept the application, that is an end of it.

Hon. Mr. DANDURAND: I do not know what my honourable friend means by "the central body." If he means the Canadian Chamber of Commerce he is incorrect.

Hon. Mr. BLACK: There is another point that may be interesting. I am speaking subject to correction, but I believe there are in the country many boards of trade that have been functioning for twenty or twenty-five years and have never been registered. They have been formed in various localities by groups of men who desired to organize. I imagine that if anything in this Bill would take away from these businessmen the right to call their organizations boards of trade, there would be very strenuous objection.

Hon. Mr. BELCOURT: That is the point I am making.

Right Hon. Mr. MEIGHEN: I thought the honourable gentleman's point was somewhat different, but whether it is the same or not, it is wrong. There is nothing in this Bill to compel registration, but apparently the existing law gives the privilege of registration and provides that any board desiring to be registered shall set out in its application the district it desires to have allotted to it. For example, if a board of trade in Saint John chose to be registered, its application would probably specify its district as the city of Saint John. If the application for registration were granted—and that would be done by the office of the Secretary of State—then, according to this Bill, no other body of persons organized within that district could use the words "Board of Trade" or "Chamber of Commerce" as part of their name, without first applying to the Secretary of State and giving the particulars set out in section 6 of the Act, as read by the honourable gentleman from De Lorimier (Hon. Mr. Dandurand). If the office of the Secretary of State chooses to consider the application, it will communicate with the existing board of trade in Saint John and give it an opportunity to be heard in opposition to the application.

The CHAIRMAN: Shall we now take up the Bill section by section?

On section 1—use of names restricted:

Right Hon. Mr. MEIGHEN: Honourable senators, I move that the word "persons" be substituted for the word "person."

Hon. Mr. BELCOURT: Is there any necessity for that? The word "person," according to the Interpretation Act, is either singular or plural.

Right Hon. Mr. MEIGHEN: Yes, but one ought to use the right word. A person is not going to call himself a board of trade.

Hon. Mr. BELCOURT: But the Interpretation Act says the word "person" means person or persons.

Right Hon. Mr. MEIGHEN: Regardless of the Interpretation Act, it is always well to have legislation worded so that the wayfaring men, though fools, shall not err therein.

Hon. Mr. DANDURAND: Perhaps the word "persons" should be used here, because no one person can form a board of trade.

Hon. Mr. McMEANS: Better refer it to the Supreme Court.

The amendment and the section as amended were agreed to.

Section 2 was agreed to.

On section 3, subsection 1—board may affiliate with Canadian Chamber of Commerce:

Right Hon. Mr. MEIGHEN: I beg to move that the words "all its ordinary or special general meetings, held from time to time" be stricken out and the words "its annual meeting" substituted therefor.

The amendment was agreed to.

On section 3, subsection 2—delegates to be elected at general meeting:

Right Hon. Mr. MEIGHEN: I beg to move that after the word "to" in the first line of subsection 2 there be inserted the words "the annual meeting of"; and after the word "convened" there be inserted the words "or by the Council"; and that the word "affiliation" be stricken out and the word "representation" substituted therefor.

The amendment was agreed to.

Section 3 as amended was agreed to.

Section 4 was agreed to.

The Bill was reported, as amended.

MARRIAGE AND DIVORCE BILL

MOTION FOR SECOND READING

Hon. Mr. GRIESBACH moved the second reading of Bill 17, an Act to amend the Marriage and Divorce Act.

He said: Under the Act as it now is, a man can legally marry either his deceased wife's sister or the daughter of his deceased wife's sister, but cannot legally marry a daughter of his deceased wife's brother. Similarly, a woman can now legally marry either her deceased husband's brother or the son of her deceased husband's brother, but not a son of her deceased husband's sister. The amendments proposed are in the words underlined in the Bill, and are designed to remove these anomalies, which would seem to have been due to oversight.

Right Hon. Mr. GRAHAM: Quite clear.

Hon. Mr. GRIESBACH: I have here a memorandum on legislation on this question by the British Parliament. In 1907 it amended the law so as to legalize a man's marriage with his deceased wife's sister. In 1921 the Act of 1907 was amended by the insertion of the words, "or between a man and his deceased brother's widow." In 1931 the British Act was further amended by the insertion of the words:

> or between a man and any of the following persons; that is to say:—
> (1) His deceased wife's brother's daughter;
> (2) His deceased wife's sister's daughter;
> (3) His father's deceased brother's widow;
> (4) His mother's deceased brother's widow;
> (5) His deceased wife's father's sister;
> (6) His deceased wife's mother's sister;
> (7) His brother's deceased son's widow;
> (8) His sister's deceased son's widow.

I am instructed that if the Bill which I have here is passed, not only will the English law concerning marriage contain all the provisions of the Canadian marriage law, but its provisions will still remain wider than those of the law of Canada. I mention that merely to reassure those who think we are going too far. I move the second reading.

Hon. Mr. McMEANS: I would ask the honourable gentleman whether these marriages are now prohibited in Canada by statute.

Hon. Mr. GRIESBACH: I assume that inasmuch as they are not provided for in the law, they are thereby prohibited. Such marriages have been taking place, and I fancy that where there is an illegal marriage, even though the parties are not aware of the prohibitions of the law, the children will be illegitimate. I fancy, moreover, that the amendments made to the law from time to time are based on actual occurrences connected with prosecutions.

Hon. Mr. TANNER: Is there much demand for this law now?

Hon. Mr. GRIESBACH: Well, there would be a demand from at least two persons, I

should say, for these two amendments. In the English law, where it provides for the man, it provides consequentially for the woman, on the opposite side of the problem. We do not seem to have done that; therefore we must legislate specially. This Bill has passed in another place without much difficulty. It seems to be a reasonable proposal; in fact I am sure it is.

Right Hon. Mr. GRAHAM: May I ask the honourable gentleman this question? Would the passage of this Bill have the effect of legalizing marriages that otherwise might not be considered absolutely legal? In other words, would it be retroactive?

Hon. Mr. GRIESBACH: That is a legal question.

Hon. Mr. McMEANS: I would ask the honourable gentleman to tell me, if he can, whether there is any law in Canada to prevent the marriages provided for in this Bill?

Hon. Mr. GRIESBACH: I am instructed now that it would be retroactive.

Hon. Mr. BELCOURT: Perhaps my honourable friend would answer another legal question. Is he quite sure that we are not infringing on provincial rights? Is it not purely and simply a question of civil status?

Hon. Mr. GRIESBACH: In this particular case it is just possible that the two parties may reside in different provinces. In any case there would seem to be marriage and divorce legislation in Chapter 127 of the Revised Statutes of Canada. I take it the question had been thoroughly discussed at the time that legislation was passed, and it was decided that it was within the jurisdiction of Parliament.

Hon. Mr. BELCOURT: It may be, but I have my doubts.

Right Hon. Mr. MEIGHEN: The honourable gentleman's question is quite pertinent. I should think that if the proposed legislation were not retroactive it ought to be. There is no reason in the world why, if we legalize marriages on a certain basis, we should maintain the illegality of marriages contracted in the past on the same basis, and decline to protect the status of the children. Now, suppose it comes about after this that a certain marriage is challenged, and the marriage was made ten years ago. The law says, "A marriage is not invalid merely because"—

Right Hon. Mr. GRAHAM: There is a little word there, the word "is," that bothers me.

Hon. Mr. GRIESBACH.

Right Hon. Mr. MEIGHEN: That is the only word that can be used. It does not say, "A marriage shall not be invalid"; it says, "A marriage is not invalid." Even if it said "shall not be," I think it would probably apply to past marriages; but with the word "is" it seems to me there is no doubt about it.

Right Hon. Mr. GRAHAM: What was in my mind was what the right honourable leader has expressed—that if it is right to make these marriages legal in the future it certainly ought, in behalf of the children, to be retroactive.

Hon. Mr. GRIESBACH: After the passage of this Bill nobody could challenge such a marriage, because notice would then be taken of existing conditions.

Hon. Mr. McMEANS: I would ask the honourable member whether the marriage ever was invalid.

Hon. Mr. BELCOURT: Another legal question.

Right Hon. Mr. MEIGHEN: This is not a Goverment measure. The invalidity of marriages has not been governed, as far as I can recall, by Canadian statute. Probably it has been established by virtue of the clause which imports into Canada the British law prior to the passing of the B.N.A. Act. By virtue of the common law of England there were certain classes of prohibited marriages. I fancy that the prohibition which is implied here as having existed has a derivation as far back as that. I do not think there is any absolute prohibition in Canada.

Hon. Mr. FORKE: The Bill to permit marriage with a deceased wife's sister was a very difficult one to pass. It was thrown out on three different occasions by the House of Lords before it became law.

Right Hon. Mr. MEIGHEN: We should not be affected by that.

Hon. Mr. BARNARD: If, as appears to be the case, this Bill is to be retroactive, are we not in danger of legislating away some civil property rights that have grown up under the existing law?

Hon. Mr. GRIESBACH: For instance?

Hon. Mr. BARNARD: You may be legitimizing certain children, who would thus be entitled to participate in an inheritance in which otherwise they would not be entitled to participate. I do not like retroactive legislation unless you know exactly what you are doing.

Hon. Mr. McMEANS: I think, honourable gentlemen, we ought to postpone the second reading of this Bill until we know something more about it.

Hon. Mr. GRIESBACH: I think the point raised by the honourable gentleman from Victoria (Hon. Mr. Barnard) is important, but as I have not had time to examine it, I would move that the debate be adjourned for such time as will allow me to obtain information to satisfy my honourable friend.

Hon. Mr. DANDURAND: I would point out to my honourable friend that a reservation is sometimes made in regard to cases that are before the courts. If there are no cases before the courts, we can well apply the general principle.

Hon. Mr. GRIESBACH: I should be glad to meet any of these objections, so far as possible, even to the extent of proposing an amendment; therefore I should like to move either that the discussion be adjourned or that the order be discharged and placed on the Order Paper for some day next week.

The Hon. the SPEAKER: The honourable member will simply allow his motion for second reading to stand.

The motion stands.

CRIMINAL CODE (SUMMARY TRIALS) BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 7, an Act to amend the Criminal Code (Summary Trials).

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

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Daniel in the Chair.

On section 1—summary trial in certain cases:

Hon. Mr. DANDURAND: I was about to rise, on the second reading, to say that this Bill covers changes for Manitoba and Saskatchewan.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: On general principles there is no objection.

Right Hon. Mr. MEIGHEN: It just applies the extended jurisdiction of police magistrates, as conferred on them by previous legislation, in 1930, to the stipendiary or police magistrates in those two provinces, the same as in the others.

Section 1 was agreed to.

The preamble and the title were agreed to.

The Bill was reported.

JUVENILE DELINQUENTS BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 8, an Act to amend the Juvenile Delinquents Act.

Hon. Mr. McMEANS: I should like some further information on this. It seems to be one of those cases where the criminal law is extended to make certain persons liable to prosecution at the request of other persons. Who is going to define the conduct of a parent or guardian who, for instance, says to a boy, "Go out and lick that other fellow," or something of that kind? The child may not act on the advice. The conduct of the accused is not defined sufficiently. I always scrutinize with a great deal of care these amendments that are introduced elsewhere at the request of certain persons in order that other people may be brought within the scope of the criminal law. I want to make sure that there is some really important reason why the amendment should be passed. The Act says:

> 33. (1) Any person, whether the parent or guardian of the child or not, who, knowingly or wilfully,
>
> (a) aids, causes, abets or connives at the commission by a child of a delinquency; or
>
> (b) does any act producing, promoting, or contributing to a child's being or becoming a juvenile delinquent or likely to make any child a juvenile delinquent;
>
> shall be liable on summary conviction before a Juvenile Court or a magistrate to a fine not exceeding five hundred dollars or to imprisonment for a period not exceeding two years or to both fine and imprisonment.

That is the law as it stands at present. The intention of this Bill is to amend the Act by providing:

> It shall not be a valid defence to a prosecution under this section that notwithstanding the conduct of the accused the child did not in fact become a juvenile delinquent.

Is that not very vague? What does this mean, that a parent or guardian may be convicted for saying something to a child who does not do anything as a result? A child may give evidence against its parent or guardian of something that is alleged to have been said or done. Of course, evidence of that kind

is always inquired into carefully, because a child's mind is very impressionable and it is not always easy to determine when a child is telling just what happened. I do not like the practice of changing our criminal laws almost from day to day, at the request of certain classes of people. I suppose this measure originated with a children's welfare association or similar social organization. Personally, I heartily agree that any person who endeavours to bring up a child in crime, or to make any criminal suggestions to a child, should be liable to punishment. But I do not think a magistrate or anyone else should have the power of depriving a parent or guardian of his liberty solely because of a story that a child may tell. It seems to me that the House should be given some stronger reason than has been given for the passing of this amendment.

Hon. Mr. DANDURAND: I have read the explanatory note with a view to seeing if there is any justification for the Bill. I should like to say to my honourable friend that the proposed amendment does not appear to be any more vague than the Act itself. I see no special objection to it. The Act was passed for the protection of children. Juvenile courts are constantly dealing with cases where children are in very grave danger because of the immorality or vice of parents or guardians, and it has been found that in certain instances the law does not go far enough to reach accused persons who are guilty of having exercised immoral influence over children. It is therefore proposed that the Act be amended by the addition of the following subsection to section 33:

> It shall not be a valid defence to a prosecution under this section that notwithstanding the conduct of the accused the child did not in fact become a juvenile delinquent.

If this amendment were passed a guilty parent could not escape conviction by pleading that the child had not become a delinquent. Of course, much can be said about the danger of the administration of criminal law by justices of the peace, but I confess that I can find no special reason why this Bill should not become law.

Hon. Mr. LEMIEUX: It is apparent that this legislation is being asked for by a number of provinces. I would draw to the attention of the honourable gentleman from Winnipeg (Hon. Mr. McMeans) the last paragraph of the explanatory note:

> The purpose of the present amendment is to make it clear that it is an offence to do any act which is likely to make any child a juvenile delinquent, whether as a result of such act the child did or did not in fact become a juvenile delinquent. The amendment is put forward at the instance of the Attorney General of Manitoba, and is supported by the Attorney General of Nova Scotia; the Solicitor to the Attorney General's Department, Ontario; the Attorney General of Alberta; the Attorney General of Saskatchewan and a number of officials and societies interested in the enforcement of the laws relating to child welfare.

Right Hon. Mr. MEIGHEN: Honourable senators, I think the case for this Bill would be seen in a clearer light if a hypothetical instance were to be given. Let us suppose it is brought to the attention of the authorities that a girl of twelve is living with parents who are maintaining grossly immoral conditions. It undoubtedly was intended that the maintenance of such conditions should constitute an offence under the Juvenile Delinquents Act, which was framed, as the honourable gentleman opposite has said, for the protection of children. Now, under the Act as it stood for many years, if those parents were brought to court to answer for their misconduct as related to that child, and if the defence counsel were able to show that the child was not yet in the condition defined by the Act as delinquent, they would escape conviction. Their offence would be exactly the same as if it had had its natural result, but because the child had not degenerated, possibly because it was too young to be influenced by the conditions about it, the parents could not be punished. It can hardly be argued that they should escape in this way. Surely, if the Act is to have any real and substantial effect it should apply in such a case. In order that it might be made effective in this respect, Parliament in 1921 passed an amendment to make it applicable to parents, guardians, or other responsible persons whose conduct was such as to be likely to contribute to the delinquency of a child. But a case under this law went to the Court of Appeal in Manitoba, and the Chief Justice of that province held that despite the insertion of the words "to be likely to," Parliament had not succeeded in altering the law as it previously stood, and that in respect of the defect sought to be cured by those words the Act was a nullity. Now this Bill is brought forward to provide that no longer shall the ineffectiveness of the conduct of parents or guardians be a defence, if their conduct is such as the Act declares to be wrong, having regard to their duty to the child. That is the sole object of the Bill.

The honourable gentleman from Winnipeg (Hon. Mr. McMeans) fears that Parliament is unduly intruding upon the liberty of the people and adding unnecessarily to the list of offences. But this Bill would not create

any new offence; it would merely add to the law a very common-sense provision in respect of the conviction of an accused person for conduct that is already deemed to be an offence.

The honourable gentleman referred also to the care that must be exercised in dealing with the evidence of a child. There is no intention to change the law with respect to the effect to be given to a child's evidence, and the quantity and quality of evidence necessary to establish an offence. I know that courts are careful about accepting unsubstantiated evidence of a young child. They should be just as careful after this Bill is passed as they have always been.

While I am on my feet, may I say a word or two for those who are interested in this type of legislation, chiefly the members of children's aid societies and like organizations? I do not know of any people who render a more unselfish or practically useful and admirable public service than those very people. There is one gentleman in this city who is keenly interested in this legislation. I refer to Mr. W. L. Scott. As long as I have been associated with Parliament, and that is a long time now, he has given very unselfish service to this cause. I know similar men in Manitoba. I think they are seeking, not to interfere, but rather to do something of very real value. And they are doing it. They ask—and they have associated with their request the Attorneys-General of a number of the provinces—that an avenue of escape, which obviously Parliament never intended should be left open to those guilty of offences covered by the Act, shall be closed once and for all. I think that we ought to accede to their request without hesitation.

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

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Gordon in the Chair.

Section 1 was agreed to.

Right Hon. Mr. MEIGHEN: Honourable senators, I desire to move that the Bill be amended by adding thereto section 2, to read as follows:

The said Act is further amended by adding to section 37 thereof the following subsection:
(3) Application for leave to appeal under this section shall be made within ten days of the making of the conviction or order complained of, or within such further time not exceeding an additional twenty days as a Supreme Court judge may see fit to fix either before or after the expiration of the said ten days.

Under the law as it now is—this information was conveyed to the Department of Justice by Mr. W. L. Scott, and the proposed amendment was suggested by him and concurred in by the department—there is no time limit whatever to an appeal, under section 37 of the Juvenile Delinquents Act. Surely there should be a limit; otherwise a conviction may hang between heaven and earth forever, or as long as the sentence in any particular case is being served.

Hon. Mr. McMEANS: Why are the words "Supreme Court judge" used? There is no Supreme Court in Manitoba.

Right Hon. Mr. MEIGHEN: This amendment has been concurred in by the Department of Justice, and I presume there is a definition covering that matter. The Manitoba Court that is analogous to the Supreme Court of Ontario is the Court of King's Bench.

Hon. Mr. DANDURAND: It would be the Superior Court judge in Quebec. I suggest that the Bill be left in Committee, and perhaps the Department of Justice might change the proposed amendment to make it applicable to all the provinces.

Right Hon. Mr. MEIGHEN: I think we had better leave the Bill in Committee. I move that the Committee rise and report progress and ask leave to sit again.

Progress was reported.

CRIMINAL CODE (CONVEYANCE OF PROHIBITED ARTICLES) BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 11, an Act to amend the Criminal Code (Conveyance of Prohibited Articles).

He said: Honourable members, the purpose of this Bill is to apply to express companies, or other agencies of conveyance, the prohibition against facilitating the commission of offences in the nature of games of chance. The Post Office, under the Post Office Act, is forbidden to carry mail matter that is used as part of the machinery of these chance organizations, and they resort to the express companies for another means of conveyance.

Hon. J. J. DONNELLY: Honourable senators, I should like to get a little information. In the reading-room this morning I happened to see a news item which stated

that a newspaper publisher in Western Ontario had been awarded the sum of $5,000 by a Montreal paper—the name of which I cannot recall at the moment—for making the most nearly correct guess of the total population of Canada as determined by the last census. The competition was open to persons who got subscription orders for the Montreal paper, on the basis of seven guesses for each subscription, and the winner had secured a large number of orders. Would a competition of that kind be considered a game of chance, within the meaning of this Bill?

Hon. Mr. FORKE: He would have to use his intelligence.

Right Hon. Mr. MEIGHEN: The question which the honourable member asks is not pertinent to the Bill. I want to say that first. The Bill does not change in any way the present law as to what constitutes a game of chance as prohibited; the law remains just the same. The Bill deals entirely with the enforcement of the law. As it was, the law was enforced by prohibition of the use of the mails for the purposes of the offensive act as defined. This extends the prohibition to express companies. That is as far as the Bill goes.

I do not know that I am able to answer the honourable gentleman's question, which is really a question of law. I think it quite probable that the case to which he refers is not within the definition. It was apparently a competition; not wholly chance, but a competition in capacity to estimate the population; very much in the nature of a competition that might be engaged in in trying to decide a man's weight, or the age of the honourable member, or something of that sort. I fancy it is not within the prohibition.

Hon. Mr. DANDURAND: I have not the Act before me, but I know there has been considerable discussion during the last eight or ten years over amendments to cover games of chance carried on by newspapers, mostly in Winnipeg.

Hon. Mr. McMEANS: Oh, no.

Hon. Mr. DANDURAND: I could not say whether the case cited by my honourable friend is covered.

Hon. Mr. TANNER: I think that after we get a few more of these barbed wire laws, to keep our morals attractive, we shall be very good people.

Hon. Mr. McMEANS: We shall be in jail.

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

Hon. Mr. DONNELLY.

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Gordon in the Chair.

Section 1, the preamble and the title were agreed to.

The Bill was reported.

OTTAWA AGREEMENT BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 12, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

Hon. Mr. McMEANS: Honourable gentlemen, I think members of this House will give me credit for at least a little courage—which I may not always have—if I refer to any agreement between the City of Ottawa and the Government. I have no objection to the present Bill, but I would warn honourable members of this House that if they attempt at any time to discuss the expenditure arranged between the Government and the City of Ottawa they will be liable to undergo a very severe criticism in the newspapers on the following morning. I took occasion at one time, in my simple way, to call the attention of this House to the tremendous expenditure of the late Government in making Ottawa the great city of the Dominion—tearing down hotels, opening roadways, and all that sort of thing. I merely pointed out that the expenditure of public money on so vast a scale should be more closely criticized. The next morning the press of this enterprising city contained a very severe attack on myself. Though I have no objection to the present Bill, I want to take courage to stand up and say that, so far as I am concerned, I am going to object to the expenditure of more public money in the city of Ottawa.

Hon. Mr. DANDURAND: I thought the honourable gentleman was rising to ask for a ten per cent cut.

Hon. Mr. McMEANS: I should be very glad to do so if there were any chance of getting it.

Right Hon. Mr. MEIGHEN: Perhaps I should explain—it should have been done previously—that this Bill is to extend for one year the agreement under which the Government pays Ottawa $100,000 a year in view of fire protection and other civic services. For a number of years the amount stood at $75,000, and in 1925 it was increased to

$100,000. The increase has been carried forward from year to year, and it is now being extended for another year.

Hon. Mr. BELCOURT: The Government did not accede to the request for a further amount, and it does not seem to be eager to do so.

Right Hon. Mr. MEIGHEN: We cannot tell.

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

Hon. Mr. STANFIELD: I suggest that we dispense with the Committee of the Whole.

THIRD READING

Hon. Mr. MEIGHEN, with the leave of the Senate, moved the third reading of the Bill.

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

ORDERS IN COUNCIL BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 13, an Act relating to the submission to Parliament of certain Regulations and Orders in Council.

He said: This Bill, frankly, is to cure a defect, a non-compliance with the provisions of a previous Bill. The law provides that at each session certain Orders in Council under the Dominion Lands Act and the Dominion Forest Reserves and Parks Act—I think I have named them correctly—shall be laid on the Table of each House, and shall be confirmed by resolution of each House, and if there is any failure in that regard, then the effect of the Orders in Council terminates on the second day after the session closes. These Orders in Council were laid on the Table of the Commons and on the Table of the Senate last session, but, while they were approved by resolution in this House, there was the omission of a resolution in the Commons, and consequently they lapsed at the close of the session. This Bill provides that they shall be considered to have continued in force in the same way as if they had been approved in accordance with law. I may say a similar omission occurred in previous years, and it was cured by a similar Bill in 1928.

Hon. Mr. DANDURAND: The fact that the Commons did not approve was not the result of a policy; it was—

Right Hon. Mr. MEIGHEN: An oversight.

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

PRIVATE BILL

SECOND READING POSTPONED

Hon. Mr. COPP, on behalf of Hon. Mr. Béique, moved the second reading of Bill D1, an Act respecting the Quebec, Montreal and Southern Railway Company.

Right Hon. Mr. MEIGHEN: I should like this Bill to stand. It may be a very virtuous measure, but I do not know enough about it.

Hon. Mr. COPP: My right honourable friend will notice it is just the extension of a charter. The desire is to get it before the Railway Committee.

Right Hon. Mr. MEIGHEN: The extension of a charter may be a very serious proceeding in these hard times. It is not that I wish to refuse to have it go before the Committee, but I do not like to assent to the principle of a Bill before I get some information about it. I have no advice about it, favourable or unfavourable.

Hon. Mr. DANDURAND: We generally send those Bills to the Committee, unless they are open to special objection, because it is in committee that we find out whether a charter deserves to be continued.

Right Hon. Mr. MEIGHEN: I do not know whether there is any special objection or not, but I would rather that it should stand.

The motion stands.

The Senate adjourned until Tuesday, March 8, at 8 p.m.

THE SENATE

Tuesday, March 8, 1932.

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

Prayers and routine proceedings.

THE LEAGUE OF NATIONS

INQUIRY FOR RETURN

Hon. Mr. GRIESBACH: I should like to ask the right honourable leader of the House when he expects to lay on the Table, in response to an order for a return, the information I asked for in connection with the League of Nations.

Right Hon. Mr. MEIGHEN: I can assure my honourable friend that I will not delay, but will lay the information on the Table as soon as I have it. The details asked for are extensive and have not been compiled. I have known of much longer delays in the receipt of such detailed information in the other House, though perhaps they are not usual in this House.

THE LATE HON. SENATOR LEGRIS

TRIBUTE TO HIS MEMORY

Right Hon. ARTHUR MEIGHEN: It is in the minds of all honourable members, I know, that since we met last one of our number has passed from our midst—the Hon. Senator Legris. It will be appreciated at once that of all members of this House I had perhaps the least intimate association with him, and consequently am not in a position to speak with that personal knowledge which other members might summon to their aid. I can only make such references to our late colleague as can be made by a citizen of Canada who has learned of his life and work, his character and his services. Senator Legris had been a member of this Chamber for almost thirty years, a long period indeed, and previously had occupied a seat in the other House for a considerable time, some eleven or twelve years.

Hon. Mr. CASGRAIN: He was elected in 1891.

Right Hon. Mr. MEIGHEN: Before that he had served as a member of the Legislature of the Province of Quebec. His public life, therefore, was one of the longest of which we have record, and I feel that I can say without exaggeration that it was one of the most creditable. Born near Rivière du Loup, in the Province of Quebec, he early took an interest in agriculture, made a specialty of it throughout his career, and became one of our most interested and intelligent authorities on the subject. Indeed, so clearly recognized was his position in this field that in the early part of the century, at the request of the then Prime Minister, Sir Wilfrid Laurier, he assumed the chairmanship of a very important commission investigating the subject of colonization. His record as an official of his parish was also long and creditable, extending over two decades. In the Senate he made himself known and beloved of all on both sides, and I am sure his rather sudden passing is deeply regretted by every senator. Although for many years he had not been in the best of health, his serious illness was a matter of only three or four days, and we all feel deeply the shock of his passing. I am sure I express the sentiment of honourable members of all political opinions when I say that we hold in high regard his long and honourable career of public service and his intimate personal association with us, and that we extend to those who honour him as a father our deep and sincere sympathy.

Hon. R. DANDURAND: Honourable senators, I have known the late Senator Legris for more than forty years, and been an observer of his long, active and useful career. I have often noticed the able manner in which he dealt with matters affecting agriculture and the lot of the farmer. He was a farmer himself, had lands of his own, knew the conditions which farmers had to meet, and became very early in life their champion. It was a decided advantage to him that he was able to discuss with his own people, in a way that they thoroughly understood, various questions in which they were closely interested. He was well equipped for his work, for he had spent a great deal of his spare time in endeavouring to educate himself. He attended a small country school and afterwards continued to try to improve himself by means of private tuition. I would point out to my honourable friends who do not know the French language that a person whose mother tongue is French and who has had but a primary education is much handicapped when trying to express himself in that language. The English language, on the other hand, is comparatively easy, and I have known English-speaking farmers who had no greater education than that of the ordinary French-Canadian farmer, but could express themselves with considerable facility and correctly. A man cannot speak French if he has not mastered the language.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: It is a very great eulogy to pronounce on a French-speaking man who has had but a primary education to say of him, as can be said of the late Senator Legris, that by making the best possible use of the means at his disposal he succeeded in so mastering the French language that he could write it most creditably, and when addressing his people he was looked up to as a man of superior culture. His example has influenced many of his fellow countrymen to try to better their condition. I have seen him in the Quebec Legislature and in the federal arena, and I can say that as a representative of the farming element in my province of Quebec he had

very few superiors. With my right honourable friend I join in expressing sympathy to his family in their bereavement.

BOARDS OF TRADE BILL

THIRD READING

Bill 3, an Act to amend the Boards of Trade Act.—Right Hon. Mr. Meighen.

CRIMINAL CODE (SUMMARY TRIALS) BILL

THIRD READING

Bill 7, an Act to amend the Criminal Code (Summary Trials).—Right Hon. Mr. Meighen.

CRIMINAL CODE (CONVEYANCE OF PROHIBITED ARTICLES) BILL

THIRD READING

Bill 11, an Act to amend the Criminal Code (Conveyance of Prohibited Articles).—Right Hon. Mr. Meighen.

ORDERS IN COUNCIL BILL

THIRD READING

Bill 13, an Act relating to the submission to Parliament of certain Regulations and Orders in Council.—Right Hon. Mr. Meighen.

JUVENILE DELINQUENTS BILL

FURTHER CONSIDERED IN COMMITTEE AND REPORTED

The Senate again went into Committee on Bill 8, an Act to amend the Juvenile Delinquents Act.—Right Hon. Mr. Meighen.

Hon. Mr. McLennan in the Chair.

On the proposed amendment—appeals:

Right Hon. Mr. MEIGHEN: When the House was last in Committee on this Bill I moved that it be amended by the addition of a clause, to become section 2. Some question was raised as to whether or not the amendment was fully effective, because it contained the words "Supreme Court judge." Some honourable gentlemen doubted the apropriateness of that term because in certain provinces there is no Supreme Court judge, the corresponding official in those provinces being a judge of the Court of King's Bench or a judge of the Superior Court. I have learned meantime that the term "Supreme Court judge" is defined in section 2, paragraph j, of the Act that we are now amending—the Juvenile Delinquents Act, chapter 46 of the Statutes of 1929—as being a Supreme Court judge in the Province of Ontario, a judge of the Superior Court in the Province of Quebec, a judge of the Supreme Court in the Province of Nova Scotia, the Province of New Brunswick, the Province of British Columbia, and the Province of Prince Edward Island, a judge of the Court of King's Bench in the Province of Manitoba, or in the Province of Saskatchewan, a judge of the Supreme Court in Alberta, and a judge of the Territorial Court of the Yukon Territory. I think this covers the whole wide geography of Canada.

The amendment was agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

MARRIAGE AND DIVORCE BILL

SECOND READING

The Senate resumed from Friday, March 4, the adjourned debate on the motion for the second reading of Bill 17, an Act to amend the Marriage and Divorce Act.

Hon. Mr. McMEANS: I understood that the honourable gentleman who is responsible for this Bill (Hon. Mr. Griesbach) was to give some explanation before the second reading.

Hon. Mr. GRIESBACH: The data which I was to secure has through inadvertence got into the hands of the right honourable leader of the Government, who will now explain.

Right Hon. Mr. MEIGHEN: When the House was considering this Bill before, a question arose as to whether or not, by reason of the phraseology imported into the Bill, it would be retroactive in effect. I do not think any honourable member had any objection to the substance of the Bill, at all events if its effect was entirely prospective and applied only to marriages hereinafter contracted. I had expressed the opinion, purely as a private member of the House, that the Bill was retroactive. The honourable gentleman from Victoria (Hon. Mr. Barnard) raised the objection that if such were the case civil rights might be involved and seriously disturbed, and this he felt would be unfortunate. What the honourable member from Victoria had in mind, no doubt, was that if by the terms of a will, for example, certain properties were left to children, the law would imply the legitimacy of the children as a prerequisite to their inheritance, and that the passage of

this Bill which would later on legitimize the children, might conceivably, though not likely, have an effect that was not intended. I expressed an opinion without much opportunity for reflection and with none at all for investigation. I have had that opinion checked by higher authorities, and I may say to the House that it has been confirmed, but with the very wise qualification, frequently employed by lawyers, that there is room for a difference of view.

It is a principle of jurisprudence that the terms of the legislation itself must make very clear that its effect is retroactive, and when such an interpretation is adopted any other interpretation must be virtually impossible. However, the language of this Bill is so explicit—that a marriage is not invalid because of such and such a contingency—that, according to the opinion given to me, it is quite probable the court would apply this law to marriages now existing. It is for honourable members of the House to decide whether or not they care to pass the legislation in its present form. It seems to me quite presumable that no injustice would be done even if a case arose where the retroactive effect was applicable.

In legislation passed in Great Britain many years ago, and in this Parliament in 1882, the language employed was very specific. It said:

Any marriage heretofore or hereafter entered into—

and then went on to express what the effect of such a marriage would be. Legislation that was passed a few years ago, bringing about the effect stated by the honourable member for Edmonton (Hon. Mr. Griesbach) in his introductory remarks, namely, the legitimization of certain marriages of deceased wife's sisters, was similar in terms to the legislation now proposed. Undoubtedly the draftsman of this Bill had that legislation in mind and followed it because it appeared proper not to give rise to any additional question, but to confine anything that ever could be submitted to the courts to the same compass as anything that could be submitted under the earlier legislation. It seems to me that was the wise course; and as we are now simply adding to the list of valid marriages a corresponding class, it is probably wise on our part to employ the same phraseology as was then employed. Personally I see no objection to the Bill. I speak as a private member, not as a member of the Government.

Hon. Mr. McMEANS: Can the honourable gentleman inform us whether marriages made between such parties heretofore are invalid?

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: Yes. Otherwise there would be no object to the legislation.

Hon. Mr. McMEANS: That is just the point. A man opposed to the Bill might show the marriage to be invalid.

Hon. Mr. DANDURAND: Does not the honourable gentleman from Winnipeg (Hon. Mr. McMeans) recognize that in the case of a man who desired to repudiate his wife for that cause, we should be standing on solid ground in asking him to show some other cause?

Hon. Mr. McMEANS: I have no objection to the Bill. I am merely asking for an explanation.

Right Hon. Mr. GRAHAM: I am responsible in a measure for injecting into the discussion the retroactive effect of the Bill. When the Bill was up before, the right honourable leader of the Government, in his private capacity, said he thought that if it was not retroactive it should be. I adhere to that view. I am confirmed in my opinion about these marriages largely from my association with the late Sir Wilfrid Laurier. A delegation of well-meaning persons brought before Sir Wilfrid and myself, as a committee of the Government, a proposal that certain things should be declared to be crimes. Sir Wilfrid impressed upon those people the fact that to accede to their request would expose the illegitimacy of many people who did not dream of anything of the kind. He refused to pass any such legislation as was advocated, and convinced the deputation that they would have to wait at least until the older generation had passed away before they could hope to have such an enactment placed on the Statute Book.

Brushing aside, if you will, the legal question, of which I know nothing, I think it is the duty of Parliament to protect those who are unable to protect themselves. If children should wake some day to find that, owing to the greed of some person who desired to seize what they had thought was their birthright, they were declared illegitimate, Parliament could not very well escape its responsibility. To my mind any civil demand—any legal demand, if I may use the term—pales into insignificance before the human demand of the child. If this Bill is not retroactive, I would have it strengthened in order that children who have always thought they were legitimate may be looked after as it is the duty of Parliament to look after them.

Hon. Mr. BELCOURT: I share in the curiosity or doubt expressed by the honour-

able member from Winnipeg (Hon. Mr. McMeans). I do not know of anything in the law of England, or in our law, by which it could be claimed that the marriage that we are trying to protect to-day is an illegal marriage. I do not see how the necessity arises, either in England or here, of having it decreed that the marriage here described is legal. If there is any disposition either there or here to do that, I should like to know the reason of it. Perhaps my right honourable friend knows. Why has this legislation become necessary? Who has questioned the kind of marriage we are trying to protect? It does not seem to me that it has ever been questioned.

Hon. Mr. FORKE: The honourable member knows that the legality of marriage between a man and his deceased wife's sister was the subject of debate for many years in Great Britain. Legislation to permit such marriage was approved by the House of Commons and thrown out by the House of Lords session after session, but finally was passed. Since it was enacted, perhaps fifteen years ago, I have never heard of any trouble arising from it. When I was a boy one of the great subjects of discussion before Parliament was marriage with the deceased wife's sister, which was very strongly opposed by the English Church at that particular time. I remember that quite distinctly. But the law has never been questioned; I have never heard of any trouble arising from the fact that there were children from the marriage of a man with his deceased wife's sister.

Hon. Mr. BELCOURT: We all know of the fact to which my honourable friend refers. We all know that there was a public debate as to the propriety of a marriage between a man and his sister-in-law, or a woman and her brother-in-law.

Hon. Mr. FORKE: It was more than that. The question was whether it was legal.

Hon. Mr. BELCOURT: But I did not know then, and I do not know now, of anything that justified the doubt which was cast at the time.

Hon. Mr. FORKE: Does the Parliament of Great Britain spend its time in discussing matters of propriety?

Hon. Mr. BELCOURT: It would not be the first time.

Hon. Mr. FORKE: The question was whether it was legal.

Hon. Mr. McMEANS: My reason in asking for information was that I thought the Bill in its present shape might throw some doubt upon the validity of certain marriages. If an Act is passed now to validate marriages between certain classes of persons, it might reasonably be supposed that similar marriages have heretofore been invalid; at any rate, some doubt might be created in that respect. If marriages of the kind referred to in the Bill are now valid, the Bill should not be passed; but if such marriages are invalid, then the situation should be rectified. I think the honourable gentleman who introduced the Bill in this House should tell us why he thinks the measure is necessary.

Hon. Mr. GRIESBACH: I will do that. I think it will become apparent to any honourable member who reads the Bill and follows the sinuosities of the table of affinities that because of the necessary differences between the ages of parties to the kind of marriage covered by the proposed change in the law, such marriages must of necessity be very rare. The Bill provides:

> A marriage is not invalid merely because the woman is a sister of a deceased wife of the man, or a daughter of a sister or brother of a deceased wife of the man.
>
> A marriage is not invalid merely because the man is a brother of a deceased husband of the woman or a son of a brother or sister of a deceased husband of the woman.

Perhaps it would be impossible to find in the whole of Canada a dozen instances of a marriage of the kind that would be made possible for the first time by the passing of this Bill. There is one case where such a marriage is contemplated, and the parties have been warned by counsel that they cannot legally become man and wife. Suppose that after the death of an elderly man, who had been married to a comparatively young woman, she desired to marry his sister's son, who might be of about her own age. There is no provision for such a marriage in the law as it now stands. This amendment is brought down to cover such a case, and the opposite case, which in the English law is provided for rather ingeniously by a consequential clause. Where it provides for a man it also provides consequentially for a woman; but we have no such legislation in this country. The Department of Justice has expressed its opinion on the question whether the Bill would be retroactive. Apart from that question, the explanatory note attached to the Bill makes the matter clear:

> Under the Act as it now is a man can legally marry either his deceased wife's sister or a daughter of his deceased wife's sister, but cannot legally marry a daughter of his deceased wife's brother.
>
> Similarly, a woman can now legally marry either her deceased husband's brother or the son of her deceased husband's brother, but not a son of her deceased husband's sister.

The amendments proposed are in the words underlined in the Bill, and are designed to remove these anomalies, which would seem to have been due to oversight.

Hon. Mr. BELCOURT: Will my honourable friend permit me to ask him a question? I think he said that a certain type of marriage would not be in accordance with the law, as he has been instructed by learned counsel. Can he tell us what the law is, or where it is to be found, that prevents certain kinds of marriages?

Hon. Mr. GRIESBACH: I take it that the law is to be found in Chapter 127, Revised Statutes of Canada, 1927.

Hon. Mr. McMEANS: That does not prohibit anything.

Right Hon. Mr. MEIGHEN: I do not want to be taken as assuming sponsorship of the Bill, but I think, from what we do know, the presumption is clear that the new matter that would be enacted by this Bill as law is not now law. The Marriage and Divorce Act —and in order that the subject may not be unduly complicated, I will deal only with the clause that would be replaced by the first clause of this Bill—reads now:

A marriage is not invalid merely because the woman is a sister of the deceased wife of the man, or a daughter of a sister of a deceased wife of the man.

It is a clear presumption that prior to the enactment of this clause the kind of marriage there provided for would have been invalid.

Hon. Mr. BELCOURT: That is not very convincing to me.

Right Hon. Mr. MEIGHEN: Well, it should be convincing to this extent: Parliament enacted that law some years ago, and I think we may assume that Parliament was not enacting something that was already law. Some time ago it certainly was not law in England that a man could marry his deceased wife's sister, or a daughter of his deceased wife's sister. We know this because the British Parliament, after very long deliberation and controversy, passed an amendment making such types of marriage valid. The law in England as of a certain date is the law in Canada unless altered by Canadian statute; and as the law in England at one time was that a man could not marry his deceased wife's sister, or a daughter of his deceased wife's sister, I do not think we are assuming anything extraordinary when we assume that such was the law in Canada until the passing of our enactment on the subject. Now the purpose of this Bill is to extend the law by making it possible for a man to marry a daughter of his deceased wife's brother, and for a woman to marry a son of her deceased husband's sister.

What I have sought to bring home to honourable members is that if we assume we are now enacting something which already is law, we must also assume that when Parliament enacted the Marriage and Divorce law in its present form it enacted something which then was law. That is a rather remote possibility to start with. We must also assume that at some previous time Parliament had changed the English law. I have not heard that Parliament ever did so, and I am certain that in my own time it never did. Consequently, there seems to be sufficient evidence that the law prior to the passing of the Marriage and Divorce Act in its present form was that a man could not marry his deceased wife's sister, or a daughter of that sister, and that the law at the present time is that a man cannot marry a daughter of his deceased wife's brother, nor can a woman marry a son of her deceased husband's sister.

Hon. Mr. McMEANS: A good thing for them, perhaps.

Hon. Mr. BELCOURT: The right honourable gentleman's argument is only another illustration of that great ingenuity of his with which most of us are familiar. But I must say it is not very convincing.

Right Hon. Mr. MEIGHEN: I hope my honourable friend will become convinced of its convincing character as he gets older.

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

MOTION FOR THIRD READING

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

Hon. Mr. BELCOURT: I should like to have time to digest my right honourable friend's arguments.

Hon. Mr. DANDURAND: As I have been convinced by my right honourable friend's arguments, I am agreeable to the third reading, but perhaps it would be as well to leave a breathing spell for my honourable friend to my right (Hon. Mr. Belcourt).

The motion stands.

ADMIRALTY BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 15, an Act to amend the Admiralty Act.

He said: Honourable senators, under the present law the Exchequer Court, acting in the execution of its duties as an Exchequer Court, aside from Admiralty, submits its rules of court to the Governor in Council, and when approved by the Governor in Council they become law. However, when it has been acting in the execution of its duties in the Admiralty Division, its rules of court have had to be submitted to His Majesty's Government in England, after being approved by the Governor in Council of Canada. It is now held, and I suppose can be assumed, that because of the Statute of Westminster, which is imagined to have brought to this country the new and larger freedom, we no longer have to submit our Exchequer Court rules to His Majesty's Government in England; that we can give them sufficient sacrosanctity and validity by having them approved by the Governor in Council of Canada. This Bill provides that Exchequer Court rules in relation to Admiralty matters, as heretofore in relation to all other matters, are to be promulgated and made valid after submission to and approval by the Governor in Council of Canada.

Hon. Mr. CASGRAIN: I understood that the passing of this Bill would prevent differences in Admiralty matters throughout the Empire. I may say I asked a judge of the Admiralty Court about the Bill, because I take an interest in such matters, and he told me that the object was to have the same rules throughout the British Empire, as far as possible, due regard being had to different conditions that exist in various countries under the British flag.

Hon. Mr. BELCOURT: That is the very reverse of what the Bill proposes.

Right Hon. Mr. MEIGHEN: There is no doubt that that was the purpose of the law as it stands, and I should not like to argue too strenuously that the law as it stands is not just as good as the law that is proposed.

Hon. Mr. BELCOURT: But this is a departure.

Hon. Mr. DANDURAND: I think we shall have this session a Bill concerning the Merchant Marine, drafted along lines that have been agreed upon by Great Britain and the Dominions. This is but one of the effects of the Statute of Westminster.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. DANDURAND: But it does not touch the broader question of maritime law, which I think will come before Parliament for review this session.

Right Hon. Mr. MEIGHEN: This measure is made necessary by the Statute of Westminster. I think that others could become more enthusiastic over that Statute than I can, but it seems to me that inasmuch as it is law, it becomes the House to pass this legislation.

Hon. Mr. BELCOURT: It is permissible, under the Statute of Westminster, but not necessary.

Right Hon. Mr. MEIGHEN: I think it is contemplated under the Statute, and in order to harmonize our position under the Statute we ought to pass this legislation.

Hon. Mr. BELCOURT: Of course, it may lead to conflict.

Right Hon. Mr. MEIGHEN: It may, but the burden on my head will not be very serious.

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

Hon. Mr. DANDURAND: Is there any necessity of going into Committee? I think these rules can hardly be amended by the Senate.

Right Hon. Mr. MEIGHEN: I am not pushing the matter at all, if there is any desire to consider the Bill further.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

PRIVATE BILLS

SECOND READING

Hon. Mr. BEIQUE moved the second reading of Bill D1, an Act respecting the Quebec, Montreal and Southern Railway Company.

Right Hon. Mr. MEIGHEN: Honourable members, I am going to accede to the request of the honourable member from De Salaberry (Hon. Mr. Béique) and let this Bill pass the second reading and go to committee, but without any assumption that I agree on behalf of the Government to its principle, or that I shall be found by my honourable friend's side when the Bill comes up in committee.

Hon. F. L. BEIQUE: The purpose of the Bill is merely to preserve the powers of the company, granted by previous legislation, to complete its railway. It is an ordinary Bill; we have many like it. I think it is but fair

to pass the Bill, because if the railway is not completed within five years its powers comes to an end.

Hon. Mr. SHARPE: Has there been any work at all done on this railroad?

Hon. Mr. BEIQUE: Oh, yes. Several sections of railway have been built. This is to empower the company to add to some sections already completed.

Hon. Mr. CASGRAIN: Has part of that railway been taken over by the Government?

Hon. Mr. BEIQUE: Oh, no.

Hon. Mr. SHARPE: This charter has been renewed from time to time for twenty-seven years, and I should like to know how much work has been done on the road.

Hon. Mr. DANDURAND: From what point does it run, and to what point?

Hon. Mr. BEIQUE: It is the Rutland Railway, which comprises the South Shore Railway, then a line from Sorel to St. Hyacinthe, and from St. Hyacinthe to Rockland. Only a couple of small sections remain to be built. One of them is from Longueuil to the Junction.

Hon. Mr. CASGRAIN: It has been in operation for years.

Hon. Mr. SHARPE: Then why renew the charter?

Hon. Mr. BEIQUE: It is to complete the railway. The main sections of the railway have been built and have been in operation for ten years or more, and it is merely to preserve the power of completing the railway as defined under the charter. The main portion to be completed is from Longueuil to Laprairie, a section of a few miles.

Hon. Mr. CASGRAIN: The power to build anything not completed by a certain time would cease to exist. The road is to be built within five years.

Hon. Mr. SHARPE: Will the honourable gentleman have a map to show us just what there is yet to be built?

Hon. Mr. MURDOCK: I understood that the Quebec, Montreal and Southern Railroad had been bought by the Canadian National Railways from the Delaware and Hudson Company, and that it was now just as much a part of the Canadian National Railways as the Brockville and Westport, the Bay of Quinte, the Central Ontario, or any other branch line taken over by the Canadian National. For the life of me I cannot understand why we should permit the Quebec, Montreal and Southern to continue to function as a separate entity, and authorize it to go under its original charter.

Hon. Mr. LYNCH-STAUNTON: Is this going to be sold to the Canadian National Railways?

Hon. Mr. MURDOCK: It was sold, at an exorbitant price, not very long ago.

Right Hon. Mr. GRAHAM: As chairman of the Railway Committee I object to this House turning itself into a committee. The right honourable leader of the Government has said that he has no objection to this Bill going to committee, and I suggest that we stop discussing it until we get it to a place where we can find out all about it.

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

INTERNATIONAL CONVENTIONS

WOUNDED AND SICK IN ARMIES IN THE FIELD—TREATMENT OF PRISONERS OF WAR

Before the orders:

Consideration of a message from the House of Commons with regard to a resolution approving of the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein on January 29, 1930, subject to the following reservation: "That the Government of the Dominion of Canada will interpret article 28 of the Convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss Confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose," the approval of the convention by the House of Commons being made subject to the said reservation.—Right Hon. Senator Meighen.

Consideration of a message from the House of Commons with regard to a resolution approving of the International Convention relative to the Treatment of Prisoners of War, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930.—Right Hon. Senator Meighen.

Hon. Mr. DANDURAND: Would the right honourable gentleman allow these two orders to stand until to-morrow, so that I may have time to read the messages?

Right Hon. Mr. MEIGHEN: Yes. There is no particular haste. We are requested to concur in resolutions passed by the House of Commons, in order that the Parliament of Canada may thereby ratify conventions respecting the two subjects referred to in the respective resolutions. The conventions are of considerable importance, and I hope

honourable members will take advantage of the opportunity now offered to study their effect.

Right Hon. Mr. GRAHAM: They have been approved by the representatives of Canada?

Right Hon. Mr. MEIGHEN: They have been executed by Dr. Riddell on behalf of Canada, and approved by resolution of the other House.

The orders stand.

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

THE SENATE

Wednesday, March 9, 1932.

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

Prayers and routine proceedings.

MARRIAGE AND DIVORCE BILL

MOTION FOR THIRD READING POSTPONED

On the Order:

Third reading of Bill 17, an Act to amend the Marriage and Divorce Act.—Hon. Senator Griesbach.

Hon. G. V. WHITE: Honourable senators, in the absence of the honourable member for Edmonton (Hon. Mr. Griesbach), I beg to move that this Order be discharged and placed on the Orders of the Day for to-morrow.

Right Hon. Mr. MEIGHEN: Before the motion carries, and without seeking to accelerate the progress of the Bill, I may say that I happen to have had an opportunity to investigate the law and am now in a position to place certain facts upon record for the information of honourable members, or for criticism. I do not see the honourable member for Ottawa (Hon. Mr. Belcourt) in his seat. I am sorry, because what I have to present to-day might go some distance in convincing him. It is in full accord with the opinion expressed yesterday as to the present state of the law, and with the assertion that unless this Bill is passed the prohibitions that do exist will remain.

The prohibitions took root a long distance back, in the Act of 32 Henry VIII, Chapter 38.

Hon. Mr. CASGRAIN: He was an expert on marriage.

Right Hon. Mr. MEIGHEN: These prohibitions, and many more, all took effect by virtue of that statute, and the Colonial Laws Validity Act, 28 and 29 Victoria, Chapter 63, prevented Canada as she then existed from modifying the law relating to marriage. It will be observed that up to Confederation the prohibitions existed by virtue of the British law, running back to the time of Henry VIII. Since Confederation certain changes have been made. In 1882 this country repealed, "both as to past and future marriages, and as regards past marriages as if such laws had never existed," all laws prohibiting marriage between a man and the sister of his deceased wife. The Act of 1882, however, contained certain provisions as to rights of property in existing cases. In 1890 the Canadian Parliament went further: it repealed in the same way and to the same extent all laws prohibiting marriage between a man and the daughter of his deceased wife's sister "when no law relating to consanguinity is violated." The saving section as to property was again inserted. It will be observed that up to this time the only prohibitions removed were as to marriage between a man and his deceased wife's sister or marriage between a man and the daughter of his deceased wife's sister.

Under the Marriage Act, Chapter 105 of 1906, the following provision appears:

> A marriage is not invalid merely because the woman is a sister of a deceased wife of the man, or a daughter of a sister of a deceased wife of the man.

This Act merely embodies the effect of the previous removals of restrictions.

In 1907 a further statute was passed which, though on the same subject, is immaterial.

In 1923 Parliament went further, however, and in amending the Marriage Act provided as follows:

> A marriage is not invalid merely because the man is a brother of a deceased husband of the woman, or is a son of such brother.

Nothing further relevant to these points has been done by statute. It would look as though the various amendments to the old English law, which had effect in Canada, were made in anticipation of special cases, and no general review of the real merits of the question took place at all. We have gone on to remove the restrictions piece by piece, and the present Bill provides for the removal of still another of the restrictions.

The Order was discharged.

INTERNATIONAL CONVENTIONS

WOUNDED AND SICK IN ARMIES IN THE FIELD—TREATMENT OF PRISONERS OF WAR

The Senate proceeded to the consideration of a message from the House of Commons with regard to a resolution approving of the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein on January 29, 1930, subject to a certain reservation.

Right Hon. ARTHUR MEIGHEN: Honourable gentlemen, perhaps the motion which I desire to move should first be read. I have the honour to move:

That it be resolved:

That it is expedient that Parliament do approve of the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, subject to the following reservation:

"That the Government of the Dominion of Canada will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss Confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose,"

and that this House do approve of the same, subject to the said reservation.

The date of the convention is set out in the resolution. The antecedent history of this subject, in so far as honourable members will require it in detail, is as follows: The agreement known as the Geneva Red Cross Convention was arrived at in 1864. It was modified and improved on July 6, 1906. The terms of the present convention are intended to perfect and complete the provisions of the two former agreements, and have already been subscribed to by the following countries: Australia, India, Italy, Latvia, New Zealand, Norway, Portugal, Rumania, South Africa, Spain, Sweden, Switzerland, the United Kingdom and Yugoslavia. Soviet Russia has acceded to the convention.

It will be observed that by our resolution article 28 of the convention is confirmed subject to a reservation. That article says:

The Governments of the High Contracting Parties whose legislation is not at present adequate for the purpose, shall adopt or propose to their legislature the measures necessary to prevent at all times:—

(a) the use of the emblem or designation "Red Cross" or "Geneva Cross" by private individuals or associations, firms or companies, other than those entitled thereto under the present Convention, as well as the use of any sign or designation constituting an imitation, for commercial or any other purposes;

(b) by reason of the compliment paid to Switzerland by the adoption of the reversed federal colours, the use by private individuals or associations, firms or companies of the arms of the Swiss Confederation, or marks constituting an imitation, whether as trade-marks or as parts of such marks, or for a purpose contrary to commercial honesty, or in circumstances capable of wounding Swiss national sentiment.

Article 28, of course, needs legislative sanction. It should be noted that a Bill, the provisions of which are intended to cover this article and the reservation, has already been introduced in the House of Commons by the Secretary of State and has received its second reading. The reservation, the adoption of which by Canada is recommended, provides that wherever these marks, or any other marks constituting an imitation thereof, have in the past been used for a lawful purpose, those having so used them may continue to do so, but must not use them for any other purpose. I am sorry that I am not in a position to inform honourable members as to just what practice that is intended to save, but evidently there is some practical purpose to be served; and it is my understanding that the reservation in no way interferes with the acceptance of the convention. Its whole effect is evident from its terms. It merely records another development in the slow and painful process of broadening the circle of sympathy and humanity, and making war less hideous.

Hon. Mr. DANDURAND: Could the right honourable gentleman not take up the second resolution at the same time?

Right Hon. Mr. MEIGHEN: If the Senate has power to consider two resolutions at once, I have no objection at all.

The second resolution is somewhat different from the first. It deals with the treatment of prisoners of war, and reads as follows:

That it be resolved:

That it is expedient that Parliament do approve of the International Convention relative to the Treatment of Prisoners of War, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, and that this House do approve of the same.

The Red Cross Convention of 1864, which, as we all know, rendered very great service, was revised in 1906 at an important conference held in Geneva. In 1907, at the Second Hague Conference, its provisions were adapted to maritime warfare.

The history of the efforts made before the Great War to afford proper treatment to prisoners of war somewhat parallels the history of the efforts on behalf of the wounded and sick in armies in the field. The principles respecting the laws and customs of war on land were first laid down in the second convention of the Hague Conference of 1899, and were revised in the fourth convention of the Hague Conference, 1907. The agreements reached and the regulations annexed thereto covered the subject-matter very thoroughly, and were ratified or adhered to by nearly all the nations of the world. They may be regarded as being to some extent the basis of the International Convention relative to the Treatment of Prisoners of War, Geneva, July 27, 1929, which is the convention we now seek to have ratified.

Among certain subjects discussed at the Tenth International Conference of the Red Cross, held at Geneva in 1921, was the preparation of an international code relating to prisoners of war. Draft regulations were prepared by an international committee, which sat at The Hague in 1921, under the chairmanship of Lord Justice Younger. At the Eleventh International Conference, held at Geneva in 1923, the Red Cross Societies put forward an elaborate draft convention on the subject. In 1924 the International Committee of the Red Cross proposed that the question of preparing an international code relating to prisoners of war should be laid before the Diplomatic Conference. Meanwhile the appropriate authorities in Great Britain and Canada were giving attention to the report of Lord Justice Younger's committee.

In August, 1925, the Swiss Government enquired whether the Governments concerned would be willing to take part in a conference for the revision of the Geneva convention of July 6, 1906, and whether they would agree to entrust to the Diplomatic Conference for the revision of the Geneva convention the task of preparing a code for prisoners of war. In 1929 the proposals of the Swiss Government were accepted, and the Diplomatic Conference met at Geneva for the purpose of revising the Red Cross Convention of 1906 and preparing a code relative to prisoners of war.

The two conventions which Canada has signed are now before Parliament for confirmation. The purpose of these conventions is to lessen as far as possible the evils inseparable from war, and, as I expressed it before, to perfect and complete the provisions of previous conventions, which, as everyone knows, served to lighten somewhat the awful burden of suffering entailed by the late war.

Hon. RAOUL DANDURAND: Honourable members, I need not emphasize the fact that I am fully in accord with the motions that have been proposed by the right honourable gentleman for the approval of these two conventions. I thought both might well be submitted to the House at the same time, because they bear on practically the same subject—the consequences of war, and the effort to reduce to a minimum the sufferings of the wounded and sick in the field, and of prisoners of war. All I desire to say is that these two conventions were prepared during the years preceding 1928, and gradually were given definite form at conferences held in Geneva. I mention 1928 because prior to that date, under the Covenant of the League of Nations, war was recognized as a possibility, and any effort to diminish its dire effects would seem to have been quite logical and natural. But after such a solemn gesture as the signing of the Briand-Kellogg Pact, by which the nations of the world agreed to abandon war as an instrument of national policy, it might have been thought that conventions such as these would be unnecessary. Yet we have them before us to-day. I suppose war can still take place. We have heard of clashes between two countries that are not at war, but in which these conventions would play an important part. It is to be hoped that as time goes on the need of understandings of this kind, to reduce the sufferings that accompany war, will become less and less apparent. Those who live for the next ten years will see whether the world is moving in the right direction. There may be a reduction of armaments, and the desire for peace may be evidenced by official action at various conferences such as are now being held at Geneva, but peace must enter the soul of man before it becomes universal.

I notice that reference was made in the other House to the order in which the signatures appended to these conventions appear, and the fact that the President of the German Reich signed first. The reason why Germany appears at the head of the list is rather amusing. Although the German representatives to the League take very good care to speak German on the floor of the House, and sometimes in committee, yet Dr. Stresemann attended the Assembly as the representative, not of Germany, but of Allemagne. This placed his country at the head of the alphabetical list of nations. I said to him one day that he had better beware—that we might feel justified in denouncing him for appearing before the Assembly as the representative of a country bearing a French name.

These two conventions are humanitarian agreements to which we can readily subscribe, always with the hope that their provisions need never be called into play.

Hon. Mr. LYNCH-STAUNTON: Do they not speak of England as Angleterre?

Hon. Mr. DANDURAND: No. It is l'Empire Britannique.

Hon. Mr. LEWIS: I should like to ask whether these conventions will apply where war actually exists, though it has not been formally declared, as between China and Japan.

Right Hon. Mr. MEIGHEN: The point the honourable senator makes is not only important, but difficult to answer. His question is whether, if these conventions were adhered to by China and Japan, those countries would be bound by the terms of the conventions in respect of the hostilities that are now taking place between their armies, though neither country has declared war, each, I believe, protesting that it is not at war. On the point in question the convention reads as follows:

The President of the German Reich—

and a multitude of others—

—being equally animated by the desire to lessen, so far as lies in their power, the evils inseparable from war and desiring, for this purpose, to perfect and complete the provisions agreed to at Geneva on the 22nd of August, 1864, and the 6th of July, 1906, for the amelioration of the condition of the wounded and sick in armies in the field,

Have resolved to conclude a new Convention for that purpose and have appointed as their plenipotentiaries—

and so on. Then proceeding to page 7:

Who, after having communicated to each other their full powers, found in good and due form, have agreed as follows:—

Article 1. Officers and soldiers and other persons officially attached to the armed forces who are wounded or sick shall be respected and protected in all circumstances; they shall be treated with humanity and cared for medically,—

and so forth. As far as I have been able to glance over the terms of the treaty, having this question in mind, I should say they contemplate war. They do not say that war must be declared. Apparently they are based on the mere presumption that a state of war virtually exists.

Being equally animated by the desire to lessen, so far as lies in their power, the evils inseparable from war—

they indicate that the purpose of this convention is:

to perfect and complete the provisions agreed to at Geneva for the amelioration of the condition of the wounded and sick in the armies in the field.

Hon. Mr. DANDURAND.

Taking the two references together—and they are the only ones I can find bearing on the point—I should think that so long as there is an actual condition of war, the convention would apply, even though there is nothing in the way of a declaration. War, even when it is admitted by each side to exist, is not always preceded by a declaration. Undoubtedly the convention applies when war is admitted on both sides. There may be some doubt when one side does not admit it, but I should say that so long as there are armies in the field, and the evils of the actual practice of war prevail, the convention applies.

The proposed resolution to approve of the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field was agreed to.

Right Hon. Mr. MEIGHEN moved:

That a message be sent to the House of Commons, to acquaint that House that the Senate doth unite with the House of Commons in the approval of the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, subject to the following reservation:

"That the Government of the Dominion of Canada will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss Confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose."

The motion was agreed to.

Right Hon. Mr. MEIGHEN moved:

That it be resolved:

That it is expedient that Parliament do approve of the International Convention relative to the Treatment of Prisoners of War, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, and that this House do approve of the same.

The motion was agreed to.

Right Hon. Mr. MEIGHEN moved:

That a message be sent to the House of Commons, to acquaint that House that the Senate doth unite with the House of Commons in the approval of the International Convention relative to the Treatment of Prisoners of War, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING BILL, 1931, No. 2

FIRST READING

Bill 21, an Act respecting the Canadian National Railways and to authorize additional provision of money to meet expenditures made and indebtedness incurred during the calendar year 1931.—Right Hon. Mr. Meighen.

CRIMINAL CODE (CHEQUES WITHOUT FUNDS, AND GRAND JURIES) BILL

FIRST READING

Bill 22, an Act to amend the Criminal Code (Cheques without Funds and Grand Juries).—Right Hon. Mr. Meighen.

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

THE SENATE

Thursday, March 10, 1932.

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

Prayers and routine proceedings.

INSURANCE COMPANIES STATUS AND POWERS BILLS

REPORT OF COMMITTEE

Hon. F. B. BLACK: Honourable senators, the Standing Committee on Banking and Commerce, to whom were referred Bill B1, an Act respecting the Status and Powers of British and Foreign Insurance Companies in Canada, and C1, an Act respecting the Status and Powers of Dominion Insurance Companies, beg leave to report as follows:

As the Government has expressed a wish to withdraw the said Bills and to introduce new Bills in lieu thereof, your Committee beg leave to return the Bills to the Senate and to recommend that leave to withdraw be granted.

Hon. Mr. BLACK moved concurrence in the report.

The motion was agreed to.

BILLS WITHDRAWN

Right Hon. ARTHUR MEIGHEN moved that Bill B1, an Act respecting the Status and Powers of British and Foreign Insurance Companies in Canada, and Bill C1, an Act respecting the Status and Powers of Dominion Insurance Companies, be withdrawn.

Hon. Mr. DANDURAND: I suppose my right honourable friend will explain the reason for the proposed withdrawal. I received my notice this morning too late to attend the committee meeting.

Right Hon. Mr. MEIGHEN: Honourable senators, these Bills were prepared by the Department of Justice in consequence of a decision given by the Privy Council last fall, which decision to some degree limited what were considered to be the powers of the Parliament of Canada with respect to insurance. The Bills as drafted, while submitted as within the jurisdiction of the Parliament of Canada, were taken exception to on the part of the provinces, and many of the companies affected also feared that if the Bills became law they would involve the country and the provinces in renewed litigation on the question of jurisdiction. In these circumstances the Committee on Banking and Commerce endeavoured to effect some compromise, to arrive at a conclusion which should be as far as possible in harmony with the views of the provinces and of the insurance companies that were very closely concerned. In the process of the discussions it appeared certain that this result could be arrived at only by a complete redrafting and reprinting of the Bills. It is probable that more than two Bills will be presented in lieu of those now sought to be withdrawn. I do not consider it essential to go further at the present time, except to assure honourable members that at the earliest possible date the redrafted Bills will be submitted to the Senate.

The motion was agreed to, and the Bills were withdrawn.

MARRIAGE AND DIVORCE BILL

THIRD READING

Bill 17, an Act to amend the Marriage and Divorce Act.—Hon. Mr. Griesbach.

CANADIAN NATIONAL RAILWAYS FINANCING BILL, 1931, No. 2

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 21, an Act respecting the Canadian National Railways and to authorize additional provision of money to meet expenditures made and indebtedness incurred during the calendar year 1931.

He said: Honourable senators, this Bill is reminiscent of the events of several years gone by. The provision which it is sought to make by this Bill has frequently, I think usually, been made by way of supplementary

estimates. The supplementary estimate, were that means adopted now, would be applicable to the year 1931-32. Instead, the method of a separate Bill has been adopted.

The purpose of the Bill is to appropriate a sum of eleven million and some hundred thousand dollars for the Canadian National Railway System in order to enable the System to provide, for the deficit of the past year, a sum in addition to the provision that was made by Parliament last session, which provision turned out to be inadequate to the extent of the amount stipulated in the present Bill.

Honourable senators are entitled to know how this amount is arrived at. The figures are somewhat complicated. As I proceed I shall do everything in my power to simplify them. That, I think, I shall do best by naming the debit items first, and not mixing them with the credits.

Parliament estimated a year ago that $31,000,000 would be required for the purpose of paying the interest on the indebtedness outstanding to the public, irrespective of the indebtedness outstanding to the Crown. It was estimated that the railway would earn enough to pay the balance of the $52,000,000. Instead of earning enough to pay that balance it has earned only $1,000,000 over and above operating expenses. Therefore the provision last year should have been $51,000,000 instead of $31,000,000. This leaves a deficit of $20,000,000, which has to be made up.

Under the heading of equipment, principal payments, sinking fund, etc.—a classification that has been in effect for some time—an additional sum of $492,000 was required, and as this has not been provided, it must be provided at this session. The estimate of last year under this heading was $3,000,000, but to fulfil the requirements it should have been $3,492,000. Adding together $20,000,000—the difference between $31,000,000 and $51,000,000—and this $492,000, we have $20,492,000.

There was in addition an item of $11,000,000. The plan adopted by the System, and known as the Philadelphia plan, for the financing of equipment by means of equipment bonds, proved inapplicable last year owing to the money stress. Usually twenty-five per cent is paid, the balance being in the form of equipment liens, which are very readily sold in the money markets. Last year these liens were not sold, and consequently the Government had to provide the money directly. This $11,000,000 plus $20,392,000 makes the total of the debits up to the present $31,392,000.

By some process of addition that was not included in my education, the figures given in the other Chamber total $32,393,000. I think that the $51,000,000 appearing in the record should be $52,000,000, and that the deficit on the first item should be $21,000,000 instead of $20,000,000. That would make the total debits $32,393,000.

Were there no credits, we should have to provide this additional sum. But there are credits, as follows:

Last year for additions and betterment there was submitted the figure of $20,687,000, but, as the sum spent was $6,900,000, there was left on hand a balance of $13,700,000. Under the provisions of the Act savings on one vote could be allocated against deficits on another; we are therefore in a position to credit the $13,700,000 against the summation of the previous debits.

Then last year there was an issue of bonds to the extent of $70,000,000, and the proceeds were handed to the road for certain specified purposes, including the Montreal terminal, the Toronto terminal, branch lines, and the Northern Alberta Railway. The appropriations allotted to these several items were not wholly spent. As to the amount provided for the Montreal terminal, $4,293,000 was not spent; as to the Toronto terminals, $1,356,000; as to branch lines, $1,635,000, and as to the Northern Alberta Railway, $45,800. In the total there was a saving of $7,331,000.

So we have two items of savings, $13,700,000 and $7,331,000, or a total of a little over $20,000,000. The deduction of this sum from the debits leaves the balance as provided in this Bill.

If honourable gentlemen should require further details I could give them. The figures so far are round rather than accurate, though to get them as accurately as I have done has necessitated going to the Special Committee of the House of Commons. Honourable gentlemen will see that in respect of three separate appropriations the road required $32,393,000 more than it got, and that in respect of two others it required about $21,000,000 less than it got. We therefore now have to make up the difference of $11,000,000.

Hon. Mr. DANDURAND: I did not quite understand the reference made by the right honourable gentleman to this item being brought in in the form of a Bill instead of supplementary estimates. I realize that the supplementary estimates which would contain such an item as this would be supplementaries for last year. We generally have two sets of

supplementaries during the session, one to cover deficits in the year previous, and the other to cover items of expenditure to be made, which have not appeared in the main estimates. Did we proceed last year by way of a vote of Parliament to the Canadian National Railways, or by a Bill to finance the Canadian National Railways?

Right Hon. Mr. MEIGHEN: I think it was done last year by a supplementary estimate. If the House will pardon me, I will read from the remarks made by the Minister of Railways in introducing the Bill. He said:

This Bill is really one which in the past has been put through the House as a supplementary estimate, where necessary, for the Canadian National Railways.

If those words did not need qualification—and I have no reason to think they did—they mean that last year we put through a supplementary estimate, if an estimate was required, and that this is the first time we have proceeded by way of a Bill.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CRIMINAL CODE (CHEQUES WITHOUT FUNDS, AND GRAND JURIES) BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill 22, an Act to amend the Criminal Code (Cheques without Funds and Grand Juries).—Right Hon. Mr. Meighen.

Hon. Mr. BARNARD: The honourable senator from Winnipeg (Hon. Mr. McMeans), who is engaged in a very important committee, wishes to make some remarks upon this Bill, and has requested me to ask the right honourable leader if he will allow the Bill to stand.

Right Hon. Mr. MEIGHEN: In view of the request of the honourable member for Victoria, supplemented as it is by the request of other honourable members who are taking a great interest in this Bill, I have no objection to its standing until Tuesday next.

The Order was discharged.

The Senate adjourned until Tuesday, March 15, at 8 p.m.

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THE SENATE

Tuesday, March 15, 1932.

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

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

Hon. Mr. McMEANS presented the third report of the Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate.

He said: Honourable members, I beg to present this report in the absence of the Chairman of the Committee. The Committee recommend that authority be granted for the translation and printing in French of 200 copies of the proceedings of the Committee for general distribution. I move, with the leave of the Senate, that the report be adopted.

The motion was agreed to.

DOMINION CURRENCY—MEANING OF "BILLION"

INQUIRY

Hon. Mr. PARENT inquired of the Government:

For purposes of currency or otherwise, is the money of the Dominion of Canada put on such basis as to mean that one "billion" represents one thousand millions or one million millions?

Right Hon. Mr. MEIGHEN: The word "billion" has two meanings: (1) in the French system of numeration, usually followed in the United States and in Canada, a thousand millions; (2) in the English system, a million millions.

While in ordinary commercial and financial practice in Canada the word "billion" would be taken as meaning a thousand millions, confusion is avoided usually by the publication of statistics or amounts in numerals, or, where they are written, as in official documents, by the amount being expressed both in words and in numerals.

As the inquiry refers specifically to currency in Canada, it may be added that the figures of our currency are considerably under one thousand millions and there is little likelihood of confusion on account of two meanings of the word "billion."

CRIMINAL CODE (CHEQUES WITHOUT FUNDS, AND GRAND JURIES) BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 22, an Act to amend the Criminal Code (Cheques without Funds, and Grand Juries).

Hon. L. McMEANS: Honourable members, when Hon. Mr. Ross was leader of this side of the House, and for some time before, he took a very great and careful interest in all matters relating to amendments to the Criminal Code, and I may say to the honour of that gentleman that the Code to-day contains many amendments proposed by him after reference to a committee. I am going to ask the right honourable leader if, in accordance with the same procedure that was followed by Hon. Mr. Ross, he will have this Bill referred to a committee of the House, so that we may obtain more information about it than we have at the present time. I have no objection to the Bill at present, but I believe a similar measure was amended by the Senate some time ago and our amendments were rejected by the other House when the Bill was sent back.

I should like to know whether a law such as the measure now proposed is in force in any other country, and if so, what is the effect of it, and what would be the effect of it here. I do not like to see a Bill that has passed in another House without receiving consideration accepted by this House without a good deal of study. We might obtain much information from the Department of Justice: we might learn something of the reasons for the Bill, and something of the effect it would have.

I have in my hand a copy of The Ottawa Citizen issued about the time the Bill passed the House of Commons. It contains a short item in regard to this Bill, which says:

> To the extent to which it will put down professional worthless check issuers, the public will be whole-heartedly behind the Bill to amend the Criminal Code introduced by Mr. Guthrie. But that the amendment will be open to certain grave abuses seems apparent.
>
> The exact wording of the amendment is as follows:

I need not read that. Then it goes on to say:

> Plainly, the amendment is aimed primarily at those who deliberately seek to defraud by way of the worthless check trick. So long as the proposed law is applied to these gentry only, all well and good. It is not, equally plainly, aimed at the innocent issuer of an N.S.F. check, which is a different thing, and those who opposed the Bill on the ground that it would expose honest citizens to unjust damage were on firm ground.

I should be glad if the right honourable leader of the House would consent to letting the Bill go to a committee. I should like to know exactly what is the present law. My impression is that a man who issues a cheque for which there are no funds, or not sufficient funds, is liable to prosecution for obtaining goods under false pretences; but I am not sure of that. I think it would be in the interest of the country at large that the right honourable gentleman should allow the Bill to go to committee.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I will do my best to give the honourable member from Winnipeg (Hon Mr. McMeans) and the House the information that he desires. I think I have enough information to enable the House to deal intelligently with the Bill—the information with which the other House seemed satisfied, and possibly a little more.

If honourable gentlemen will read the Bill carefully it will at once be clear to them that it deals solely with the law of evidence. It does not make a crime of anything that was not a crime before, but merely decides what is sufficient evidence on a certain set of facts to shift the onus of proof.

Possibly I should be more in order if I were to endeavour first to answer the question which the honourable gentleman from Winnipeg put in the latter part of his speech, but which really relates to the initiation of this discussion. The question was: What is the law to-day as affecting this point, that is to say, the acquirement of goods by worthless cheques? Honourable gentlemen must concentrate on the fact that this Bill does not affect the whole range of N.S.F. cheques; it deals only with N.S.F. cheques that are given as a means of procuring goods, or something capable of being stolen. In other words, the Bill concerns only the case of the acquirement of something capable of being stolen by the handing over of what turns out to be a worthless cheque. Addressing myself to what is the present law, I would say this: it turns solely upon the point of false pretences. If a prosecutor desires to obtain a conviction against a person who has secured goods by means of a worthless cheque, he must establish to the satisfaction of the court that the man handing over the worthless cheque was guilty, in so doing, of obtaining the goods by false pretences. In a word, he must bring home to that man the guilt of false pretences. I am not seriously criticizing that condition of the law, but the interpretation of the law, especially in the lower courts, has been rather unsatisfactory in that it seems to be very

generally held there that if the accused shows that he had some few cents or few dollars in the bank the allegation of false pretences is disposed of, and he escapes. This, I say, is the interpretation frequently given in the lower courts, but I do not think it is ever upheld in the higher courts. Suffice to say —and I know the honourable member from Winnipeg will at once appreciate the point— the law as it is turns solely on the establishment by the prosecution of false pretences.

If this Bill should pass, the law would still turn on the establishment by the prosecution of false pretences. It must still be shown that the accused was guilty of false pretences in the obtaining of the thing capable of being stolen. But the Bill assists in the discharge of that onus, for it says that once the prosecution establishes that the man got the goods by the presentation of a cheque which was worthless a prima facie case is made out, and thereafter the onus is on the accused to show that he had reasonable grounds for believing that the cheque would be honoured if presented within a reasonable time. I do not know that the Bill disturbs the succession of the onus, but it does assist the prosecution in establishing a prima facie case of false pretences, and, at an earlier moment than it would have been done under the old law, the burden is shifted to the defendant. I hope I have made myself entirely clear so far as I have gone.

Hon. Mr. LYNCH STAUNTON: Is it not shifting the entire onus from the prosecution to the defendant, presuming a man guilty when he is not proven guilty?

Hon. Mr. McMEANS: That is what it means.

Right Hon. Mr. MEIGHEN: The honourable gentleman has already been answered by the honourable member for Winnipeg (Hon. Mr. McMeans) and it is with some deference that I venture to offer an amendment. The prosecution is still compelled to establish false pretences. When it succeeds in establishing false pretences, by showing, first of all, that the man procured goods by presenting a cheque, and secondly that it was worthless, then the onus is on the defendant. The prosecution must go to that extent before there is any onus at all on the defendant. Consequently, no man is adjudged as guilty until he is proven guilty, but the law says that he is proven guilty of getting goods by false pretences if it is shown that he got the goods by giving a cheque knowing it was worthless.

Hon. Mr. HUGHES: What does the right honourable gentleman mean by the lower courts?

Right Hon. Mr. MEIGHEN: All the courts lower than the Superior Court in the Province of Quebec and the Supreme Court in Ontario and in the Maritime Provinces.

We now come to the question whether it is better to alter the law so as to assist the prosecutor in a case of this kind. I hope that honourable gentlemen will not think that never before in history has the prosecution been assisted by a presumption established in law at a certain point. There are numerous cases throughout the Criminal Code where the law declares that upon such and such a thing being shown a presumption of guilt immediately arises. This is especially so in the liquor cases in Ontario, and I venture to say, in other provinces as well. Not only does it apply in the sphere of liquor offences, but it covers a far wider territory than that. It all becomes a question of what, all things considered, contributes most to the establishment and sway of justice, and I hope honourable gentlemen will not err too much on the side of the man who gets the goods, by regarding him as the only man to be protected. Sometimes he is a criminal; sometimes he is not. At all events, he has got something that he should not have got. The other fellow is out something that he should not be out, and he must be considered too.

The principal applicants for this legislation are the retail merchants of the country. They are asking for it through the medium of their many associations throughout the length and breadth of the land. Others also are pressing for it, and the pressure on the members of the House of Commons has in many individual cases been very great. I believe the number of worthless cheques passed in Canada in a year aggregates now about seventy thousand.

Hon. Mr. McMEANS: Does the right honourable gentleman mean that seventy thousand are not paid afterwards?

Right Hon. Mr. MEIGHEN: There are seventy thousand cases of cheques presented and dishonoured. I would not say that in the seventy thousand cases no man ever got anything. A man may have been paid if he waited long enough, but he was always put to a degree of trouble that he should not have been put to, and in many cases he suffered a very severe loss. Of course, in a large number of cases this Bill will not assist even if it is passed. I read the Bill to mean that it applies, as I said in my opening remarks, only to cases in which goods have been procured on the faith of a cheque which, when presented within a reasonable time, turned out to be worthless. It would not

apply to a cheque given on an account for goods which had been supplied on credit in the first place.

Hon. Mr. McLEAN: Would it apply in the case of a man who borrowed money and gave a cheque?

Right Hon. Mr. MEIGHEN: Oh, yes. Money is the same as goods, and consequently if a man gets money for a worthless cheque the onus is shifted to him. But if a man, already having consumed the goods supplied, and slept in the bed furnished, pays a hotel bill by a worthless cheque, the hotel-keeper would not be assisted by this Bill—though possibly he should be—because the man has not obtained by means of a worthless cheque goods capable of being stolen.

Such are the limitations of the application of the law, and such the limitations of its effect when applied. I submit that we are now in a era of kite-flying cheques, when these cases are epidemic over the length and breadth of the country, especially in our towns and cities, and that it is probably going to be worth while to try at least to minimize the devastation that is being wrought by this thing among our retailers. I do not think that any man who with honest intent gives a cheque that turns out to be worthless will have any real difficulty. Many a time we give cheques without having money in the bank, but having every reason to expect that they will be honoured. Perhaps they have been honoured for months. There may be a regular habit of overdrawing. If in such circumstances a man is accused, all he has to do, as soon as the onus is placed on him, is to go into the witness box and say: "I had every right to think the cheque would be honoured. I had a running account. I was never told that I would be allowed no further overdraft. I issued the cheque in good faith, expecting it to be honoured." Then it is for the court to decide whether or not he was acting in good faith. It should not inflict a very great hardship on anybody to be told: "Let us know the facts. Tell us why you thought that cheque was good." Under this law the issuer of the cheque may have to explain that a little sooner than before. It is much easier for him to do it than for the other fellow to tell what was in this man's mind when he gave the cheque. It is not unreasonable to say to the man who has the goods, and who doubtless refuses to return them: "All right. Your cheque is no good. Go into the box and tell us why you say you were honest in what you did." Such is the extent of the measure, and no more.

Right Hon. Mr. GRAHAM: What reason has been given as to why this should not apply to hotel bills? Hotel-keepers perhaps suffer as much, proportionately, as the retail merchants. Many hotels display a sign saying that they will not honour any cheques, and as a result a man whose cheques are good is liable to suffer inconvenience, though in some cases, when the hotel-keepers know the man and know that he is honest, they will accept his cheque. I was wondering what reason there could be for not including cheques given to hotel-keepers. I am amenable to reason.

Right Hon. Mr. MEIGHEN: I should say there are two reasons. First of all, a hotel-keeper who has given a man room and board and run an account with him without receiving a deposit in advance, who has simply accepted the man on his face and is given a cheque which the bank refuses to honour, is really in the same position as a storekeeper who, after he has let an account with a customer run for some days, gets a cheque which turns out to be worthless. Neither the storekeeper nor the hotel-keeper has any recourse under the Bill, and I do not know how it could be made applicable to a person who gives a worthless cheque for room and board obtained on credit, if not applicable to one who gives a worthless cheque in payment of a standing account. In the second place, even if means could be found to make such a distinction, it must be borne in mind that section 407 of the Criminal Code provides certain remedies for the hotel-keeper. Under that section a man who runs a hotel account and does not pay, or gives a worthless cheque—and that means he does not pay—may be prosecuted and is liable to punishment. But the retail storekeeper has no special remedy at all.

Hon. R. DANDURAND: Honourable senators, I have read this Bill and I feel inclined to approve it. It seems to me there would be no hardship imposed on a man who in good faith gives a cheque which later proves to be worthless, for, as the right honourable gentleman has said, the man can return the goods obtained in exchange for the cheque. But if he intends to retain the goods, then I think the onus of proving his innocence should be upon him. There may be many instances like the hypothetical one cited by my right honourable friend, where a hotel-keeper advances some credit, but sometimes the hotel has a lien on the traveller's luggage. Of course the lien may be released for a cheque which is dishonoured later on. We might

proceed with amendments to the Criminal Code to cover such cases as are contemplated by the Bill, and leave the consideration of other types of cases for the future.

It is a provoking thing to receive a worthless cheque. Yet thousands of such cheques are issued, though not always in exchange for goods. Sometimes the issuer has but a few cents in the bank. A few days ago a banker told me he felt justified in notifying a man that his account was closed and sending him a cheque for the balance to his credit, when that balance was, say, seventy-five cents, and there had been presented against it ten cheques for large sums. The issuance of worthless cheques is a fraud committed upon thousands of people, who take the cheques in good faith. I do not see why we should not protect such people, who provide goods or services in exchange for that kind of document.

Hon. R. LEMIEUX: But are such people giving their goods away? In the last twenty-five years the channels of trade in this country have completely changed. In the old days there was in each village, town and township, especially in the West and in the Province of Quebec, a general store. The proprietor knew all his customers, who made their payments either in cash or by cheque. The law did not presume such offences as this Bill contemplates, and I do not like the creation of them now. I think the facts should be clearly proven against a man before he is convicted. At one time I represented the Crown in the old city of Montreal, and over a much longer period I acted as defence counsel. In all those years I never saw an innocent person found guilty, although I saw many guilty persons escape.

We should not multiply offences of the kind referred to here. To-day business is done through the banks, not on a cash basis. Everyone has a current bank account, wherein sometimes there is a credit balance, but very often, perhaps oftener, a debit balance. Now, it has happened that the President of my bank, the leader on this side of the House (Hon. Mr. Dandurand), has given a cheque when he well knew that his bank balance was not large enough to meet it; but he knew also that there would be sufficient funds there within a few hours.

Hon. Mr. DANDURAND: I think my honourable friend is drawing upon his imagination.

Right Hon. Mr. GRAHAM: He convicts you on presumption.

Hon. Mr. LEMIEUX: Let us not create new offences based on legal presumption. It is terrible to think that a man might be sent to jail or penitentiary for presumed guilt.

As I have said, the channels of trade have completely changed; they have been revolutionized. To-day the customer does not go to the manufacturer, but the manufacturer sends his agents or retailers to small merchants and other people in villages and towns, and makes them alluring offers of a piano, a pianola, a radio, an organ, or what not. For cash? No. The purchaser may pay by instalments. He is told: "Give a few dollars to begin with, and we shall call for the balance in five months. You will have ample time to pay the balance." That sort of thing is one of the causes on this continent of the commercial revolution and the present crisis. People are commonly lured in that way, and they give cheques which they know will be honoured, although they may not always be sure that there will be sufficient funds when the cheques are presented at the banks.

It would be easy to persecute a man by bringing him before the courts and having him found guilty upon legal presumption. Let us not make that kind of law. I am willing that this Bill should be sent to committee, as suggested by my honourable friend from Winnipeg (Mr. McMeans), and be thoroughly sifted there. We should be careful not to multiply offences. Our Criminal Code is as nearly perfect an institution as it can be, but it is very heavy and we must not burden it with additional classes of offences. I would rather punish the man who sells on the instalment system and imposes his worthless merchandise on gullible people who live in isolated country places and do not realize the full amount of money they ultimately pay for goods bought in that way. If the adoption of the Bill were to be voted on to-night I should have to vote against it.

Hon. G. LYNCH-STAUNTON: Honourable members, it may be that my education in the principles of British institutions and justice has unduly prejudiced me against the modern innovation of presuming a man guilty before the charge against him is proven. I recollect well when I began to practise law—and in those days I was engaged principally with criminal cases—I read the statement of a great British jurist that the judge on the bench, the Crown prosecutor and all the jurymen are advocates for the defence, and that British law is always on the alert to see that no man is convicted until he is proven guilty. That has been a fundamental principle—the

boast of British law—and counsel commonly say, "Better that ninety-nine guilty men should go free than that one innocent man should be found guilty." Throughout the British Empire, wherever British law obtains, every judge, every lawyer, has it instilled into him that the law throws the greatest possible protection about an accused person. But I notice the present tendency is away from that. Now and then, in the regulations of government departments, there creeps in the clause, "It shall be presumed." In an Act which I consider is a disgrace to the Statute Book of Ontario there is a provision that the presumption shall be against the citizen and in favour of the prosecution.

The right honourable leader of the House tells us—and I have no doubt that he has been given this information—that there is an average of 70,000 bad cheques issued in Canada every year. Well, if that be so, there must be a great multiplication of suckers in this Dominion. An annual total of 70,000 means a weekly average of 1,500; so it should be notorious that these cheque frauds are being perpetrated. But I must say that although I read the local papers and pay particular attention to legal news, I do not see two of these cases reported in the city of Hamilton in a year.

Let us consider what this Bill means. The right honourable gentleman says that to an extent the false pretence is proven by the issuance of a worthless cheque in exchange for goods. With great respect I say to him that when that presumption arises under this statute no false pretence is proven. If a prosecutor went no further than this statute says he must go to raise the presumption, the court—be it high court, low court, or any other kind of court—would dismiss the case, because there would not be evidence of intent to defraud. No false pretence is proven, no prima facie case of false pretence is made out, until the intent to procure by a false pretence is made manifest. This Bill recognizes that fact, for it seeks to amend the law so that there will be the presumption of guilt against a man who, as the law now stands, would have to be regarded as innocent. It is true that a man can go into the box and explain things. But could any honourable member of this House be paid to place himself in the position of having to go into the witness box and be called upon for his defence? That is a dreadful position into which to put a man. It marks him for all time to come as a member of the criminal class. I do not care whether a man is found guilty or innocent; once he is put into the witness box and is called upon to defend himself, his reputation is destroyed.

What is the necessity for the Bill? Suppose I go into a shop, where I am a stranger, and offer a cheque in payment of goods. The storekeeper has a telephone by means of which he can communicate with the bank. He need not take my cheque. It would not be as though the storekeeper were defrauded in some out-of-the-way place. If he cannot get satisfactory assurance from the bank that I have sufficient funds, he can tell me that he will wait until he sees whether the cheque is good, or he can say that he will send the goods when the cheque has been cashed. He does not need the extreme protection that is contemplated here. If he suffers it is because of his own stupidity.

Hon. Mr. HUGHES: Suppose you go to his store after banking hours.

Hon. Mr. LYNCH-STAUNTON: The storekeeper has no reason for asking us to go to this extreme length, a length we will not go to in any other case of fraud, as far as I know, or even in a case of murder. We are asked to put the presumption of guilt upon a man accused of a certain class of offence when we would not dream of doing so if he were accused of any one of thousands of other crimes. I say the Bill is absolutely unreasonable, improper, and not according to British ideas of the administration of justice.

Hon. Sir ALLEN AYLESWORTH: Honourable members, I am not willing to let this measure have its second reading without saying at least a word about it. I am prepared to vote against it, if I have the opportunity of doing so, but I put my objection to the Bill more upon its second than its first clause. The first clause, dealing with the issuing of a cheque for which there may be insufficient funds, may be comparatively harmless, but it does make a considerable inroad upon what we have always been taught to think is a first principle of British justice or of British criminal law, namely, that a man must be shown to be guilty, and guilt must not be presumed. It reverses that natural order of justice and presumes guilt, presumes fraudulent intent, unless the accused is able to satisfy a court to the contrary. For that simple reason I certainly dislike it very much, and I am prepared to vote against the second reading upon that ground alone.

But I do want to protest even more strongly against the clause of the measure which proposes to abolish in the Province of British Columbia the institution of the grand jury. I have all my life regarded, and I think rightly regarded, the jury system, both grand and petit jury, as the great bulwark of British

liberty; but the grand jury, the Grand Inquest of the County, I have always looked upon as perhaps the greater safeguard of the two. The function of the grand jury is not merely to protect the criminal, or the accused, but equally to protect the public; to see, on the one part, that no one is presented for trial unless evidence is produced that warrants his trial, and, on the other part, that any accused person who ought to be put upon trial is duly presented to the court for trial.

We are told in the note to the Bill, as a reason for proposing this change in our institutions so far as British Columbia is concerned, that the Attorney-General of that province has written to the Minister of Justice a letter saying that he wishes it. And that is the only reason given. I presume that is the only reason that could be given. This measure now before us for second reading comes before the Parliament of Canada simply because the Attorney-General of the province wishes it to become law. Under the British North America Act our provincial authorities are assigned the duty of administering justice. That is their duty and their right, but it is ours to frame the criminal law of the Dominion; and this is in every sense purely a feature of the criminal law. The whole question is whether, province by province, by the wish of the officials of the provinces, the grand jury system may be abolished throughout Canada. For my part I am entirely too old, too old-fashioned, too conservative, if you please, in my ways and thought, to be willing to agree to that for one moment.

I am very sorry to see that Manitoba is among the provinces which no longer have any grand jury. I was not here when the change in the law was made by this Chamber and by the House of Commons. If I had been I certainly would have raised my protest, even though it might be feeble, against any such measure. I want to protest now. I think it is all wrong. I think the grand jury is one of the most valuable features we have in the administration of criminal justice. In my own experience I have known more than one case presented to the petit jury which never would have been so presented if it had not been that in some of the counties of Ontario we possessed grand juries. Many a man who ought to be tried has escaped committal for trial because of some too friendly local magistrate; and if such an occurrence takes place, what protection has the public except that of the grand jury? True, it may be said that under the proposed system the Crown Prosecutor may, by leave of the court, I suppose, or in some other manner, bring the matter to the attention of the court; but if the accused person is able to secure from the magistrate before whom he is brought for preliminary hearing a dismissal of the complaint, or a refusal to commit, ordinarily there is an end of the matter unless you have a grand jury before whom the facts may be brought for revision of the magistrate's work.

Hon. Mr. LYNCH-STAUNTON: May I ask, had we reached the grand jury section of this Bill? I thought we were taking only the false pretences.

Right Hon. Mr. MEIGHEN: We are on the second reading.

Hon. Mr. LYNCH-STAUNTON: I should like to say a word about the grand jury. I feel exactly as does the honourable gentleman who has just taken his seat, but I never could have expressed my feelings so eloquently or so clearly as he has done. I know this matter has been debated more than once through the courts, and I do not think I am overstating the fact when I say that the opinion expressed by the honourable gentleman from North York (Hon. Sir Allen Aylesworth) is that of most of the thoughtful people of the Province of Ontario.

The only argument the Attorney-General of British Columbia advances is this:

> As you know, the reason which justified the creation of this institution was to provide a measure of protection to the public, but the necessity has long ago passed out and to-day there are so many safeguards against miscarriage of justice in Canada, of which the grand jury is not one, there seems no good reason to retain it. It is perhaps a matter of sentimental regret that new conditions arising necessitate such a change.

The fact that a gentleman concerned with the administration of justice in a great province can find no other reason for the abolition of the grand jury than this "matter of sentimental regret" indicates to me that it is not out of his experience he has learned that the grand jury is no longer necessary. The grand jury system was founded in remote times and has prevailed through all the developments of our civilization, and in England is still considered a valuable institution. We should not act like the base Judean, who "threw a pearl away richer than all his tribe." Let us give this matter our serious consideration.

Hon. F. L. BEIQUE: Honourable gentlemen, I am disposed to vote for the second reading of this Bill, but I hope that the right honourable leader of the House will consent to the Bill being referred to a special committee. As to the first section, I am entirely in accord with the remarks that have been

made by the right honourable gentleman; but, as at present advised, I do not think I should be disposed to support the second clause.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I do not like to appear in the role of the sacrilegious opponent of the ancient and tried institutions that have made our British Empire, but I must confess that in the present case I do not feel very guilty or very timorous as to the future of our law, our institutions, or our country.

The Bill has two parts. Possibly when I rose I should have made some remarks on the second section, which is entirely different from the first, and effective in an entirely different sphere; but as attention and criticism had been directed entirely to the first section, I confined my few observations to that.

I may say frankly that I do not see that this is a Bill for a special committee. There are no facts that I know of that require investigation, and no particular details to be ascertained. The Bill involves a question of principle, the question whether or not it is better, all things considered, to change the law in respect to matters of procedure, and only to matters of criminal procedure, which are said to be affected. The Bill, of course, can go to Committee of the Whole House, and a freer discussion can take place. I am not saying that if there were a general desire on the part of the House to send the Bill to a special committee, I would resist it; but this Bill does not appeal to me as a subject for a special committee. Certainly if it were the desire of the House to postpone consideration, I would agree. If it were the general desire to have a committee, I would not oppose it.

I want to say that I hold in the highest respect, because of the sources from which they come, the remarks of the honourable gentleman from North York (Hon. Sir Allen Aylesworth) and the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton), both of whom doubtless have had far greater experience in the practice of law and in our criminal courts than I. But, dealing again with the first clause, I observe from the mild way in which the honourable senator from North York put his objection that he is not very set in his conviction as to the profanity of this amendment. He says it is another invasion of that principle of British justice which concedes a man to be innocent until he is proven guilty, and places the onus of proof upon the Crown. That is a principle of British justice, and in the administration of that principle the Imperial Parliament and the Parliaments of the Dominions have sought to be fair to both the prosecutor and the accused in defining the stage at which the onus of the one should be discharged and that of the other assumed. Because we say that at a certain point a presumption shall arise, surely honourable members need not come to the conclusion that we are making crimes by presumption. As a matter of fact, we are making here no crime that was not a crime before; we are making no new offence; we are merely saying at what point the presumption shall arise that shifts the onus from the prosecution to the accused. If this is making a crime by presumption the Code is a whole series of such crimes, for I venture to say that I could keep honourable members until a much later hour than this by reading clauses out of the Code defining when the onus of the Crown is ended and the onus of the defence begins. I shall read one or two examples that I have been able to locate during the short time that I have sat listening to the brief remarks of honourable gentlemen. If honourable members will turn to section 464 of the Criminal Code, which I think is still British law, they will find this clause:

> Every one is guilty of an indictable offence and liable to five years' imprisonment who is found
>
> (a) having in his possession by night, without lawful excuse, the proof of which shall lie upon him, any instrument of housebreaking.

It might be merely a saw. The Crown does not have to go further and say that he was found breaking into a house. If the instrument is found on him by night, he has to show why he had it.

Then I go on to subsection c:

> Everyone is guilty of an indictable offence and liable to five years' imprisonment who is found
>
> (c) having his face masked or blackened, or being otherwise disguised, by night, without lawful excuse, the proof whereof shall lie on him.

So, if the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) should as a mere escapade blacken his face, and a policeman should find him by night in that condition, and bring him to court the next morning and say that he had found him last night with his face blackened, the principle is that he is guilty. And that is British law.

Hon. Mr. LYNCH-STAUNTON: Not British law; Canadian law.

Right Hon. Mr. MEIGHEN: I venture to say that I can read from the British Code—

Hon. Mr. LYNCH-STAUNTON: You cannot read that from the British Code. The other is British.

Right Hon. Mr. MEIGHEN: The onus of guilt is established by the proof of possession. A man may have no criminal intent whatever, but the Crown does not have to go to the extent of prying into a man's mind to establish his guilt. The Crown has to go as far as the legislators of the land decide is fair before it can force a man to go on his defence. It is all a question of where it is best to fix the line. There is a certain class of offences in which the line of division must be placed nearer the door of the accused than in other classes, because the proof is very difficult; indeed, it is impossible unless the law says that at a certain point the onus is shifted to the defence. Such are the liquor cases. I know the legislation in that regard is very drastic—perhaps it goes too far; I am not saying it does not—but the only reason the legislators have decided that it must go so far is that it is impossible to enforce the law on any other basis.

We have reached a point where there are seventy thousand worthless cheques a year. I ask my honourable friends to accept these figures. They come from the Department of Justice. We know that the practice of handing out worthless cheques is vastly more prevalent than it was years ago. As the honourable senator from Rougemont (Hon. Mr. Lemieux) has said, the whole system of payment to-day is different from what it was. Cheques are far more in vogue than they were years ago, when cash was about the only means of payment. We have got to the stage where the use of cheques is almost universal. It is evident that the law at present is inadequate to the circumstances, and the Crown finds it impossible to discharge the obligation which up till now the law has placed upon it. The Crown cannot pry into a man's intention; the Crown, and the people, can judge only from what he does. The Bill says that if a man puts before you a cheque as a means of getting goods out of your possession into his, and the cheque is worthless, he cannot make you show that he knew it was worthless. Surely it is only fair that he should go in and show that he thought it was good.

Hon. Mr. COPP: That may be impossible.

Right Hon. Mr. MEIGHEN: We shall have to decide at what point it is best in the interest of the public that the line of demarcation be drawn. I venture to think that the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) is rather emphatic in his reference to the terrible disgrace that is supposed to attach to a man who goes into a witness box to clear himself of a charge under this proposed law. I admit that I should prefer not to have to take the stand and show that I issued a cheque honestly, but I think that if it did become necessary for me to do so, and if I were able to prove my innocence, I should rise the next morning, dress as usual and go down to business.

Hon. Mr. LYNCH-STAUNTON: But does the right honourable gentleman realize that he would have to go into the dock before he went into the box?

Right Hon. Mr. MEIGHEN: Yes. I do not think a man's position in society or his self-respect depends upon the exact geographical position in which he happens to be placed in a courtroom. I think it depends upon his own conscience, upon whether he is able to show to his own satisfaction and that of his fellow men that he has acted as a man ought to act.

Hon. Mr. McMEANS: But suppose a man is convicted, what then? Thousands of convictions are made by magistrates in small towns.

Hon. Mr. DANDURAND: A man need not appear in court if he returns the goods the day before the case is called.

Hon. Mr. LYNCH-STAUNTON: That is not provided in the Bill.

Right Hon. Mr. MEIGHEN: We cannot pass any law to improve the intellect of magistrates or of any other people, but we can pass a law that we think is in the interest of the public and that we consider to be fair as between both sides of a criminal action.

Now, as to the second feature of the Bill, I have a great deal of sympathy with my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) and the honourable senator from North York (Hon. Sir Allen Aylesworth). I believe that the Minister of Justice, who expressed himself in another place, would prefer that the law with respect to grand juries should remain as it is. I do not feel as deeply about the matter as he does. On this subject I speak with a great deal of diffidence, because I have not been in the criminal courts as counsel, nor in any other capacity, for about fifteen years. It was stated elsewhere that the grand jury system had never been established in Manitoba, but, as the honourable senator from North York has pointed out, it was in operation in the province at one time. During the years that I was engaged in the practice of law it was functioning. I believe it served a purpose; at least I thought

so at the time; but I always felt it was a very cumbersome and expensive piece of machinery for the work that it did. The Provincial Legislature decided that the machinery was not worth its cost of upkeep, and they asked that the law with respect to the grand jury be not applied to Manitoba. Parliament acceded to that request. Although that was many years ago, I have not observed any breakdown in the administration of law in that province; on the contrary, as far as I have been able to observe, the criminal courts there have been just as effective, just as efficient and just as fair as they had been formerly. I have not heard members of the Bar of that province deplore the passing of the grand jury. Of course, in this matter I am in the hands of honourable members who perhaps have been more closely in touch than I have with affairs in Manitoba in late years, and it may be that some lawyers would prefer a return to former conditions. I have, however, heard many members of the Bar, some of them eminent members, say that the abolition of the system was a good thing and had not resulted in any appreciable loss. I am not quite sure what the situation is in Saskatchewan and Alberta, but I observe it was stated there never had been grand juries in those provinces.

Hon. Mr. GILLIS: That is right.

Hon. Mr. LAIRD: We do not want them, either.

Right Hon. Mr. MEIGHEN: I am told they are not wanted. I am sure they would not be wanted now. Having regard to the work they perform, they are too expensive for the people of those provinces to sustain at the present time. Two of the Western Provinces have never had the grand jury, another one has tried it and abandoned it, and in not one of the three has there been any demand for the return or the establishment of the institution. Now the people of British Columbia are asking through their Attorney-General, who I suppose speaks for their Government, that in these distressing times they be relieved of the burden of the grand jury. Though we have an attachment for it as an instrument of British procedure that has existed for a long time, we do not feel that we ought to stand in the way of a province which itself has to pay the piper and claims the right to call the tune.

The motion for the second reading was agreed to on the following division:

Right Hon. Mr. MEIGHEN.

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The Bill was read the second time.

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

THE SENATE

Wednesday, March 16, 1932.

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

Prayers and routine proceedings.

ASSISTANT CLERK OF THE SENATE

RECLASSIFICATION OF POSITION

Hon. J. H. KING: Honourable senators, on behalf of the honourable gentleman from Saint John (Hon. Mr. Daniel), I beg to present the second report of the Standing Committee on Internal Economy and Contingent Accounts, as follows:

The Committee have had under consideration the following recommendation from the Civil Service Commission:—

"Dec. 7, 1931.

"In accordance with sections 12 and 61 of the Civil Service Act, the Civil Service Commission, at the request of the Clerk of the Senate, submits the following report for approval:

Assistant Clerk of the Senate—

It is recommended that the compensation of this class, which is at present:

Annual: $4200 4380 4560 4740

be revised to read as follows, effective from April 1, 1931:

Annual: $4560 4740 4920 5100.

It is considered that the present compensation provided for this class is inadequate for the duties performed.

Respectfully submitted,
W. J. Roche,
Chairman.
J. Emile Tremblay,
Commissioner."

The Committee recommend that the recommendation of the Commission be approved.

All of which is respectfully submitted.

I beg to move that the report be concurred in.

Right Hon. Mr. MEIGHEN: May I ask the honourable member to explain the report?

Hon. Mr. KING: In the main estimates of 1931 the Government provided for an increase in the salary of the Assistant Clerk of the Senate and made the salary the same as that paid in the Commons, namely, $5,120. After the Supply Bill of 1931 was passed, the Civil Service Commission was asked to revise the salary in accordance with the salary voted by Parliament. Parliament prorogued before the Commission had taken action; consequently it was not possible to submit the reclassification to the Internal Economy Committee at an earlier date. The reclassification by the Commission was made effective from the 1st of April, 1931—the same as the date fixed by the Government in the estimates.

The estimates fix a salary of $5,120, but the Civil Service Commission, in its reclassification, provides that the sum be reached by annual statutory increases. As no statutory increases are granted this year, there will be no increase.

The motion was agreed to.

THE ECONOMIC SITUATION

DISCUSSION AND INQUIRY

Hon. F. B. BLACK rose in accordance with the following notice:

That he will call the attention of the Government to some phases of the economic situation, with some suggestions for further economies.

He said: Honourable senators, I have no intention of wearying your ears or insulting your intelligence by attempting to offer any solution of the financial problems which confront this country and the world at large to-day. At the outset may I call attention to the fact that this is not the first period of depression that Canada has experienced, nor in all probability will it be the last. I desire to congratulate the Government upon its proposal to put certain economies into effect. On May 20, 1924, I made in this House some recommendations which seemed to me to be appropriate and which I thought would, if carried out, lead to considerable savings in the country's expenditures. I am very glad to see that although the Government of that day, in its wisdom, did not think that the economies I proposed should be put into effect, most of my suggestions have been adopted by the present Administration. As our memories are very short, I may be allowed to quote a few of the remarks I made in 1924, which I think are as applicable to the conditions of to-day as to those of 1924. This is what I said on that occasion:

I have in my hand three newspapers published in three different portions of the Dominion of Canada, and in all those papers I read articles written by different people who were independent, not politicians, speaking before public gatherings which were not political, and all voicing practically the same sentiments. I am going to read one of these articles to illustrate what I mean.

"Canada is the only Anglo-Saxon country in the world that is still paying the peak of taxation and that has not substantially reduced the national debt.

"Canada is the most over-governed country on the face of the globe. Members and Cabinet Ministers, senators and Speakers at Ottawa drew salaries exceeding $1,585,000 last year, while the total wage bill for 39,200 civil servants in 1923 exceeded $50,000,000. There is Government machinery in Canada sufficient to govern a nation of more than five times the country's population."

That particular extract was from a newspaper published in London, Ontario. At the same time I referred to two other papers, one published in Vancouver and the other in the East, each of which called attention to practically the same thing. I remarked then:

It seemed to me exceedingly strange that in three parts of Canada distant from each other in one case 500 miles and in another 1,200 miles, three persons speaking on the same evening, having no political affiliation so far as we know, should give utterance to practically the same sentiments.

The suggestions I made at that time were, first, that there should be a straight reduction in the indemnities paid to members of both Houses of Parliament; a similar reduction in the salaries paid to Cabinet Ministers; a reduction in the number of Cabinet Ministers and an amalgamation of some of the portfolios; a reduction of ten per cent in the salaries of civil servants, and a reduction of from ten to twenty per cent in the salaries of Canadian National Railways employees who receive more than $1,500 a year. I did not advocate any reduction of income below that figure. I also urged that there should be a reduction in the salaries of all the judges in Canada paid out of the federal treasury. I made various other proposals at the time, and pointed out that if the Canadian National

Railway System made a cut in its pay-roll the Canadian Pacific Railway would undoubtedly follow the lead, and that the Governments of the various provinces would reduce their expenditures if the Dominion took such a step. It was demonstrated that had the cost of administration of the various departments and institutions which I mentioned been reduced at that time as suggested, this country would have saved from $80,000,000 to $100,000,000 a year—a very large sum of money. Had those savings been begun then, the federal treasury alone would have been better off to the extent of about $600,000,000, barring undue extravagances in other lines.

It is quite true that the depression in this country in 1923-24 was not as great as it is to-day. But, as I have said, our memories are very short, and if we look through the files of newspapers and financial journals for the years referred to we shall be reminded that the depression was very serious. In 1921 and 1922 there was a period of abnormal prosperity, but the peak did not go so high as it went in 1929, and as a consequence the depression of 1923-24 did not fall so low as the present one. But the effect on the country of both depressions was practically the same.

Now I want to quote a few figures to show what would have happened if my recommendations had been followed. In 1922 there were employed in the Civil Service of Canada, according to the records of that date, 39,200 persons. By 1930-31 this number had increased to 45,581, a very large increase. It is true that in the eight years that elapsed there was a considerable growth of population, but in percentage it was by no means as large as was the increase in employees. The amount paid to those 45,581 civil servants in 1930-31 was $94,310,982. Since 1923 there has been an increase in the Civil Service personnel of 6,175, but the pay-roll has increased by approximately $20,000,000. If a ten per cent cut had been applied in 1924 there would have been a total saving to date of approximately $60,000,000. That might have taken care of perhaps a portion of one year's deficit on the Canadian National Railways.

As I have said, my suggestions of 1924 included a reduction in the indemnities of senators and members of the House of Commons. No one desires a decrease in his own income less than I do, but economy, like charity, should begin at home. I did not see then, and I do not see now, how we as members of Parliament could expect to impose economies on the Dominion at large unless we first demonstrated our willingness to economize by cutting our own pay. It is true that if we had done so the saving in dollars and cents would not have been very great, but the example would have been a good one and the people of the country would have appreciated it very highly. I think all honourable members will agree with me when I say that our people as a whole are appreciative of the cut that we have made in our indemnities this session. Perhaps nothing appeals more strongly to the residents of the smaller country districts than the fact that their representatives in Parliament have voluntarily reduced their own remuneration. If the indemnities had been reduced by ten per cent some eight years ago, the aggregate savings up to the present time would have amounted to $3,750,000.

It is with some hesitation that I refer to the salaries paid to judges, because I understand that in another place it was stated by those who are conversant with the facts and the statutes that we have not the right to interfere with such salaries. Without attempting to dispute that at all, I must state my inability to understand how Parliament, which fixes the salaries in question and makes the laws of this country, has not power to reduce the salaries when occasion demands it. All other Government employees, with some exceptions such as soldiers who have a contract for a definite period of time, have had their pay reduced. It may be that the judges have a similar contract, though I do not know anything about it. I do not see why judges should not have a reduction in income when members of Parliament, civil servants, railway employees, and industrial workers throughout the country have had a reduction. Now, if the judges' salaries had been reduced in 1924, the saving to date would have aggregated $2,800,000.

The aggregate saving from the sources I have already mentioned would have been $66,550,000.

I now come to the Canadian National Railway employees, and before I quote figures with respect to them I want to say they show how seemingly small economies amount in the long run to huge totals. If a ten per cent cut in the Canadian National Railway pay-roll had been put into effect in 1924, the amount saved thereby between that time and the present would have been $105,000,000. If you add that to the figure already given, you will find that with these economies carried out there would have been in the treasury money which is not there now, amounting to $172,000,000 or thereabouts. That is a very sizable sum of money, which the people of Canada could use at this or at any other time.

In the year 1923-24 there were employed by the Canadian National Railways 99,520 persons, and the salaries at that time amounted to $140,515,000 and some odd. In 1930 the annual pay-roll had increased to $148,600,000, or more than $8,000,000 in excess of that of the year 1923. When we come to 1931 we find that owing to reductions made in the number of employees the pay was reduced to $127,896,000 in that year. Because of changes in the methods of transportation and because of the depression, neither the Canadian National Railway nor any other railway operating in Canada or the United States could use as many employees as it had previously. The fact remains that during the seven-year period a ten per cent reduction in the number of employees would have saved to the people of Canada, on payments made to the employees of the railways alone, $98,000,000; and this added to the items already given would have made a total saving of $270,000,000. Upon that very large sum of money which has been spent, we are paying interest, and our children and our children's children will have to pay interest for years to come. Had it not been for that expenditure, the interest charge would have been very materially reduced, our borrowing power would have been increased, and our credit in the money markets of the world would have been better.

Now I want to refer to one or two matters relating to railways, for I do not know of any particular branch of industry in Canada that has been more responsible for the public debt and the feeling that there has been extravagance for the past three or four years.

Hon. Mr. STANFIELD: May I ask the honourable gentleman a question? Can he give us any figure regarding the increasing or diminishing of the number of officials on the C.N.R. during the last seven years?

Hon. Mr. BLACK: I am sorry that I cannot do so without taking the time to look up the railway report which is in my desk, but I shall be very glad to refer the honourable gentleman to the place where that information may be found.

I gave the total number of employees without dividing them into groups.

I need not stress the matter of hotels at all. We know that hotels have been built from the Atlantic to the Pacific and that to-day they are standing idle or being amalgamated with other hotels or jointly operated with the hotels of other corporations. In one case $12,000,000 of the people's money and in another case $7,000,000 have been put into brick and stone and are producing no income. I could give you a list of seven such cases. Not only do these involve an annual charge on the people of this country, but they necessitate maintenance and thus pyramid the debt.

Referring to steamships, I will speak only of those on the Pacific coast. I was out there a year or two ago, and, so far as I could see, the line of steamships running from Vancouver to Victoria and down to Seattle was quite capable of taking care of all the business that offered, and more. Yet, in the wisdom or lack of wisdom of those conducting the Canadian National Railways, they deemed it advisable to spend many millions of money in order to put other ships on that route, taking business away from another company—one in which I have no interest, but in which the people are vitally interested—and adding to the deficit of that company as well as to the debt of the country.

Not very long ago an important official of one of the great railway systems of Canada, in giving evidence before a parliamentary committee investigating railway matters, said—I do not attempt to give his remarks verbatim—that if the railways could get rid of the passenger traffic and look after freight traffic alone, they could make money.

Hon. Mr. CASGRAIN: That is right.

Hon. Mr. BLACK: Yes, of course it is right. Now, that being the fact—and it was substantiated by an official of the other great railway system—why is there a proposal to spend in the city of Montreal a sum not less than $50,000,000 and not more than $100,000,000 for the purpose of providing greater facilities to carry on a part of the railway business which, according to the managers of both roads, will not pay under any condition? Is there any reason in that? Is there any common sense in it? Nothing of the kind! The proposal may have been due to the desire of one railroad to have a finer terminal than the other railroads in the city of Montreal. I should not like to say to honourable members from Montreal that it was due to the selfishness of Montreal. I do not for a moment think it was. It is natural enough for people to want to have a finer station than they have ever had before, but it seems to me that this was the most extravagant proposition ever put forward by any public corporation in the history of Canada, and that there was no justification for it from any standpoint whatever. If I am wrong I should like to be corrected, but I have never heard anyone justify that expenditure except to say that there may have been a desire on the part of one railway to outdo the other.

If I am doing anybody an injustice, I apologize for it, but I say that from a financial standpoint this was a crime and never should have been permitted.

Now I come to another question that affects the railways and the country as a whole, and that is the system which we have here—and it prevails all over this continent—of issuing passes. I do not believe that the giving of passes is a good thing. Members of Parliament travel free, not by virtue of having passes, but by law; nevertheless, in the eyes of the public they travel on passes. I am quite willing to admit that probably there are very few men who get more real use out of their transportation than I do, for my business keeps me on the train a good deal of the time; but if, in the interest of economy and to do away with what I regard as a very great evil, it were necessary that members of Parliament do without free transportation, I would say by all means let us do without it. If desirable, each and every senator or member of the House of Commons could be given a travelling allowance based on the average cost of the transportation now provided for members of Parliament.

Honourable gentlemen are aware, I suppose, how the system of passes in vogue in the United States and Canada operates. In this country free transportation is granted under certain conditions drawn up by the Railway Association of Canada. A similar arrangement is in existence in the United States, and the two organizations work together almost as one. The general basis is this: If a man employed on a railway in Canada, whether as a sectionman, or a brakesman, or otherwise, has served one year, he is entitled to three passes over the territory within a radius of 1,500 miles; after two years' service he is given four free passes; after the third year five, the fourth year six, and the fifth year seven. After three more years he is entitled to one foreign pass, which will take him from the Atlantic to the Pacific, down the coast to California, and back by some American roads into Canada. After a man has been employed for ten years by either of our railways he receives a pass for himself and his wife, which is good every day in the year in the region in which he resides. After fifteen years he is given, for himself and his wife, the same privilege extending over two regions. After twenty years or more he has a free pass for himself and his family, good year in and year out, all over Canada, in addition to which he receives the yearly foreign pass if he desires to use it.

I do not find any fault with the railway employees for making use of these passes. They are quite entitled to do so in every respect, because they do it under the regulations of their own organizations and with the consent of the Government, though not by law. The Railway Act says that nothing in this Act shall prevent the giving of these passes, and then the railway managements, with the Railway Association, make up their schedules and issue the passes. I do say, however, that in periods of depression there is nothing which makes the ordinary man in the rural district feel more resentful than the fact that his neighbour and his neighbour's wife and son and daughter are going up and down to the market towns free of cost.

Hon. Mr. LYNCH-STAUNTON: Can the honourable gentleman say as a matter of fact whether they get reduced prices for meals on the trains?

Hon. Mr. BLACK: I prefer not to touch on that now.

Let me illustrate what I mean. A young man working on a section of the railroad receives perhaps $3 a day, and the man next door—he may be this man's father, his brother or his cousin—who works on a farm gets $1.50 or $2, and thinks he is lucky to get it in these times. But there is a further difference. When the chap who works on the railway wants to go to the neighbouring town, or to market, where he can get things very much more cheaply because of chain stores and that sort of thing, than he can at home, he travels free, and he takes his wife with him, and brings home his truck, whereas his relatives and chums have no such privilege. They resent it. I know intimately what I am talking about, because this has been thrown up to me time and again. I hear it almost daily when I am travelling in my own locality, and I am satisfied that any honourable gentleman who goes about the country very much is aware that there is a real feeling against the railways and the railway employees because of this free transportation, which costs millions of dollars yearly.

Let me tell you of two instances that I saw with my own eyes. Not very long ago, on February 28, to be exact, there was a special train put on, not far from here—I can name the place if you want me to—to take some people to a hockey match. It was a rough night and that train was not as well patronized as might have been expected. There were 116 passengers on the train, and of that number 72 were travelling on passes. In other words, 72 were employed by the railway, or were in some way connected with it, or had a father, brother or other relative who was connected with it.

Another case that I have in mind is this. I got into a train in December, 1930, and went into a first-class car: it was filled up. There were two men; the rest of the passengers were women and children. I noticed that they had baskets with them. Undoubtedly they contained their lunches. It is easy to recognize a lunch basket. I was looking to see whether any of my friends were on the car, but these people evidently had come from beyond my territory and I did not know any of them. I asked the conductor who they were and where they were going, and he informed me that they were going to Moncton to do their Christmas shopping. I said: "Have they hired the car? They look as if they were going to live in it for the day." He said they had not, and then I remarked: "I suppose they are all travelling on passes." He said they were. That car, which could accommodate about eighty persons and had about seventy in it, was dropped off, and on the return journey was picked up again and taken back to the place from which it came. You cannot blame those people at all. They were the wives and children of men working for the railway, and were quite within their rights in going to Moncton to do their Christmas shopping. But what do the other men and women who live in the same town with them think? They cannot travel 120 miles free —that is about the distance that particular car went—but have to pay for a return ticket $5.85, if I am not mistaken. That is not a large amount, but if you multiply it by sixty or seventy, and if such an incident occurs once or twice a week, it becomes a matter of some magnitude.

What I want to impress upon you, honourable gentlemen, and upon those in authority, is that the granting of free transportation to people, whether they happen to be railway employees or not, is wrong. It is wrong at any time. It never was right, and I do not think it ever will be right. I was once in a company which had an arrangement with the two large railways whereby we gave certain services to them in exchange for a number of free transportation passes for our men. But many years ago we discontinued that system. So far as I am concerned, I prefer to pay for what I get and to be paid for what I give. Such was the preference of the directors of that company, and the result was that we made a new arrangement with the railroads, by which we said to them, in effect, "We will sell you our services in the same way that we will sell them to anybody else; and we will pay you for the services we get, in the same way as we will pay anyone else." That plan has worked very satisfactorily. It is the only sound plan upon which any business can be run. If passes are granted to railway employees, in whatever class they may be, on the ground that they are not receiving as much money as they should, their rate of pay should be increased and the passes abolished. I venture to say that a five per cent increase in the total pay-roll of the railroads, which would mean an additional $8,000,000 or $10,000,000 a year, would be less than the total amount that the country is now losing through the various ramifications of the present system of free passes to railway employees. In saying this I should like it clearly understood that I have no animus towards the employees. They are working under a system which they did not devise, but which the railways themselves have provided.

While I am on this subject, may I say that I do not believe there should be any free transportation for newspaper men. I speak after considerable thought on the matter, for I have friends in this House who are newspapermen, and I have myself been interested in a paper for many years. The newspapers would not be hurt a bit if they were paid for the publicity and advertising they now give without charge, and the railways would not be hurt if they were paid for the services they now give free. The thing would balance all right. I submit there should not be any free transportation at all, but the railways should charge for every bit of service they render.

Now I wish to refer to the franking of express parcels and telegrams. These matters may appear to be comparatively trivial, but anything that has an undesirable effect on the body politic is not trivial. Furthermore, little things that would be overlooked in good times rankle in the public mind when times are hard. While the average franking item may be small, the total loss to the country through the carrying of express parcels and the sending of telegrams without charge is a large one. I will cite one instance to show what may happen. In one week in June last year a shipment of salmon, on which the charges would have been over $100, was sent by free express out of Matapedia station. The people who used franks to avoid the payment of those charges were not railway employees, but sportsmen who were not even connected in any way with a railway; they were merely friends of railway employees. Why should members of that party have been allowed to ship fish from Matapedia to Halifax or Montreal at no cost whatever, when the man

who fishes for a living and ships his salmon from the same station has to pay the full rate on it? Do honourable members think the fisherman does not resent that? Of course he does. And I think he ought to resent it. I realize that there would not be a weekly shipment of the kind I have referred to, but the instance shows how a privilege may be abused. The franking of telegrams is another practice that should be discontinued. I have no figures to show the sum that is lost by that means, but no doubt it is a very considerable one.

I should say here that it is to the credit of many men whom I know that although they have permission to use franks they never do so, because they feel they are not entitled to the privilege. The ground they take is that they have not given any service in return for the money that the franks represent. But perhaps most people who are allowed to frank do not feel that way about it, and there is no legal reason why they should. How one acts depends entirely upon his mental attitude towards the matter. I feel confident that if railway passes and the franking of express parcels and of telegrams were abolished the resultant saving would amount to several million dollars annually. That saving could be applied towards reducing the Canadian National Railways deficit and helping the Canadian Pacific Railway to get back into a dividend-paying position. Furthermore, the abolition of these privileges would have a better effect upon the people who are finding it hard to get along than perhaps anything else could. If the permission to frank is given to any person in payment of services rendered, then I submit that payment should be made in an ordinary businesslike way rather than in this inequitable fashion.

My honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) has asked me if I know anything about special rates for meals served on trains. I know that there is a schedule which provides that train crews may get their meals at reduced rates. I have no objection to that, because those men are on duty.

Hon. Mr. LYNCH-STAUNTON: But I mean reduced rates to employees who have passes.

Hon. Mr. MacARTHUR: There is none.

Hon. Mr. BLACK: I had occasion to talk with a railway official whom I met between Winnipeg and Toronto and who was going on a trip around this continent. He was then on his way to Saint John, and intended going down to Florida, across to Los Angeles, from there up to Victoria and back to Winnipeg, where he resides. He was getting all that transportation free, but so far as I could ascertain he had no concession with respect to meals or sleepers, for which he had to pay at the ordinary rates. I think the system of paying a man in part by a pass is wrong. If long service entitled that official to the equivalent of the cost of his transportation, he should have been paid in cash. He would then have had the option of travelling outside Canada or of spending his money on a holiday in this country.

Perhaps I may be permitted to make a few remarks about the League of Nations, a subject that we have heard a great deal about in this House. Personally I have been more or less in sympathy with the League, and I have never made any pronouncement against it, publicly or privately. But I may say that I have never been convinced that it was going to do the great things for the world and humanity which many people have prophesied. It is now passing through a difficult time and I think it would be very unjust to criticize it. We do not know how it will come out of the world crisis, but I am sure we all heartily hope that it will prove a great and lasting success. Last year Canada spent $231,694.46 on the League in one way and another. That is a large sum to spend in such a way when we are finding it so difficult to raise revenue. I think we are entitled to representation in the various activities at Geneva, but it seems to me that until such time as we are able to hoist our own sails we should co-operate in some matters with the Mother Country; until we can afford to pay our own way, we ought to use part of the machinery which Great Britain has in operation at the League.

As I said at the outset, I have no nostrum to offer for the solution of the present economic problems. No man can pull himself up by his own boot-straps. Some people say that if we spend money more freely the country will get rich. I have yet to see any man get rich who when he earned a dollar spent $1.05, but I have known many men who by saving five cents out of every dollar they earned became ultimately wealthy. What applies to an individual applies to a country. If this Dominion is to make substantial progress it must keep its expenditures well within its revenues. Under no other system can it succeed. The theory that an orgy of spending will bring back world prosperity is as ridiculous as almost any other of the various methods that have been suggested as remedies for the present condition. Industry, frugality and reasonable economy will put this country

back on the rails headed towards prosperity. These three things need to be emphasized. If we are industrious (and we cannot get anywhere without industry), if we are frugal (and as a nation we have not been frugal in recent years), if we exercise reasonable economy (and we have not done so in the past seven or eight years), we shall hasten the day when Canada will be once again enjoying good times.

CHICAGO WATER DIVERSION

MOTION AND DISCUSSION

Hon. J. P. B. CASGRAIN rose in accordance with the following notice:

That he will call attention to the diversion of water from Lake Michigan by the City of Chicago and will move, that in the opinion of the Senate no further negotiations on the St. Lawrence Waterways should be made until the Senate of Canada has examined the treaty now in force and has satisfied itself that this treaty is being carried out.

Further that a copy of the said treaty be placed upon the Table of the Senate.

He said: Honourable senators, with the leave of the House I should like to substitute the word "ascertained" for the words "satisfied itself" in this notice of motion. It was suggested to me that as the subject-matter is of a delicate nature and concerns a friendly nation, this change in wording would be advisable.

I approach this question with a great deal of diffidence. Should I say anything that in the opinion of some of my colleagues might be misunderstood on the other side of the international boundary line, I should be glad if they would ask me to explain, so that the wrong impression might not be allowed to stand. I have absolutely no intention of saying anything that may be misinterpreted by the people of the United States, for whom I have very great admiration. I marvel at their material wealth. They have enough railways to stretch around the world more than ten times at the equator, and perhaps fifteen times at our latitude.

There is a treaty between the two countries with respect to the St. Lawrence Waterways. To my great amazement I found that there had been no less than fourteen treaties concerning our neighbours and ourselves, and sometimes Great Britain, as there was a time when we ourselves were not making treaties. I refer to these treaties simply that I may be able to ask afterwards if they have been of much advantage to us. Many of them had to do only with the marking of boundaries and the appointment for that purpose of geographers, or land surveyors as we call them.

The first treaty to which I wish to allude was known as the Treaty of Utrecht, which was made in 1713. That terminated the War of the Spanish Succession. Louis XIV, who at that time was gloriously reigning, had to sue for peace after the war had been going on twelve years, and before peace could be obtained he had to give up Newfoundland, Nova Scotia and Hudson Bay, and he had left, on this side of the world, Cape Breton and Prince Edward Island.

Fifty years later, in 1763, the Treaty of Paris was made, in the reign of Louis XV. Under that treaty the whole of Quebec was abandoned by France. Madame Pompadour, the favourite of His Most Christian Majesty, said, "What does it amount to?—A few acres of snow. Quelques arpents de neige." But was it only a few acres? I wonder whether honourable members realize the extent of Quebec in those days. In the first place, the south boundary included the whole basin of the St. Lawrence from Nova Scotia all the way up past Lake Ontario, up to Lake Erie. Then the Ohio river was the boundary for a certain distance; then the line took in the whole of the western watershed of the Appalachian Mountains down to West Florida, very near to the present city of New Orleans, and following the northern boundary of West Florida the line came back to the middle of the Mississippi river, thence up this river to its very source. That was the western limit of Quebec. The northern limit was a line running from the river St. John, on the Labrador coast, and running near the Height of Land, up to Nipigon Lake, in Ontario. That gives some idea of the immense territory then known as Quebec. I may say that the northern boundary remains, but we have been encroached upon in other directions by treaties.

The next treaty we come to is the treaty of 1774, under which, in readjusting the boundaries just before the American Revolution, we lost all that part of the southern country from the Ohio River down to West Florida—a very large area indeed.

Next comes the treaty of 1783, called the Treaty of Peace and Friendship between George III and the United States of America. At that time there was no change except that the right of free navigation in certain waters was granted.

Then we come to the treaty of 1794. This treaty, which was called the Treaty of Amity, Commerce and Navigation, settled, as between His Majesty and the United States of America, various boundaries in North America, and so on. Free navigation was granted on the

Mississippi river, and that river was supposed to remain forever open to the citizens of both countries.

In 1814 we come to the Treaty of Ghent, which was signed in Belgium. That treaty simply confirmed the boundaries fixed by the treaty of 1783, and made peace between England and the United States after the War of 1812, a war memorable in Canada because of the victory at Chateauguay, and memorable in the United States because the British army marched on Washington and burned down the White House in retaliation for something that had been done.

In 1842 we come to the Ashburton-Webster Treaty. We all remember that it was a Dutch award, and that when it was finally settled, the boundary of Maine was brought to within very few miles of the St. Lawrence river. Anyone can be convinced of that by a glance at the map.

In 1846 there was another treaty between Great Britain and the United States. The territory lying between latitude 42 and latitude 54.40 was in dispute. You remember the slogan "Fifty-four-forty or fight!" Latitude 54.40 was the southern limit of the territory that the United States said they had acquired from Russia a few years before.

Many people believed that the treaty after the War of 1812-14 superseded and wiped out all former treaties, but we find that in 1847 the British Government, in order to meet the desire of Canada, granted to the Americans the right, during pleasure, to navigate the St. Lawrence river if and as long as Canada desired. Lord Elgin, who was Governor General of the country, proposed that Canada should grant the right of free navigation if, as a quid pro quo, the United States would allow the free entry of our goods to that country. Nothing came of that, however, and the proposition fell through.

Whilst I am speaking of the right of free navigation I might point out that it was always said it would apply to rivers and canals. Just here I come to something I am not sure of, but I have a faint recollection that at Whitehall, on the canal leading from the Richelieu river and Lake Champlain to Albany, a Canadian barge was actually stopped because it was supposed to have no right to use the canal. While I am not quite sure that such an incident took place, I have heard on many occasions that it did. Another thing about which I am not sure is that Canadian barges were allowed to navigate the Erie Canal. That canal afforded the most economical transportation possible, the cost of barges being only $12 or $15 a ton. Anything that held out water was good enough, and because of the slow progress made by the barges hardly any power was required to drive them. The tug usually pushed the barges and passed them through the locks. That method of navigation was carried on very successfully when the canal was only six or six and a half feet deep, but it stopped when the size of the canal was increased, because the new barges were more expensive than the old ones, and cost more in interest charges, and so on, when they were laid up during the winter. We said: "We have the right of free navigation through your rivers and canals." But they said: "These are not our canals; they belong to New York State. We can only give you the right to use federal canals." The only federal canal that I know of is at Sault Ste. Marie, where the United States have built three magnificent locks side by side, to which we have access, although we have our own canal on the other side of the river.

The next treaty was in 1871, and dealt with the Alabama case, the fisheries, and other odds and ends. That treaty must have been satisfactory to both sides, for we do not hear very much criticism of it. It also reaffirmed the principle of free navigation, but excepted Lake Michigan.

In 1908 there was a treaty appointing surveyors to mark a boundary line in accordance with a decision that had been reached; and in 1909, in the time of Sir Wilfrid Laurier, under what was called the Boundary Waters Treaty, a joint commission was appointed. That commission did a lot of good work in its day, and I suppose it is good yet. It could deal not only with waters, but with almost any difficulty. I am fairly familiar with the work of that commission, because the first chairman was the Hon. T. Chase Casgrain, a first cousin of mine, who furnished me with information that I could supply to this House if it were wanted.

The next treaty was the Passamaquoddy Bay Boundary Treaty; and in 1925 we heard a good deal about the Hon. Ernest Lapointe signing a treaty affirming that Canada was independent of everybody, even the Mother Country. At the time of that treaty the United States was represented by Charles Evans Hughes, now Chief Justice of the Supreme Court of the United States. That treaty just enabled two surveyors to mark an ordinary, everyday boundary line.

Right Hon. Mr. GRAHAM: What was the name of that treaty?

Hon. Mr. CASGRAIN: That was always known as the Lapointe Treaty, I think. There was no other name.

Right Hon. Mr. MEIGHEN: Is that why it was made?

Hon. Mr. CASGRAIN: That was in 1925. It was a treaty to establish on the ground the boundaries that had been determined in 1783, 1814, 1842, 1871 and 1910.

There you have the whole story of those treaties. Every time we have negotiated a treaty with the United States we seem to have been shorn of territory. I do not know of one under which we got an advantage. I hope some honourable member of this House will be able to enlighten us in this regard and tell us that at some time we got something we should not have got, or that the other side gave up something.

This question of the Chicago diversion, which I regard as of paramount importance, has been before Parliament for a long time; in fact, since 1889, forty-three years ago. At first, to go back to 1822 and 1827, when the legislation was passed, the idea was to provide for navigation by reversing the course of Chicago Creek, called in the old days Rivière du Chien. I am somewhat familiar with that, because one of my ancestors used to go there in his canoe with furs, on his way from Montreal to New Orleans, when he was allowed to sell to none but the English. Before the Rebellion of the Thirteen Colonies we were not allowed to trade with anybody else. We did not rebel, but we had to go a long way to sell our furs—up through the Ottawa, the Mattawa, Lake Talon, Trout Lake, and Turtle Lake, and then down Lake Nipissing and through the French river, into Georgian Bay and the St. Mary river, around Machillimackinac, and down the west shore of Lake Michigan to what was called Dog Creek, and up this creek and over a short portage to Rivière des Plaines. The journey used to be broken on the shore of Lake Michigan, the traders stopping at the place of a man named Beaubien. Perhaps he was an ancestor of the distinguished member for Montarville (Hon. Mr. Beaubien). I may be allowed to add that he was said to have had a very good-looking daughter. It may surprise honourable members to learn that when the United States sent an engineer to lay out the city of Chicago, which was to be located at the southern tip of Lake Michigan, where the city of Gary is to-day, he stayed with our good friend Beaubien and fixed the site of the city of Chicago where it is now situated in order that he might be near such a fine boarding house. Many people in Chicago do not know that.

Right Hon. Mr. GRAHAM: And there are many other things they do not know.

Hon. Mr. CASGRAIN: The diversion of water by the Sanitary District of Chicago means that our birthright has been interfered with, that the St. Lawrence river has actually been depleted—that the navigable capacity of the Great Lakes and the St. Lawrence river, and of the port of Montreal, is being impaired by a mighty foreign power in order in the first place to provide sewage facilities for the city of Chicago, and eventually to empty the water into the Mississippi river. When I learned that there was a case before the Supreme Court of the United States in regard to this question, I thought that the United States would argue against the Sanitary District of Chicago. In that I was not disappointed, for the strongest plea that could have been made on behalf of Canada will be found in the brief presented before the Court. I have before me a brief of the case in the Supreme Court of the United States, October term, 1924. It is the Sanitary District of Chicago, Appellant, against the United States of America, Appellee. This document that I have in my hand is the brief of the argument of the appellant. Here I have the brief of the appellee, the United States of America. You can see from the way in which the book is worn that I have gone through it many a time. You will find that Harlan F. Stone, Attorney-General of the United States, says that the diversion is illegal. He says that for 319 pages, and there are 321 pages in the book. He spoils his argument in the last two pages, for he says it would be impossible for Chicago to do away with this sewage canal immediately without causing an epidemic. This is a very interesting case. I spoke in the Senate about it twenty years ago. It started away back more than a century ago. The idea of taking water from Lake Michigan and the first legislation in the United States regarding it originated in 1822; and in 1827—I suppose the State of Illinois was not established then —the United States actually authorized a canal of unlimited width and undefined depth, with 90 feet on each side of the canal, to take water from Lake Michigan to the Illinois river for navigation purposes. It was in 1845 that the works were started, and this canal has been built. Now we have the word of the Attorney-General of the United States, who says that ten times more water is being used to-day than is necessary for navigation purposes.

The story of this case is a long one. The case was before the Court for sixteen years. It first went before Judge Landis, who, I am told, is very well known as the authority governing the baseball teams in the United States. He was from Chicago. He took the case and started hearing witnesses. How long

do you think he took to hear the witnesses, honourable gentlemen? He took six years; and after the sixth year he commenced to deliberate upon the case. And there is where it seems very strange, because, as you will find in this book from the United States, it was not necessary to go to law about it. The Attorney-General says that the strong arm of the United States of America could have been used; that the army and the militia could have been called in to stop action at once; but that was never done. However, Judge Landis deliberated for six years more, or a total of twelve years, and then brought down what they call a decree, or what we in Canada call a judgment; but he hinted that he might amend that decree, and in order to make up his mind whether to amend it or not he took three years more, making fifteen years, and he never amended it at all, but left it just as it was. The decree, of course, was to the effect that the thing was illegal. Anybody who has ever had anything to do with water courses knows that a stream cannot be diverted for the benefit of one person to the detriment of another. That is not only international law, but it is common law. However, Judge Landis at last declared that he would not amend the decree, and the Sanitary District of Chicago carried the case before the Supreme Court of the United States, in Washington. Here is the brief of the Sanitary District, and this is the brief of the United States.

The Supreme Court of the United States naturally confirmed the decree of Judge Landis, but they could not help qualifying as "unprecedented" the delay that had taken place. They did not absolutely censure him, but referred in polite judicial language, which the lawyers whom I see around me would understand, to the remarkable delay, for which there was absolutely no excuse. During all this time the work was going on, and then you would have what we call a "fait accompli"—you would have the thing done and it could not be undone. The sum of $100,000,000 had been spent. Is it likely, honourable gentlemen, that that sum of money is going to be scrapped to-day?

The water that should flow down the St. Lawrence is going first into la Rivière des Plaines, then into the Illinois, then into the Mississippi and right down to the Gulf. This is an old, old story, but what we do not all realize is the immense quantity of water that is being taken away. When you read in the newspapers about 4,167 cubic feet per second it looks very small. Even that figure is a camouflage. There was a sort of treaty made between Canada and the United States by which they were entitled to take 250,000 cubic feet per minute; and if you divide that by 60 you get the odd figure that I have just mentioned. This supposed treaty was entered into and signed on the 11th of January, 1909, and was ratified by the Senate of the United States in May of the same year, and they were entitled to this 250,000 cubic feet until lately. What is almost incredible, the three Canadian commissioners actually agreed to sign that treaty though the Chicago Sanitary District were absolutely violating every condition of it at the very time the treaty was being made. It is very easy to keep a record of the amount of water going through a canal; but when they asked to see the records they were absolutely denied access to any documents for five years previous to the time they signed the treaty. I do not know who those commissioners were, but they signed that treaty without knowing what they were signing, and at a time when the other party in the case absolutely denied them access to any documents or any data in its possession. However, I think that in Canada, as throughout the British Empire, a treaty is a treaty and not a scrap of paper, and we must live up to it. But why should we agree to more than 250,000 cubic feet per minute? That is the question. In the judgment rendered by the Supreme Court of the United States in 1925 it was declared, "You shall not take more than that quantity," but they said it would be permissible for the Secretary of War to issue a permit, and we received the news that the permit had been issued for more than twice the amount stipulated in the treaty. The rights of Canada are ignored. No notice whatever is taken of them. It is just as if the United States had absolute control over the whole matter.

The quantity that is now being taken, 600,000 cubic feet per minute, is equal to 10,000 cubic feet per second. May I make a comparison in order that this honourable House may have some appreciation of the quantity of water that is being diverted? Take a lake 31 miles square. It would lower that lake every day one foot. In Chicago, which has 3,000,000 of a population, there is used in one day, for sanitary and domestic purposes, as much water as the city of Montreal, with one-third of the population, uses in one year. They tell us it is for sanitary purposes. We know Lake Abitibi. It is a great lake, 350 square miles. Well, if the daily supply were shut off, Lake Abitibi would be emptied by that canal in 66 days.

The St. Maurice is a good-sized river. The regulated flow of the St. Maurice is 10,000 cubic feet per second; that is, with the improvements of the Gouin Dam. Under the régime of Sir Lomer Gouin there was built at the head-waters of the St. Maurice river a huge dam. It actually doubles the quantity of the flow of the St. Maurice, because the water is husbanded in the spring of the year and is paid out during the summer. The amount of water taken, the regulated flow, is 12,000 cubic feet per second, but the natural flow of the St. Maurice was only one-half of that. Now there is being taken in the Chicago Drainage Canal nearly twice as much water as the natural flow of the St. Maurice river. There is being developed now over 800,000 horse-power on the St. Maurice river, as I think all honourable members know.

The Saguenay is a mighty river, emptying out of Lake St. John. The minimum flow, before the improvements were made there, was just a little more than they are diverting at Chicago. The Chicago Canal is drawing just one-sixth less water than the whole Saguenay river. The great Chippewa power scheme, under the Ontario Hydro-Electric Commission, will develop eventually between 500,000 and 600,000 horse-power. It uses 20,000 cubic feet per second. But for the diversion it would be able to develop half as much again.

Right Hon. Mr. GRAHAM: That is 300,000 additional horse-power?

Hon. Mr. CASGRAIN: Yes. The Chicago Canal takes the equal of five-sixths of the flow of the whole Saguenay river, and anybody who has been down that river knows what a large body of water it is.

Mr. Harlan F. Stone, Attorney-General of the United States, says they are using ten times more water than is necessary for navigation purposes. They are using ten times more water than the Lachine Canal.

You all see the Ottawa river here. The normal flow of the Ottawa—it is regulated now, but I refer to the natural flow—is 15,200 cubic feet per second, and to-day the Chicago Sanitary District are using 12,000 feet; for, now that there has been this quarrel, they are using still more.

I may say that out of this canal, which is about 36 miles long, at a place called Lockport, just four or five miles north of the town of Joliette, they are now developing 36,000 horse-power on a drop of 34 feet. If that were going over Niagara Falls and coming down to Montreal, you could multiply that by ten and then you would have about the amount of horse-power that could be developed with that same amount of water.

What has been the effect on our lakes? It has had the effect of lowering the level of all the lakes except Lake Superior by one-half a foot. That means that an ordinary lake freighter loses on every load about 400 tons, or 13,200 bushels of wheat, that he cannot carry; and, as they calculate that there are about twenty trips a year, every one of our vessels loses one full trip during the year. The American Shipping Federation—and they say it themselves—lose by that lowering of the lakes, at the lowest possible estimate, $1,000,000 a year.

The Canadian Shipping Federation have filed their claim with the Secretary of War in the United States. The Canadian Shipping Federation say that above Montreal there is a loss to Canadian shipping by the lowering of the water of $273,093. Remember, these figures are found in the briefs of the United States themselves. And below Montreal there is a loss of $322,675. Mark you, honourable members, at Montreal the level of the water has been reduced by ten and a quarter inches. You see what an immense quantity of additional freight can be carried by sinking one of those big ocean steamers ten inches more. They are losing that. Adding these figures together, you find that there is $595,768 damage done to Canadian shipping annually by the action of the Chicago Sanitary Canal.

Think of the untold millions spent in dredging the channel, and remember that ships have been designed specially for the St. Lawrence trade, in order to be able to use the very last inch available. All the lake ships have been unable to carry a full load for the last ten years or so. They have lost, as I have stated, about 400 tons, which is a large amount, as everyone will understand. Furthermore, as the channels have all been built for a draught of 20 feet, including the Poe Lock and the Canadian Lock, etc., this has been the cause of grounding of I do not know how many ships. In the case of an obstruction to a river, the Federal Government here or the Federal Government of the United States may intervene, because no one has a right to cause an obstruction. It is quite apparent to anyone that a river would be obstructed, if, for instance, a bridge were too low and ships could not pass under it, because the ship would strike the bridge. But you create just as bad an obstruction if the water is lowered so that the ship touches the bottom. In the eye of the law an obstruction is created in that way just as if the ship were obstructed by a bridge, and it must be remedied. The Federal Government of the United States declare that you cannot impair the navigable capacity of any river in the United States.

It is stated by Mr. R. J. Maclean, Secretary of the Committee of the Chamber of Commerce of Detroit for Inland Waterways—these are not my words—that the diversion of water there is a diabolical scheme, impairing the navigable capacity of the whole river St. Lawrence and of all the Great Lakes. Honourable gentlemen, the St. Lawrence river is our greatest inheritance. It is the birthright of all Canadians, and it is being endangered by a mighty foreign power. It is the artery of our commercial life, and it is being bled by the Chicago Sanitary District for the benefit of the navigable capacity of the Mississippi.

There was one great Canadian who went to the United States and became famous—James J. Hill. Mr. Hill at one time talked about waterways because it was the popular thing to do. There have been spasms about the waterways of this country, and every other country too. The members who were in this House fifteen or twenty years ago will remember all the excitement and all the speeches made about the Georgian Bay canal. Everybody was for the Georgian Bay canal with the exception of one man in this House, who had the courage to get up and say what he thought. That was the late Hon. W. C. Edwards, who said the Georgian Bay canal was no good. Everybody frowned on him and thought he was a kicker, but as a matter of fact he was the one who was right. I was one of the guilty ones; I made long speeches in favour of the canal right in this House. I devoted hours of study to the question, and I think I made as good a speech as any honourable member did. But I admit to-day that the information that we had was not as good as I think it should have been. Large ships cannot be economically operated for any great distance in these restricted channels. Therefore, if the Georgian Bay canal had been built, the ships, as Senator Edwards said, would take less time in going around than in going through the canal.

In the United States they have had the same sort of thing. In 1907 Mr. Hill said that the business of the United States had increased tenfold while the railways had only doubled or trebled; therefore the railways could no longer do the business, and it was necessary to have a canal from the lakes to the south, a distance of 1,610 miles, with a depth of 20 feet, so that ocean ships could come into the Gulf of Mexico and sail right up to Chicago, and the flags of all nations would fly in the roadstead of Chicago. Mr. Hill was a very acute politician, and acute politicians always have their fingers on the pulse of the public. If they find the public want something they decide that is what they have been wanting all the time, and they commence to make speeches about it. Then the effusion of oratory spreads, and for notoriety some of the newspapers take it up. The other newspapers, if they are recalcitrant, are spoken to. The contractors think they will be permitted to build the work; the real estate agents and all those who have industries along the line take it up. At that time Mr. Hill was afraid of restrictive legislation in regard to the railways; so he went to Chicago and made a speech about this canal. But the same Mr. Hill a few years ago said that if they wanted to navigate through the Mississippi they would have to lath and plaster the sides and bottom first. Then it was found out that if a ship tried to come up the Mississippi 1,600 miles and go down again, it would take 45 days to make the trip. But in 1907 the excitement continued, and Theodore Roosevelt floated down the Mississippi from Keokuk to Memphis, and never before was there such a celebration. The shores of the river were lined with people, the sirens shrieked all night, and whistles were blowing, bands playing, and people cheering. But he went back to Washington and seemed to have forgotten all about it.

Two years after that Mr. Taft came along. I am saying this because of the talk about a St. Lawrence ship canal. Mr. Taft floated down the Mississippi river for three days, and there was a great convention, with 5,000 people present. They were going to have a canal then. That was in 1909, and they have not put a spade to it yet. I do not suppose they will ever put a spade to the St. Lawrence ship canal either.

After what we have seen of the action of our friends on the other side of the line, we ought to be pretty chary about going into partnership with them in making a ship canal down the St. Lawrence from Lake Ontario. After the judgment of the Supreme Court of the United States, did not their Secretary of War issue a permit giving the Sanitary District five years during which they might take twice the amount of water stipulated in the treaty? What chance should we have with them? None whatever. Canada has protested, but protested in vain. We have never been able to get any satisfaction. They have kept right on taking the water that did not belong to them, and we have not been able to stop them.

Some people say: "You belong to the League of Nations: why do you not go to

them and get some value for the $500 a day you are paying?" Now, do you think the United States would mind the League of Nations very much? The League of Nations is all right: it is a fine institution, made for angels, not for men. However, they say the League of Nations could settle all these little difficulties. But I have not very much confidence in that, because I do not know how many who go to the League of Nations are sincere. No, I do not think we can get any help from the League of Nations. They will get our $500 a day, of which $200 goes every day to that notorious Socialist Albert Thomas, to keep up Socialism throughout the world.

No; we have only one place where we can go for help, and that is the foot of the Throne. We are fortunate enough to be members of a great Empire, the biggest the world has ever known—an Empire covering one-quarter of the surface of the globe, 17,000,000 square miles since the War and 15,000,000 before; an Empire consisting of one-quarter of the human race, and all under the rule of our King George. That is where even the humblest subject can bring his grievance. Surely the prayer of a people ten millions strong should be heard. I believe that if we apply to England we can get redress. The United States are doing what they themselves say is illegal in impairing the navigable capacity of the St. Lawrence and of the Great Lakes for the benefit of a route from the lakes to the Gulf of Mexico. I say that if we apply to His Majesty the King we shall be heard, and that Canada will get, if not all her rights—for we signed away part of our birthright—at least the remainder of them. Surely we have made enough sacrifices. There are men in this Chamber and in another place who lost their sons in the War; others have been prisoners in Germany, wishing they had been killed on the battlefield.

I am not ashamed to own that I am an Imperialist, always have been, and hope always to be. I believe in the unity of the Empire. I do not believe in the dismemberment of the Empire into small nations masquerading as sovereign states at the League of Nations at Geneva. I believe we should be protected, and, as I have said, there is only one place to get that protection—the foot of the Throne. It is only the strong and mighty arm of England that can give us that protection, and England is aware of it. I took good care that a certain paper should be sent regularly to the Colonial Secretary. He was informed that our damage bill amounting to $595,768 per year should be sent to the British Ambassador at Washington—the real Ambassador at Washington—with the request that he collect the money for it. If he fails to collect the money, then there is the Right Hon. Chancellor of the Exchequer, who pays, I think, £55,000,000 a year to the United States. We shall say to him: "Before you pay that money over, remember that there are subjects of His Majesty who are being despoiled of their rights in Canada. Keep that money back; hand it over to Ottawa; we need it here and it is ours." We have proven our loyalty to Great Britain; we cannot provide all the loyalty. This is the acid test, and I am Imperialist enough to believe that England will help us and will see that the rights of Canada are maintained. I believe that the old saying, 2,000 years old, "Civis Romanus sum," will apply to-day, and that when we say, "Civis Britannicus sum," we shall have our rights respected throughout the world.

Now, honourable members, I will not take up any more of your time, although I have here article after article dealing with this matter. Some of these articles come from the United States. For instance, the Detroit Chamber of Commerce uses language against the City of Chicago much more violent than I would dare to repeat in this House. What applies to Detroit applies also to all the cities along the Great Lakes, where the water has been very much lowered, and where expensive dredging has become necessary in order to allow ships to enter the harbours as they did before the Chicago diversion.

Then we have the Shipping Federation complaining in their annual official report that all the way from Sault Ste. Marie down to Port Colbourne the depth of the water had been reduced two feet; that all they could get was thirteen feet and a half of draft. They claim that they lost an immense sum of money because the difference in the load they could carry made the difference between profit and loss.

I could go on for a long time talking about the injustice that is being done. I think this House should consider twice before entering into any new treaty, and should see that the treaty now in force is carried out. I move my motion, seconded by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton).

Hon. GEORGE LYNCH-STAUNTON: Honourable gentlemen, a few years ago, and up until last year, we took a great interest in the questions involved in what is called the Deep Waterways, and when the agreement which is said to be in course of preparation comes before us to be ratified, it will be necessary that the Senate, if it is to be anything more than a rubber stamp, should

be thoroughly familiar with all the treaties that have been made, and should know whether they have been broken or observed. I think this is the most important undertaking that Canada has ever embarked upon, and it would be a crying shame for any honourable member of this Chamber not to know all about it. In discussing this project with members of Parliament and other public men I have found that very few of them have any interest in it at all, and that many approve of it who do not understand what it is all about.

It seems to me that if there is to be an arrangement with the United States concerning this matter, it should be a treaty and nothing less. No agreement made between Canada and the United States can be a treaty. We are not a sovereign power. We are a part —and, according to the way some people talk now, a very indefinite part—of the British Empire. No matter what we may think, nations regard treaties as agreements entered into between sovereign powers, and not agreements made between a nation and a branch of, or a partner in, another nation. I am satisfied that the American Government would hesitate to accept any suggestion to dodge any of the provisions of a treaty made with His Britannic Majesty; much more careful than it would be if there were an agreement made with the Dominion of Canada. It would look upon the one as a bargain; it would look upon the other as something involving the national honour. It seems to me childish for us in our vanity to think it necessary that we, the Canadian people, should make this agreement. We should see to it that this agreement accords with our wishes, but we should see also that it is made with the mighty Empire of which we are a part.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: I think all the treaties referred to should be before us. What is the idea or intention of the American Government regarding the observance and enforcement of those treaties by the United States? We should not be satisfied if it says: "Oh, leave it to Uncle Sam. He will do what is right." We should know what position it will take. We should know also the position that our Government takes regarding this Chicago comedy.

The Americans entered into an agreement with us, which they were in honour bound to carry out. Have they done anything to carry it out? Have they done one solitary thing to implement that contract in the last twenty-five years? The United States Government admits that the action of the State of Illinois, or of the City of Chicago, is an absolute breach of a contract that it promised should not be broken. And what has it done? Not only has it not endeavoured to make Chicago toe the line, but it has encouraged her in breaking the contract. The Attorney-General and the representatives of the Federal Government of the United States have said: "She is wrong, but let her go on increasing the amount of water she is taking."

When I was in the Soudan I came down the Nile to Egypt, and I was struck by the extraordinary fact that the whole of Egypt was in the hollow of the hand of Great Britain. If Great Britain chose to cut a canal from the top of Egypt, on the border of the Soudan, down to Port Soudan, on the Red Sea, Egypt would be for ever a desert. There is a great fall there to the Red Sea. Just turn the Nile, and there is no more Egypt, for it is a land in which there is never any rainfall, never any frost, never any water that does not come from the lands beyond its borders.

I consider that we are substantially in the same position in relation to the United States as Egypt is in relation to the owners of the Soudan. We should have something that we know is enforceable, something that we know cannot be broken, before entering into any agreement with the United States in regard to this matter. Wherever their interests under the existing treaties have conflicted with ours they have ignored our rights and enforced their own. If a conflict of interests arises in connection with this new proposition for the development of power, what will be the result? After we have been left in suspense for fifteen or twenty years by a baseball judge, we shall be delayed for another fifteen years by the Supreme Court. And what will happen when we get a judgment? We surely must realize that these matters are of transcendental importance to this country, and that their results will last for ever. In a very short time we shall pass away, like the leaves that come in the spring, and I hope that our descendants will be able to say, "That was a Parliament that watched and guarded our interests."

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

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

THE SENATE

Thursday, March 17, 1932.

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

Prayers and routine proceedings.

COMMERCE AND TRADE RELATIONS OF CANADA

REPORT OF COMMITTEE

Hon. Mr. McLENNAN presented the second report of the Committee on Commerce and Trade Relations of Canada, and, with the leave of the House, moved concurrence therein.

He said: Honourable members, I should like to ask the further indulgence of this House in order that I may explain this report. It comes now almost like a ghost from limbo. This Committee was formed in 1908 and has continued ever since, though it has done little beyond meeting at the beginning of each session for no other purpose that I can ascertain than to reduce the quorum.

In 1908 there was—I will not say a stirring in the valley of dry bones, but there was one of those periods when the Senate was seized with the idea, an absolutely sound one, that it could do more and better work than was then being carried on. Hon. G. W. Ross, afterwards leader of the Government in this House, proposed that there should be eleven new standing committees formed, namely: Agriculture, Immigration, Commerce and Trade Relations of Canada, Geological Surveys, Transportation Routes to the Seaports and Harbours, Coast Surveys, Fisheries, Industrial Arts and Exhibitions, Civil Service Administration, Public Health and Inspection of Foods, Public Buildings and Grounds. The debate began in February and went on until April, when Hon. Mr. Scott, then leading the Senate, concurred in the following additions to its standing committees: Agriculture and Forestry, Immigration and Labour, Commerce, Civil Service Administration, Public Health, and Buildings and Grounds.

In 1919 there was also formed, at the suggestion of the late Senator Nicholls, a Committee on Finance—a member of the same family as the committees I have named, and one which displayed about the same degree of activity.

With some informality perhaps, the Committee on Commerce and Trade Relations, of which I have the honour to be chairman, met this morning. Trade and commerce are far-reaching in their effects, and it was felt that there were two reasons why we should become active. One reason, a general one, is that in the present situation the industrial system of the country should be so improved that it may yield more and more of the things that are desirable for the well-being of the people, and machinery should be provided for the purpose of promoting and facilitating the exchange of our products. After all, there is no use in producing more than can actually be sold. Secondly, in view of the coming Imperial Conference, it was felt desirable not only to gain facts, but to take advantage of whatever publicity might be given to them by reason of their being dealt with in this House.

There is no need to say anything about the importance of the Imperial Conference. I think that everybody who knows anything about the condition of Canada and the magnitude of the results that may be achieved at the Conference is fully seized of the desirability of doing everything possible to prepare the minds of the people of Canada so that our representatives, in dealing with the representatives of the other countries at the Conference, may make the best use of the information they get, from whatever source it may come. There was a unanimous and warm desire on the part of the members of the Committee to share in this work of securing information, and after the recess, which is imminent, we shall ask for authority to carry on this work as far as we can and to the best of our ability. At the same time I may say to the members of this House who are inclined to be cautious that the members of the Committee were fully aware that the people who can do the best work in preparing for the Conference are now exceedingly busy, and that we should not trespass on their time any more than is necessary to carry out the objects that the Committee has in view.

The motion was agreed to.

DEBATES AND REPORTING

REPORT OF COMMITTEE

Hon. Mr. CHAPAIS presented the second report of the Committee on Debates and Reporting, and, with the leave of the Senate, moved concurrence therein.

Hon. Mr. DANIEL: May I ask whether there is any urgency about the adoption of this report? We have certain rules with regard to the introduction of reports and the time that must elapse before they can be taken into consideration. I for my part do not see why the rules should not be observed at all times, unless there is some special urgency with regard to a particular report.

The rules are made for a purpose, and it is a good one, namely, that the whole membership of the Senate may have an opportunity to read and consider each report before being called upon to make a decision upon it. Unless there is some necessity for adopting this report at once, there is no reason that I can see for not enforcing the rule.

Hon. Mr. CHAPAIS: Next Wednesday.

Hon. Mr. McLENNAN: I should like to make an explanation to the honourable gentleman (Hon. Mr. Daniel) and to the House. I understand that a recess is imminent. If our report is adopted now we can go on with the preparation of material, and thus no time will be lost in getting to work when the Senate meets again.

Hon. Mr. GRIESBACH: It is not your report that is being spoken about.

Hon. Mr. McLENNAN: No, but I do not want to be misunderstood.

Consideration of the report of the Committee on Debates and Reporting was postponed until Wednesday next.

CRIMINAL CODE (CHEQUES WITHOUT FUNDS, AND GRAND JURIES) BILL

CONSIDERED IN COMMITTEE AND REPORTED

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 22, an Act to amend the Criminal Code (Cheques without Funds, and Grand Juries).

Hon. Mr. Gordon in the Chair.

On section 1—obtaining by false pretence:

Hon. Mr. McMEANS: Mr. Chairman, I have some objections to this section. When the Bill received its second reading in this House I asked for a committee, which the right honourable the leader of the Senate did not seem desirous of granting, and I did not have an opportunity of fully stating my objections. After due consideration I have come to the conclusion that the purpose of this Bill is to enforce the payment of debts or claims by means of the Criminal Code. As has been very forcibly stated in this House before, this constitutes a drastic change in the criminal law of Canada. I can readily imagine a few men meeting together and saying that too many worthless cheques are passed. I think the right honourable leader of the Government stated that the number of N.S.F. cheques issued in a year was something like 70,000, but he gave us no information whatsoever as to whether or not any of those cheques were issued to obtain goods by false pretences. We know that the custom of exchanging cheques has grown up in the country. When settlement day arrives the bank says to a man, "You must straighten out your account," and that man goes to a friend and exchanges cheques with him. I do not think there is any possibility of showing the number of cheques issued for which there are not sufficient funds, or what proportion of those issued would come within the provisions of the Criminal Code at the present time.

A man issues a cheque for which there are not sufficient funds. What happens? The right honourable leader of the Government, with the great ability that he has as a special pleader, argued that a man would not suffer if he had a good excuse for issuing the cheque. That is all very well, but the issuer of the cheque is summoned to appear before a magistrate, and, outside of the cities and towns, where the magistrates have a large practice and are probably eminent lawyers, you cannot always depend on what he will do. The onus is thrown upon the accused of satisfying a magistrate who is wrong three times out of five. I have no doubt about that. Case after case has been cited of magistrates who have imposed exceptionally severe sentences simply because they were playing up to the feeling in their communities. This House passed an Act whereby the sentences of magistrates could be revised, and such sentences have been cut down and proper sentences imposed. I need not give instances. They are to be found all over the country.

A few members of the Board of Trade, or the Retail Merchants Association, meet together and send a petition to the Government of Canada saying, "We want you to make the issuing of N.S.F. cheques a criminal offence, and to make the issuers liable to arrest." Notwithstanding the argument of the right honourable leader of the Government, I say that the innocent man will suffer. I say that any man, in any community, against whom a charge is laid, is bound to suffer, and his wife and children also, particularly if he comes before a magistrate who is prejudiced and sets out to make an example of him.

This Bill does not make any difference to the prosecutor; he does not have to pay anything. All he has to do is to call up the police office and have an information laid. But the unfortunate individual who is charged, even though he may be perfectly innocent, has to bear the odium of the charge, and has to pay all the costs of defending himself. I cannot understand why a principle of the criminal law which has been in force for so many years should be changed at the request of a meeting

of a Board of Trade or some such body. It is the duty of this Parliament to protect the people as a whole, and unless some real need for the change is shown, unless some facts and figures are given to justify it, I for one, while I have the honour of holding a seat in this House, will protest against any such drastic change as this. If I can get a seconder, I will move that the proposed section be struck out.

Hon. Mr. ROBINSON: I will second that motion.

Right Hon. Mr. MEIGHEN: There is no need to move to strike out. All you have to do is to defeat the clause.

Hon. Mr. ROBINSON: I quite agree with the remarks of the honourable gentleman from Winnipeg (Hon. Mr. McMeans). I have listened with a great deal of interest to the argument presented by the right honourable leader of the House (Right Hon. Mr. Meighen), and have a very great respect for the way in which he presented his case. I feel that we are greatly honoured in having him here.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBINSON: But we do not want to be argued out of what we believe by the cleverness of any honourable member. I have always entertained very strong opinions against too much use of the criminal law. There is a great tendency to put amendments into the Criminal Code at the request of some particular section of the community. As the honourable gentleman from Winnipeg has said, we should be careful to protect the interests of the people as a whole.

Hon. Mr. HARDY: Honourable senators, I voted for the second reading of this Bill largely because I approve of the general principle that something should be done to stop the indiscriminate issuing of cheques that are worthless or nearly worthless. I was in hopes that the right honourable gentleman who sponsors the Bill in this Chamber might have something to propose in the way of an amendment by which the presumption of guilt would have been eliminated. It may be, however, that that presumption goes to the root of the whole Bill.

Right Hon. Mr. MEIGHEN: It does.

Hon. Mr. HARDY: If there were some way of eliminating that feature of it, I should be glad to support the Bill. Within the last few years a great portion of our legislation—I was going to say almost all our legislation—has seemed to be for the purpose of imposing taxes, creating new classes of crime, or providing new methods of prosecuting offenders. I am sick and tired of the continuous deluge of this kind of legislation. If there is no way of amending this particular section so that the presumption of guilt will not be placed on the accused, I am not going to vote as I did on the second reading, but shall oppose the Bill. I should like the right honourable leader of the House to consider the question whether there is not some way of eliminating, or at least of mitigating, this clause which I regard as so undesirable. As I voted in favour of the second reading of the Bill, I think I owed it to myself to make this explanation of what I intend to do when the measure comes to a vote again.

Right Hon. Mr. MEIGHEN: Honourable senators, I feel in a somewhat embarrassing position after the compliment of my honourable friend from Moncton (Hon. Mr. Robinson), which I understand was concurred in by my honourable friend from Winnipeg (Hon. Mr. McMeans), and especially after my experience with this Bill. To be very truthful, I am feeling exceedingly modest about my parliamentary abilities, and I fear they have rusted, for in another place this Bill was accepted almost unanimously, and most eagerly, perhaps, by those who ordinarily are opposed to the Administration. Very strong arguments in support of the measure were produced from those sources, arguments which I have sought to repeat here, though apparently with only moderate results.

I am afraid I cannot accede to the suggestion of the honourable senator from Leeds (Hon. Mr. Hardy). As I understand him, he is prepared to accept the principle of the Bill provided the clause as to the incidence of the presumption of guilt is omitted. That is all that is in the clause; there is nothing else there.

Hon. Mr. HARDY: That is what I fear.

Right Hon. Mr. MEIGHEN: Well, the fears are well founded. And there never was anything else in the section. The honourable member may have been induced to another conclusion by certain speeches that have been made, notably by the honourable gentleman from Winnipeg (Hon. Mr. McMeans)—

Hon. Mr. HARDY: I have great respect for his opinions.

Right Hon. Mr. MEIGHEN: —and by the honourable member from Rougemont (Hon. Mr. Lemieux). This Bill does not provide for the creation of any new class of crime. If it did, many of the remarks addressed to the House would have been most appropriate and convincing. The only object of the measure is to render a little more practicable the proof

which always heretofore has had to be made. No man would be subject to prosecution or could be hauled into a police court under this Bill unless he is subject to the same treatment now. Any man may be brought to the police court if an allegation is made against him, supported by affidavits, that he has committed some offence under the Code. As the law exists now, if a man issues a worthless cheque and by means of it obtains goods, he may be brought before a police magistrate next morning, and all those harrowing and awful things we have heard about can happen to his family, leaving his wife in tears and his children in despair. This Bill would not facilitate that sort of thing, which, as I say, can happen under the present law.

The first clause of the Bill would not begin to operate until the evidence in any case had proceeded a considerable way in court. At present, if a man swears out an information against someone else for giving him a worthless cheque and receiving goods under false pretences, when the case is called he goes to court and produces the cheque, probably calls a banker to show that the cheque is no good, and proves that the accused got the goods by means of the cheque and would not have got them otherwise; but the magistrate is compelled to say to the complainant: "Is that all the evidence you have? It is not enough. The accused may be quite innocent of the charge. You have to prove to me that in issuing that cheque he intended to get the goods by false pretences. You have to show me that he acted in bad faith; that he had no reason to think the cheque would ever be paid." The complainant in such circumstances may feel inclined to say to himself: "How in the world am I going to prove it? That is a character of proof that is at his disposal and not at mine. Because it is at his disposal it seems to me that he should be put on his defence and made to show the court that he acted in good faith." Now, this first clause supports the argument of the complainant. When he goes into court and produces the cheque he received and swears that for the cheque the accused got goods that he otherwise would not have obtained, a prima facie case will have been made out that the accused had no right to issue that cheque. From that point on, the evidence can better be given by the defendant.

I have sought very earnestly, though seemingly with feeble results, to impress upon honourable members that our Code is lined with similar provisions from end to end. I shall refer to one that I mentioned when we were last discussing the motion for second reading—the section of the Code referring to the evidence of guilt on the part of a man who has blackened his face and appears on the streets at night in such a condition. Before that section was passed, if a policeman discovered him and felt sure he was endeavouring to conceal his identity for criminal purposes, he could take the man to court and state the facts, but although the officer might be certain that the man would not have disguised himself except with criminal intent, and that he ought to be punished for that offence, the court would say: "No, he may be quite innocent. He may have blackened his face for some other purpose. For instance, he may have been seeking a place on the stage and may have wanted to show that he was well fitted for theatrical work. It is necessary to prove that he had a criminal intent." In all probability the prosecution would fail. To remedy that situation the law was changed. It is a common-sense inference that a man who is found on the streets at night with his face blackened has not disguised himself with a view to benefiting society. So it was enacted that when a man who has been found in such a condition at night is brought to court the onus is upon him to show that his intention was good. Is there any difference between a case of that kind and a case where a worthless cheque is issued in order that goods may be obtained? Certainly the quantity of proof required for prima facie evidence is more ample under this Bill than it would be in the kind of case I have illustrated.

The English law has a provision similar to the one we are trying to enact here. The honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) seemed to think that we were straying from the straight and narrow path of British justice and were engaging in all sorts of hideous undertakings, through the raising of presumptions. There is no difference between our law in this respect, or the principles that underlie it, and the British law or its principles. I have with me extracts dealing with both the civil and the criminal law, indicating that even under the common law of England, based upon precedents and principles, the court would shift the burden to the defendant if the evidence which in the opinion of the judge was necessary to complete the case were peculiarly within the charge of the defendant. It was held by the court that the onus was shifted as soon as the case got to a point where the evidence required was of such a character that it would be within the special command of the defendant, as distinguished from the complainant. The British Parliament enacted statutes to support

the common law in that respect, but under statutory law the onus is shifted earlier in a case than under common law. We have passed similar enactments in Canada, and the purpose of this Bill is simply to apply the same procedure in prosecutions for the issuing of cheques under false pretences. It has been applied in our Code to types of cases without number, as honourable members may see for themselves by consulting the Code. Why should the bad cheque artist be given special protection? What is there about him, or his family, or his cousins, or his aunts, that we should be particularly solicitous to see that they are privileged? We have not given special protection to other classes of people. The reason why this law is proposed now is simply that the cheque habit has grown rapidly in the last few years and the difficulties of prosecution have thereby become very manifest. And we are asked to act on the same principle that we acted upon before with regard to other classes of offence.

I appeal especially to the honourable member from Leeds (Hon. Mr. Hardy). Will he indicate to the House how the law can be tightened and made more practicable with respect to these cheque cases, if not in the way provided by this Bill? We might create new classes of offences, but we are not asked to do that. We might extend the area over which a man may not travel, but we are not asked to do that. The object of the section is simply the adoption of a practical way of bringing home a criminal offence.

I referred previously to liquor cases, in which it has been found necessary to put the onus on the defendant at a much earlier stage in the court proceedings than this Bill contemplates, the reason being that the time arrives sooner when nobody can give evidence except the defendant. If the presumption were not shifted to the defendant very early in such cases, it would be impossible to secure any convictions and the law would become merely a nullity. But this Bill does not provide that the onus be shifted unreasonably early in any case. A man would not be called upon to prove his innocence until it had been shown to the satisfaction of the court that he had obtained goods by means of an instrument, a bad cheque, that was presumed to be good by the person who took it. When that stage is reached in a case it is surely not unreasonable that the man who issued the cheque should be asked to tell why he thought it was good. I do not think that the section is drastic or impracticable.

Hon. A. B. COPP: Honourable senators, I voted against the second reading of this Bill, and I did so very largely for the reasons given by my honourable friend from Winnipeg (Hon. Mr. McMeans). I do not like the shifting which this Bill proposes of the presumption of guilt. I quite appreciate that, as the right honourable gentleman has said on the motion for second reading and repeated to-day, the practice of issuing cheques for which there are no funds or insufficient funds on deposit has grown to a considerable extent in late years, and I can understand that those whose duty it is to administer the criminal law of our country desire that this objectionable practice should be curbed. I agree with the right honourable gentleman when he says that it is very difficult to tighten up the law in a reasonable way without providing for the shifting of the burden of proof to the defendant. But I feel that the right honourable gentleman treats too lightly the position of a man who, without any criminal intent, issues a worthless cheque and is called upon to prove his innocence in the police court. However easily a man may be able to prove his good faith, he does not like to be arrested by a policeman and taken before a magistrate.

Right Hon. Mr. MEIGHEN: But, if the honourable gentleman will excuse me, my point is that this Bill would not facilitate the arrest of any man for such a thing.

Hon. Mr. COPP: But the presumption of guilt is not against the man now. An absolutely innocent man may issue a cheque when he has no funds or insufficient funds in the bank. For instance, over a long period a bank may have honoured every cheque that a man issued, although on some occasions he may not have had a sufficient balance to meet a particular cheque, but there may come a time when the bank decides to discontinue the practice without notifying the man. In that event, the next cheque of his that comes along when there are not sufficient funds will be rejected, and if the cheque was issued for goods the vendor of the goods may lay a complaint before a police magistrate. My right honourable friend says that the accused can go into the box and, if innocent, clear himself of the charge of obtaining the goods by false pretences; but I would point out that the man will probably have to hire counsel to plead the case, and before he is through he may have a legal bill of $100, $150 or $250. The cheque may have been comparatively small—perhaps not more than twenty-five dollars.

Right Hon. Mr. MEIGHEN: If an accused person does not have to employ counsel under the present law, why would he have to do so should this Bill be passed?

Hon. Mr. COPP: The situation would be different.

Right Hon. Mr. MEIGHEN: No, no.

Hon. Mr. COPP: I fully appreciate that something reasonable should be done, if possible, to lessen the number of worthless cheques, but I do not like the presumption of guilt being against a man just because the bank refuses to honour his cheque on one occasion, although in similar circumstances his cheques have been paid a number of times previously. Why should a man in a case like that have to hire a lawyer to defend him in police court?

Right Hon. Mr. MEIGHEN: If this Bill passes, such a man would not need a lawyer any more than he would need one now if he were charged with obtaining goods by false pretences, through the issuing of a cheque. Neither would such a man be more liable to prosecution under this Bill than he now is.

Hon. Mr. BEIQUE: It is only a question of shifting the onus of proof.

Right Hon. Mr. MEIGHEN: That is all.

Hon. JAMES MURDOCK: I would ask the right honourable leader of the House whether the words "or she" should not be inserted after the word "he" in the sixteenth line of the Bill. The word "accused" is used three times in the first section, and then towards the end there is the word "he" only.

Right Hon. Mr. MEIGHEN: This matter is covered by the Interpretation Act and, I think, by an interpretation clause in the Code. The word "he" as used here means "he or she."

Section 1 was agreed to.

On section 2—preferring indictment; grand juries:

Hon. Sir ALLEN AYLESWORTH: I beg to move that clause No. 2 be struck out of the Bill. I do not want to repeat anything that I said on the motion for the second reading, but I would add just one consideration. The whole object, in making the criminal law of Canada a matter of Dominion legislation, was, as I understand it, to provide that throughout the Dominion, from ocean to ocean, the criminal law, at least, should be uniform. The proposition contained in this Bill makes a very serious inroad upon that principle, if the Dominion Parliament is persuaded to permit it. Look at the situation. Already, most unfortunately as it seems to me, three of the western provinces, in respect to grand juries, are under a criminal law differing totally from that of the rest of Canada. If this Bill passes and British Columbia is added to those provinces, we shall have two systems of criminal law in Canada, the one applying to the eastern half of the country, where grand juries still obtain, and the other applying to the western half of the country, where there will be no more grand juries. It seems to me that this is not a desirable state of things. If the Parliament of Canada permits province after province to change the criminal law so far as that province is concerned, it is abdicating its right to legislate on the subject.

This, it seems to me, is peculiarly a matter in which the Dominion Parliament ought not to sanction a change. The request for the change comes, not from the Legislature, as it did in the case of Manitoba, but merely from the Attorney-General. It may be that the Attorney-General is voicing the view of the Legislature, but I think he is not voicing the unanimous view of British Columbia. We all noticed in the division upon the motion for the second reading that, of the four members of this House from British Columbia who were present, two voted in favour of the second reading and two voted against it. That does not look like unanimity on the question on the part of the province. I do think it would be a mistake to pass so important a measure upon a request that does not come from the province as a whole, but is simply contained in a letter from the Attorney-General, who says he thinks it well that it should be passed. It is setting a very bad example to other provinces.

One cannot help thinking in this connection of what the Province of Quebec sacrificed when it gave up its right to maintain the ancient law of France in respect of criminal matters and acquiesced in the proposition that the English criminal law should obtain, although at the time there was scarcely any English population in the whole of Canada. Now, after Quebec has remained content for more than a hundred and fifty years with its grand juries and the whole system of English criminal law, we have the newer provinces of the Dominion asking Parliament to legislate them out of that uniformity which was always intended to prevail throughout the Dominion.

Hon. JACQUES BUREAU: As other members who voted for the second reading of the Bill have given an explanation, I may say that I voted for the second reading because I was in favour of the clause that some members have been opposing. It would have been very difficult for the right honourable leader

of the Senate to divide the Bill and move a second reading of the first clause and another second reading of the second clause. I voted for the second reading of the Bill because I am in favour of the first clause, touching "cheque artists," as my right honourable friend so well put it, and because I think they are the only ones who will suffer. So far as section 2 is concerned, I second the motion of the honourable gentleman from North York.

Hon. RODOLPHE LEMIEUX: Honourable members, I support the amendment. Do we realize the importance of grand juries? Not only do they deal with criminal affairs, returning true bills or no bills, but at every assize it is part of their duty to visit the reformatories, asylums, jails and penitentiaries and to report to the court, and thereby to the Government. Many important reforms in regard to such institutions have been made as a result of visits of grand juries. I remember that not many years ago people were sent to asylums or reformatories in consequence of family conspiracies, and that it was through the visits of grand jurors, who lent a willing ear to the complaints of persons detained against their will, that some of these people were released. It would be a great pity to do away with what my honourable friend (Hon. Sir Allen Aylesworth) referred to yesterday as the bulwark of British liberty and British justice. I have in mind a famous case in Montreal. Mr. Fred Perry, a man well known in his day and generation, who in 1849 took part in the little revolution that occurred in Montreal at the time of the Rebellion Losses Bill, visited an asylum in Montreal, where he found an old lady who had been detained there for years although she was not insane. Out of the largeness of his heart, he took an interest in this old lady, and raised a public subscription. A writ was served on the authorities, and she was brought before the court. My father-in-law, Sir Louis Jetté, happened to be a judge of the Superior Court at that time, and the case, which stirred not only the district of Montreal, but the whole Province of Quebec, came before him. Experts from various asylums, even from asylums in the United States, were heard, and after a long trial the old lady was set free, and everybody offered thanks to Fred Perry—and, by the way, to the grand jurors who had visited the institution.

Why should an old British province like British Columbia so lightly do away with grand juries?

Right Hon. Mr. MEIGHEN: Was Mr. Perry a grand juror when he visited this institution?

Hon. Mr. LEMIEUX: I think so. He was a public-spirited gentleman. In later years he was appointed Fire Commissioner for Montreal. He wrote some very interesting memoirs which were published in the Montreal Star, and was a picturesque figure well known to every citizen of Montreal.

Why should we, on the simple ipse dixit of Mr. Pooley, the Attorney-General of British Columbia—a gentleman whom I respect—do away with that old British institution, the grand jury? I say that we should not pass lightly on this clause of the Bill. I shall certainly vote against it.

Hon. ROBERT FORKE: Honourable members of the Senate, the Province of Saskatchewan has never had a grand jury, and no evil effects have resulted. Manitoba has abolished the grand jury, and so has Alberta. I have served on grand juries three times, I think, and notwithstanding the eloquence of the honourable gentleman from Rougemont (Hon. Mr. Lemieux) I would not place very much reliance upon the result of the examination of an asylum by a grand jury. My experience would indicate that it is pretty difficult to tell who are the attendants and who are the patients.

Hon. Mr. GRIESBACH: And who are the grand jury.

Hon. Mr. FORKE: And who are the grand jury, if you like. The only objection that I have to this part of the Bill lies in the fact that all we have is a letter from Mr. Dooley.

Right Hon. Mr. MEIGHEN: Mr. Pooley.

Hon. Mr. FORKE: This is the 17th of March. I should like to have a little more evidence from the Legislature. Also, I have heard to-day that of the senators from British Columbia who voted on the second reading, two voted in favour of the Bill, two voted against it. I should be rather in favour of our letting this matter stand over until we get a little more information from the Province of British Columbia, although I have no fault to find with the abolition of the grand jury, because as far as the three Prairie Provinces are concerned, I do not think they have lost anything by not having it, and I know that they have saved a good deal of expense.

Hon. G. H. BARNARD: It is with a great deal of diffidence that I venture to disagree on a question of this kind with a gentleman of the legal experience of the honourable senator from North York (Hon. Sir Allen

Aylesworth), but for some years I have watched the course of proceedings, both criminal and civil, in the courts of the Province of British Columbia and have seen something of the practical workings of the grand jury system.

In reply to the arguments of the honourable senator from Rougemont (Hon. Mr. Lemieux) in respect to public institutions and the presentments of grand juries to the courts, and through them to the authorities, I would point out that in my opinion the general experience has been that to a very large extent they were pigeon-holed. I have a very distinct recollection of one occasion when a judge informed the grand jury that while it was their privilege to visit these institutions and to make presentments, he was tired of forwarding them, because no one paid any attention to them. For that reason I think that function of the grand jury is not a particularly important one.

As to whether or not the grand jury is really a safeguard for accused persons, I have known of cases as to which it has been currently reported that the grand jury had been used for the purpose of enabling people who ought to have been tried to escape trial, and, on the other hand, I have never heard of any innocent persons being sent before the court. As for an original indictment by a grand jury, I do not remember having ever heard of a grand jury in the Province of British Columbia indicting anyone of its own motion.

In the face of the arguments of the honourable gentleman from North York (Hon. Sir Allen Aylesworth) I hesitate to vote in favour of anything that would in any way create a difference between the criminal law of Western Canada and that of Eastern Canada. I think one of the great safeguards of this country as contrasted with the country to the south of us, for instance, is that while the various States have different laws, we have one criminal law for the whole Dominion, and whereas they have extradition between one State and another, we have no such thing as between provinces. All said and done, this is merely a question of procedure. Grand juries are a rather expensive luxury, and financial conditions in British Columbia are none too good. I really do not see, therefore, why, for the amount of work they do, twenty-four men at every spring or fall assizes in the province should draw five dollars a day for from five to fifteen days.

Right Hon. Mr. MEIGHEN: And there is the panel too.

Hon. Mr. BARNARD: And there is the panel as well, as my leader reminds me. I do not think the abolition of the grand jury is going to shake our constitution to its foundation; I do think it will effect an economy without doing much harm. Taking it all round, I do not feel very strongly on the subject, but I am inclined to vote against the amendment and in favour of the section.

Hon. Mr. ROBINSON: Do I understand that in British Columbia the grand jurymen are paid by the day? I do not think that grand jurymen in our province are paid anything.

Hon. Mr. BARNARD: I think that in our province they get five dollars a day. I am almost certain of it, though I would not say positively.

The CHAIRMAN: The question is, Shall section 2 be adopted?

Right Hon. Mr. MEIGHEN: While I feel that the first section of the Bill contains a sane and sensible provision, I do not feel more strongly on it, perhaps, than did the sponsor of the Bill in the other House. On the second section, however, my views are much more pronounced than his. I am strongly in favour of this section. After reading the remarks made by the honourable gentleman from North York (Hon. Sir Allen Aylesworth) yesterday and listening very carefully to his address to-day, I say emphatically that the provision in our constitution as to the uniformity of our criminal laws was a wise one. I think also that so far as possible our criminal law procedure ought to be uniform. A certain lack of uniformity in procedure has already developed. This section would not do anything to extend that tendency; on the contrary, it would have an effect more or less in the opposite direction, for it would mean that the West would be without the grand jury system and the East would have it. I do not think that uniform procedure is at all vital, although it is desirable as long as no great purpose may be served by a variation. But uniformity in our criminal law is essential. It would be exceedingly undesirable that a certain act should constitute a crime in Ontario or Quebec and not in British Columbia, for example. However, nothing of that kind is suggested.

We have to be guided in a very large degree by experience, and must be careful not to place too much value upon tradition, custom or sentiment in matters of this kind. When Alberta was organized much of the old Territorial law and procedure in effect there was left unchanged, and as a result the province has never had the grand jury system. It would be just as difficult to introduce that system there as to re-establish something that

was abolished by the Magna Charta, and I have no doubt that the same remark is true of Saskatchewan. My attention has just been called by the honourable gentleman from Edmonton (Hon. Mr. Griesbach) to the fact that the petit jury in Alberta has only six members instead of twelve, the number in all the other provinces. That is another distinction arising from the cause I have mentioned. I have the best authority for assuring the House that in both these respects there would not be the slightest support by the people at large, or by the Bar, of a proposal to adopt the procedure followed in other parts of the country. The people of Alberta think that a jury of six is better than one of twelve, and perhaps they have good reason for thinking so. The great risk in the jury system, as honourable members who are closely associated with legal practice know, is the possible corruption of a juror. Well, there is just twice as much danger of that kind with a jury of twelve as with a jury of six. However, I am not arguing for Dominion-wide uniformity of court procedure along that line.

Grand juries functioned for many years in Manitoba, but were abolished in the interest of economy. I presume it is quite correct, as has been stated, that the province communicated with Parliament through the medium of a resolution by the Legislature, supported by the local Government. Now, I do not know whether that condition precedent, if it can be so called, has been fulfilled by British Columbia in this instance, but I submit that Parliament must accept the principle that the Government of a province speaks for the province. I do not think we have any right to go behind a Government, whether in Quebec, Prince Edward Island, British Columbia, or anywhere else, and say: "We are not sure that you represent the people. We have evidence that there are two views in your province—that the people are not unanimous."

Hon. Mr. FORKE: This change has been requested, not by the Government, but only by the Attorney-General.

Right Hon. Mr. MEIGHEN: Of course the Attorney-General speaks for the Government.

Hon. Mr. FORKE: It does not say that.

Right Hon. Mr. MEIGHEN: Everybody admits that.

Hon. Mr. FORKE: I mean to say this has not been requested by the Legislature.

Right Hon. Mr. MEIGHEN: We surely do not want to create the precedent of going behind a Government to the Legislature. We might just as well go farther and say that we do not believe the Legislature speaks for the province and that we require a vote of the people. Surely the right position to assume is that the Government speaks for the province as a whole. Therefore I think we can take it for granted that British Columbia does want to get rid of the grand jury system and save the money that system now costs.

As to the value of the services rendered by the grand jury in British Columbia I think the people of that province, and not we, should be the judges. The services are supposed to be for the benefit of the province rather than of the Dominion as a whole. My experience was that the work done by grand juries was of very little value, and my view in that regard has not been changed even after listening to the remarks made by the honourable senator from Rougemont (Hon. Mr. Lemieux) as to a certain case. I do not know anything about the incident, but I feel sure that if he will look more closely into the facts he will find that it was not as a grand juror that Mr. Perry took his action. I do not think he could have acted in that way as a grand juror. One of the duties of a grand jury is to inquire and report as to whether any person is detained in an institution without legal warrant or authority, but inquiry cannot be made by them as to whether the authorities were right in having anyone detained, or as to whether any inmate of an asylum is sane. In Manitoba, as in any other province, if they find that a person is being held without a proper legal warrant they are required to report that to the court, and then it is the business of the court to see that either a warrant is provided or the man is released. I have known of instances of that kind. It seems to me that what likely happened in Montreal was that in some way or other Mr. Perry found, and was able to prove by expert testimony, that the woman was sane. Therefore he knew that the warrant under which she was being held should be cancelled and he took legal proceedings accordingly. But such a thing could not have happened by virtue of any function attaching to the office of a grand juror. Consequently the case cited by the honourable gentleman has no reference to the grand jury system, unless it be to show the weakness of it, for the woman was detained over a long period in an asylum which had been visited twice a year by grand juries who had done nothing whatever towards restoring her to freedom. I think the honourable senator from Rougemont will find that Mr. Perry learned of the woman's plight through a visit to the institu-

tion, or in some other unofficial way, and had the graciousness to take steps, probably at his own expense, to have her released.

I do not think we should saddle upon British Columbia an expense of which it desires to be relieved, an expense which it thinks is not justified by the services given therefor. I venture to suggest that some honourable members now present will still be members of the Senate when other provinces, farther east, including perhaps the one in which we now are, will ask Parliament to relieve them of the grand jury system.

Section 2 was agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

CHICAGO WATER DIVERSION

MOTION AND DISCUSSION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Casgrain:

That he will call attention to the diversion of water from Lake Michigan by the City of Chicago and will move, that in the opinion of the Senate no further negotiations on the St. Lawrence Waterways should be made until the Senate of Canada has examined the treaty now in force and has ascertained that this treaty is being carried out.

Further that a copy of the said treaty be placed upon the Table of the Senate.

Right Hon. Mr. MEIGHEN: Honourable senators, there are a few remarks that I think ought to be made with respect to the address delivered yesterday by the honourable senator from De Lanaudière (Hon. Mr. Casgrain). I think he is under a succession of misapprehensions.

Hon. Mr. SHARPE: Hear, hear.

Right Hon. Mr. MEIGHEN: The honourable gentleman's address was based upon what he considered to be the terms of a treaty, which I took to be the Boundary Waters Treaty of 1909. Apparently he was of the opinion that this treaty made certain stipulations with respect to the rights of Canada and the United States in the matter of the diversion of water by the Chicago Drainage Canal. The treaty does no such thing. There is no treaty stipulation of any kind between Canada and the United States touching specifically the Chicago diversion or any other diversion. Under no treaty is the United States entitled, we contend, to any special change in the flow of water at Chicago. The claims of Chicago, on the strength of which it continued and enlarged the diversion, are based upon a proclamation or licence issued by the United States Secretary of War in, I think, the year 1900, or, at all events, a considerable time ago.

It has always seemed to me that the position assumed by the United States Government is inconsistent. It contends that Lake Michigan is not one of the boundary waters and therefore any diversion from that lake is not covered by the treaty; but on the other hand it says that the reason for the diversion is that under the treaty Canada gets more water at Niagara Falls than the United States. How these two contentions can be reconciled is not clear to me.

The American view is, in the first place, that only boundary waters are covered by the terms of the treaty, and that under article I Lake Michigan is not a boundary water; secondly, that article II does not give either contracting party any right beyond that of protest against a diversion which would affect navigation interests; and thirdly, that article III applies only to future diversions.

The United States Supreme Court in its judgment of January 5, 1925, did recognize in a general way, however, the applicability of this treaty to the Chicago diversion. That judgment, which was rendered by Mr. Justice Holmes, stated:

With regard to the second ground, the Treaty of January 11, 1909, with Great Britain expressly provides against uses affecting the natural level or flow of boundary waters without the authority of the United States or the Dominion of Canada within their respective jurisdictions, and the approval of the International Joint Commission agreed upon therein.

Later the Special Master, Charles E. Hughes, in his report of October, 1927, referred to the statement of the Secretary of State, Elihu Root, to the Senate in 1910, as indicating that the treaty did not apply to the Drainage Canal in any way. From the reference that I have made to the judgment of Mr. Justice Holmes it might be arguable on our part that the treaty does apply in this respect. But the United States Government does not claim in its communications that the treaty provides for diversion rights.

Referring to the remarks of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), it seems to me that I should give the House some particulars as to the limitations fixed by the judgment of the Supreme Court respecting the diversion in future. In 1900 the diversion was initiated with a yearly mean of 2,990 second feet. In 1909, at the date of the execution of the Boundary Waters Treaty, the diversion had increased to an average of 6,495 second feet. The permit of the United States Secretary of War at that time was for a diversion of 4,167 second feet,

or less than two-thirds of what was actually being diverted. By 1924 the total abstraction had reached its maximum annual average of 9,465 cubic feet per second.

The decree of the United States Supreme Court, dated April 21, 1930, provides:

1. On and after July 1, 1930, the abstraction shall not be in excess of an annual average of 6,500 cubic feet per second, in addition to domestic pumpage.
2. On and after December 31, 1935, the abstraction shall not be in excess of an annual average of 5,000 cubic feet per second, in addition to domestic pumpage.
3. On and after December 31, 1938, the abstraction shall not be in excess of an annual average of 1,500 cubic feet per second, in addition to domestic pumpage.

The semi-annual report of the Sanitary District of Chicago, dated January 1, 1932, indicates that the average diversion in the year 1931 was 6,495 second feet, thus coming within the limits set by the Supreme Court decree.

There have been intimations that the Supreme Court decree is not being fully lived up to by the Sanitary District. Whether they are correct or not I do not say. It must be remembered, of course, that the decree of the Supreme Court is based on its conception of international law and of its own law, and that Canada's rights under the decree would be effective only if a treaty were made, between the two countries, in which the United States bound itself to see that the terms of that decree were implemented. By that means the jurisdiction of the federal authorities of the United States would, as it seems to me, be put beyond all peradventure.

The Hon. the SPEAKER: Honourable senators, it is moved by Hon. Senator Casgrain, seconded by Hon. Senator Lynch-Staunton:

That in the opinion of the Senate no further negotiations on the St. Lawrence Waterways should be made until the Senate of Canada has examined the treaty now in force and has ascertained that this treaty is being carried out.

Further that a copy of the said treaty be placed upon the Table of the Senate.

Right Hon. Mr. MEIGHEN: I think I had better rise to a point of order.

Hon. Mr. HORSEY: I move the adjournment of the debate.

Right Hon. Mr. MEIGHEN: I am not sure that the honourable gentleman from Hamilton seconded the motion. If anyone who heard him will say that he seconded it, I cannot prevent it from going to a vote, but—

The Hon. the SPEAKER: I understand that the honourable senator from Prince Edward has moved the adjournment of the debate.

Hon. Mr. HORSEY: I have done so in the absence of the honourable senator who moved this motion, because he has not told us what he intends to do with it when he comes back.

The motion of Hon. Mr. Horsey was agreed to, and the debate was adjourned.

The Senate adjourned until Tuesday, March 22, at 8 p.m.

THE SENATE

Tuesday, March 22, 1932.

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

Prayers and routine proceedings.

PENSIONS ESTIMATES

INQUIRY

Hon. W. A. GRIESBACH inquired of the Government:

With respect to the Estimates, 1932-33, Vote No. 75 (Salaries and Contingent Expenses of the Board of Pension Commissioners for Canada), $451,284.

1. Under what main headings is this amount to be expended?

With respect to Vote No. 74 (Pensions European War—Naval, Militia and Air Forces after the War), $48,000,000.

1. What sum is it estimated will be spent upon pensions actually paid to pensioners?
2. What sum is the remainder, and under what main headings is it estimated it will be spent?

Right Hon. Mr. MEIGHEN: I ask that this inquiry stand, for the reason that it appears to me appropriate that information as to any details of the estimates should first be given to the other Chamber.

The Hon. the SPEAKER: The inquiry stands.

OFFICIAL HISTORY OF THE GREAT WAR

DISCUSSION AND INQUIRY

Hon. Mr. GRIESBACH rose in accordance with the following notice:

That he will draw the attention of the Senate to the matter of the official publication of a history dealing with Canada's participation in the Great War, 1914-18, and will inquire of the Government:—

1. What steps has the Government taken to publish such history?
2. When will the Government publish a history?

He said: Honourable senators, discussion on the subject-matter of this inquiry was raised in another place last year, and the following

answer was given to some questions as to the publication of an official history of the Great war:

Under Order in Council dated May 27, 1921, (P.C. 1652), the Historical Section, General Staff, Department of National Defence, is charged with the compilation and publication of a complete official history setting forth the participation of the Military Forces of Canada in the Great War; this history to be supplemented by more detailed histories of the work of certain technical branches of the service. One volume has been issued to date, namely, the History of the Medical Services, written by Sir Andrew Macphail.

In answer to another question a statement was made as to the supposed plan of the history, and other details.

It is interesting to observe what has been done by other parts of the British Empire. Australia and New Zealand published their official histories some years ago; South Africa has published hers; Great Britain has issued the history of the West African campaign, the East African campaign, the campaign in Mesopotamia and the campaign in Palestine, and, I think, now has volumes out covering the operations of the armies down to 1916.

There are two kinds of history. The more popular type is based principally upon information given either orally or in letters by eye-witnesses, and the other type is principally the result of documentary research.

I draw the attention of honourable members to the fact that the Order in Council setting in motion the compilation of a Canadian official history was dated the 27th of May, 1921. There seems to be no sound reason for the delay that has occurred in publication, and a great many of our people are not satisfied with the answers that have been given by the Government in attempting to explain this delay. There is a very widely felt opinion that the work should be proceeded with immediately, so that a proper history, written by an authority or authorities duly qualified, should be available to Canadians in the near future.

Hon. Mr. POIRIER (Translation): Honourable senators, the suggestion of the honourable member for Edmonton (Hon. Mr. Griesbach) calls for comment. If the Government desires a history of the Great War—and I think it ought to desire it—my opinion is that it should inaugurate a competition and give a prize to the person who writes the best history, in the opinion of a board of judges consisting of well-informed men who are themselves writers. Indeed the Government might give a first and a second prize; for history is always written in a partial manner. No one can write a history that is absolutely impartial.

Everyone has his own way of looking at things; everyone looks at the facts from a particular angle. Now, what is an official history ordered by a government? I think I have read some of the best records of nearly every race. None of the great histories of the world have been written by order. The Greeks have written wonderful histories; likewise the French, the English, the Romans. Show me among the great historians any official writer.

While congratulating my honourable friend upon having raised this very important point, I venture to differ with him as to the method, preferring that this history, which is necessary, should be written by some private individual and that the Government should give to the winner of a competition the reward that he deserves.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I must confess to some sympathy with the view expressed by the honourable senator who has just taken his seat (Hon. Mr. Poirier). An official history may be essential, but I should very much prefer that a man who is really an historian, not a mere compiler of data, really a writer as well as a statistician, would, because of his love of the task, undertake the work, rather than that it should fall into the possibly crude and probably common-place form of an official history. I understand the honourable senator to take the view that the duty of the Government would be completed if it provided the material, opened its files, and by such facilities assisted real writers, in English or French prose, to perform the task.

Hon. Mr. POIRIER: Both.

Right Hon. Mr. MEIGHEN: Both, preferably. Writers who are masters of both are very few. However, with that point of view I have a great deal of sympathy, because I know that if we could be sure the work would be done within a reasonable time it would meet the aspirations and satisfy the longings of those who are deeply interested in the proper discharge of this task.

I have before me the reply provided officially by the Government to the questions of the honourable senator. I will lay it on the Table, to be included in the Debates, but I forbear to read it, because its terms are, word by word, those recited by the honourable senator as given in the House of Commons.

While I am on my feet I may say there has been no abandonment of the intention. What has been done has, from the literary

standpoint, been well done. It is referred to in the answer to these questions. It has given rise to considerable controversy and to some bitterness of feeling. Probably this is inevitable in the case of history written so soon after the great event, but time will make it possible for more dispassionate judgments to be formed upon the work of the historian. In 1921, on May 27, the task was delegated to the Historical Section of the General Staff. This was in the days of very efficient and very thorough-going government, but since that time there seems to have been somewhat of a lapse of resolution, and not much progress has been made. For the moment I must content myself with sending the answer to the Clerk.

1. Under Order in Council dated May 27, 1921 (P.C. 1652) the Historical Section, General Staff, Department of National Defence, is charged with various duties of an historical nature, including the compilation and publication of a complete official history setting forth the participation of the Military Forces of Canada in the Great War; this history to be supplemented by more detailed histories of the work of certain technical branches of the service. One volume has been issued to date, namely, the History of the Medical Services, written by Sir Andrew Macphail.

2. No date can be given at present.

Hon. Mr. BELCOURT: Can my right honourable friend tell us if anything at all is being done at present?

Right Hon. Mr. MEIGHEN: Nothing further than the compilation of the work; nothing, so far as I know anyway, to put it into literary form.

AN IMPERIAL ECONOMIC PARLIAMENT

NEWSPAPER DESPATCH

Before the Orders of the Day:

Hon. Mr. CASGRAIN: May I call the attention of the Senate to a despatch appearing under a prominent head-line in La Presse of Montreal, a paper that has the largest circulation in Canada, and in the United States a circulation larger than that of any other Canadian daily.

(Translation)

An Imperial Economic Parliament—Project will be promoted at Ottawa Conference, says London newspaper

(United Press Service, special to "La Presse")

London, 11.—Plans for the establishment of an Imperial Economic Parliament in which the Dominions would have equal representation with Great Britain will be submitted by the British Government to the Imperial Conference at Ottawa, it is announced to-day in the Daily Mail. This organization would tend to strengthen Empire trade connections and facilitate the distribution of goods throughout the Empire.

It is with great satisfaction I bring this article to the attention of the Senate, because, as far as I know, I have been the only one here advocating an Imperial Parliament. On the other side of the water there is at least one person who, though he may never have heard of my dream, is looking forward to the day when there will be an Imperial Parliament to govern this wonderful Empire. Now I can sing my "Nunc dimittis servum tuum, Domine."

CRIMINAL CODE (CHEQUES WITHOUT FUNDS, AND GRAND JURIES) BILL

THIRD READING

Bill 22, an Act to amend the Criminal Code (Cheques without Funds, and Grand Juries). —Right Hon. Mr. Meighen.

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

THE SENATE

Wednesday, March 23, 1932.

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

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

QUESTION OF PRIVILEGE

Before the Orders of the Day:

Hon. C. E. TANNER: Honourable senators, my attention has been called to an editorial in the Toronto Globe of March 22, containing some references to a special committee of which I have the honour to be chairman, the committee appointed by this House to hold an inquiry into the Beauharnois matter. As the committee has adjourned and is not likely to meet again for a week or so, I thought that I had better not wait until its sittings are resumed before making my remarks on this newspaper item.

The article appears under the heading of "Destructive Partisanship," and it seems to me that any uninformed person who read it would be driven to the conclusion that the only authority on the subject of partisanship in this country is the Toronto Globe. I suppose that is true, because no other paper in this country, so far as I know, could ever compare with it for partisanship of the bitterest character. It may be that the Globe has now reformed in this respect, but I should

think that in order to make adequate atonement for its record the paper would need to exist many thousands of years longer.

My reason for referring to this matter is that I think the remarks contained in the article, with regard to the committee, are unjust and untruthful. That committee is composed of nine honourable members, drawn from both sides of this House, and I am confident that anyone who has read the proceedings or attended the sittings and observed what has gone on will agree with me when I say that no committee ever appointed by this House has been conducted with more freedom from any exhibition of partisan feeling. The editorial in question has this to say:

> The Senate Beauharnois inquiry, the Brantford Expositor points out, "was characterized by bitterness and partisanship of the worst kind, so much so that on one occasion it was forced to adjourn in an uproar."

I think that every member of the committee and all who have been in attendance on its hearings know that that statement is entirely without foundation in fact. It is to me a remarkable thing that the Toronto Globe should take the trouble to go all the way to a Brantford newspaper office which had no knowledge of the facts, and that it should then publish this item on the basis of the incorrect information that it obtained there.

A little later on in its statement it says:

> The people are looking for honesty and sincerity in public life.

Well, all I have to say, honourable members, is that if the people are looking for honesty and sincerity in public life, and for truth in regard to public matters, the last place in which they had better look for such things is the Toronto Globe. There is no excuse whatever for anyone who was present at the meeting to which this refers coming to the conclusion reached by the Toronto Globe, apparently, on the statement of the Brantford Expositor. The statement has no foundation whatever in fact; the whole thing is invented; and, as I see the matter, it is a very unjust libel on the members who have sat on that committee.

Hon. A. C. HARDY: May I ask the honourable senator whether the remarks in the Globe apply to the Senate committee? Do they not apply to the committee of the House of Commons which sat last year? If so, a question of privilege would lie, not in this House, but in another place. If I read the article aright, as I believe I do, it applies entirely to the House of Commons committee which sat about a year ago, and it is not in any way applicable to the committee of the Senate.

Hon. Mr. TANNER: The article condemns the House of Commons committee—it condemns the Gordon Committee; it condemns all parliamentary committees. Then it explicitly condemns the Senate Beauharnois Committee.

Hon. Mr. HARDY: Will the honourable gentleman pardon me? I think the condemnation does not extend to all committees, but is specific.

Hon. Mr. TANNER: In fact, it condemns everybody, and, as I said before, if one were to read this article the only conclusion one could come to would be that there is not an honest man in Parliament to-day—

Hon. Mr. FORKE: Why worry?

Hon. Mr. TANNER: —that the only honest man in Canada to-day is the man who writes this stuff for the Toronto Globe. That is the only conclusion that anybody could come to.

Right Hon. Mr. MEIGHEN: I hope the honourable member (Hon. Mr. Hardy) would not think that those words could possibly be applied to a committee whose decision was unanimous. No charge of partisanship could lie against such a committee.

INSURANCE BILLS

FIRST READINGS

Right Hon. Mr. MEIGHEN introduced Bill E1, an Act respecting the Department of Insurance, and Bill F1, an Act respecting Foreign Insurance Companies in Canada.

He said: Honourable senators, I am glad to be in a position to-day to introduce, first, a Bill respecting the Department of Insurance, and, second, a Bill respecting Foreign Insurance Companies in Canada.

Honourable senators will remember that shortly after the opening of the session two Bills were introduced in this House, one relating to Dominion insurance companies and the other to British and foreign insurance companies. Both these measures had been prepared by the draftsman in the hope that they would properly interpret all the decisions of His Majesty's Privy Council defining the jurisdiction of the Dominion in regard to the subject of insurance. After this House had referred the Bills to the Standing Committee on Banking and Commerce, honourable members of that committee, not in their meetings, but individually, reviewed, as I also had occasion to do, the terms of the proposed

legislation. Considerable objection was raised to the Bills. Two provinces, Ontario and Quebec, objected to them on the ground that they contravened the jurisdiction of the provinces, especially as established and defined by the latest decision of the Privy Council. Objection was taken also by a certain class of insurance companies, notably those known as reciprocals and New England mutuals, which in the past have been very strong antagonists of the former Dominion legislation. As the result of the objections raised and the review of the legislation that I was able to make, the former Bills have been withdrawn in order that new Bills might be introduced which would be more in conformity with the abbreviated jurisdiction left to us by the Privy Council.

The two Bills that I have just presented do not cover the whole ground that was intended to be covered by the two previous ones. Another Bill will be necessary.

The Department of Insurance has been by law established for many decades, but the first of the Bills that I am now introducing establishes the Department of Insurance under the legislation as it is now being revised and reformed. I thought it better in introducing such a meaure to keep it separate from the Bills defining the duties of the Department in respect of the various classes of insurance companies.

The second Bill now presented deals only with foreign companies, or, as we might describe them, alien companies. Many of these alien companies are doing business in Canada to-day. The word " companies " includes associations and exchanges of the nature of the New England mutuals and the reciprocals. We have not included British companies within the purview of this Bill, deeming it better that they should be reserved to be treated afterwards, when the Bill respecting Dominion companies is introduced.

On the subject of alien companies, those whose head office is in other lands, not British, we base our jurisdiction upon the provision of the British North America Act relating to aliens, also upon the provision relating to bankruptcy and insolvency, and in part upon the clause relating to the regulation of trade and commerce. In bankruptcy and insolvency there is, of course, undoubted Dominion authority under the terms of the Act; nor could there be any reasonable doubt of the corollary that this authority extends so as to enable the Dominion Parliament to define, in relation to any class of companies, what constitutes insolvency.

I have indicated the three foundations of jurisdiction on which the Bill is based. In preparing the legislation we have endeavoured to reconcile the views of the several classes of insurance companies—and they are many, and their opinions are even more diverse than could be the opinions of the partisans of the Beauharnois Committee. We have been careful not to exceed our own authority, and especially have we been careful to meet, so far as we possibly could, the views of the provinces. In introducing these new Bills, though, I wish to say this: I have no authority at all to intimate that the provinces have acquiesced in their terms. Even yet, further conferences are necessary; but these need not delay the consideration of the Bills by the committee. I am in earnest hopes that the provinces will acquiesce, and still more deeply rooted is my belief that in any event the Bills are soundly based, that they invite no attack upon them on the score of authority, and that they will probably resist any such attack should it come.

Hon. Mr. BELCOURT: Honourable gentlemen, I do not know that I thoroughly understood my right honourable friend. I wonder if I am right in this, that according to the programme which he is about to carry out, the subject of insurance will involve the submission of three or four Bills.

Right Hon. Mr. MEIGHEN: Three.

Hon. Mr. BELCOURT: I understood that the purpose of one of the Bills was to define or perhaps restrict the present powers and jurisdiction of the Federal Department of Insurance; in other words, the Bill was intended to give a better definition of the present jurisdiction of the department, in view of the judgment of the Privy Council. Then there is a Bill with regard to foreign companies; that is, as I understand, American companies, or foreign companies other than British. Then there is to be a Bill with regard to British companies.

Right Hon. Mr. MEIGHEN: Dominion and British.

Hon. Mr. BELCOURT: Dominion and British together. I am not going to speak on the Bills, but I wonder whether they are now printed.

Right Hon. Mr. MEIGHEN: No, they are not printed for distribution.

Hon. Mr. BELCOURT: Then it is not my right honourable friend's intention to go on with the Bills immediately after Easter?

Right Hon. Mr. MEIGHEN: Yes. My thought was that if they were introduced to-day we could have the printing proceeded

with and distribution would probably be effected in time to enable most of the senators to have them for perusal during the holidays. Of course, I would not attempt to go on in committee before the House resumes.

The honourable gentleman is not quite exact in his language as to the purport of the first Bill. It is not an attempt to restrict or to define. Such is not our intention. We cannot restrict, we cannot define, we cannot amplify our jurisdiction. That is done by our constitution, and is beyond our interference. But it is an attempt to establish the department upon a footing which it has a full right to occupy, by virtue of the British North America Act, its amendments, and the decisions thereon.

Hon. Mr. BELCOURT: Consistent with the judgment recently rendered?

Right Hon. Mr. MEIGHEN: Yes; the decisions.

Hon. Mr. BELCOURT: I want to mention another matter. As my right honourable friend will remember, I suggested in committee that it might help towards the understanding of these matters that a copy of the Privy Council's decision, referred to, should be printed and submitted to the members along with the Bills. May I add another suggestion? I saw in the press yesterday that at least one insurance measure of considerable importance was introduced in the Legislature of Ontario. It might be well to have that also before us when considering these Bills.

I have also seen in the press that the right honourable leader has had some conferences with the Attorney-General of the Province of Ontario with regard to this subject. May I ask whether such conferences have been had with Quebec and the other provinces as well? If so, would any information from those sources be available to us at present?

Right Hon. Mr. MEIGHEN: On the suggestion to produce the judgment of the Privy Council delivered at the end of last year: while that judgment is of very great importance, I do not think it would be well to have it printed and distributed to the committee as itself reflective of the state of the law at the present time. There are previous judgments bearing on the same subject, some of which, I am compelled to say, are very hard to reconcile with the last, and all of which are just as authoritative as the last. There is no superior voice in any decision because of date. The decisions of 1916 and 1921 are of equal importance. Consequently, if honourable gentlemen have an ambition to make of themselves fine constitutional authorities, they will not be able to do so by merely perusing the last judgment; they will have to study many previous ones, and they will have to try to draw from the whole of the collected verdicts something in the nature of a consistent result. I do not say it cannot be done, but I do say it is very difficult to do. And many honourable senators may see fit to go to still other sources for their opinions. I do not think we could undertake to present to the House anything that would be a complete compendium of the various authorities to which honourable senators might want to refer. We shall just have to try to lay before the Committee on Banking and Commerce the effect of the various decisions, and seek to show them that the Bills as presented are not in contravention of any of those decisions.

The honourable senator referred also to certain bills that had been introduced, or to one that had been introduced, in Ontario. It is true that a Bill was introduced on Monday by the Attorney-General. I understand it contains a clause under which it goes into effect only on proclamation. My belief is that this clause was placed in it in order that the present Bills might be studied by the Department of Insurance and the Attorney-General. Having studied them as they take final form in the Parliament of Canada, they will be governed by the results of that study in the final form of their own legislation, if it takes any final form at all. I have been advised as well that a similar Bill, with a similar clause, was introduced in Quebec, and I feel certain I have been advised that another one was introduced in the Legislature of Saskatchewan. Such is the present state of affairs.

The honourable senator also asked me if I had had conferences with the Department of the Attorney-General of Quebec. I certainly have had, and I expect to have another to-morrow. I have had many conferences and heard many opinions, and have had impressed upon me as never before in my long life how widely and how violently lawyers differ.

Hon. Mr. BELCOURT: In expressing a wish for a copy of the recent decision I was not voicing my own desire alone, for I have heard several honourable members say that they would very much like to be able to read that decision. If it had been reported it would have been available to me, at all events, but I am not sure whether all other senators would know where to find it. I think that the decision should be made available, if for no other reason than to satisfy curiosity.

Right Hon. Mr. MEIGHEN: I quite understand the honourable gentleman's point. I suppose the decision has not been reported in the law journals yet.

Hon. Mr. BELCOURT: No.

Right Hon. Mr. MEIGHEN: If it has not, I shall refer the matter to the Department of Justice, and I feel confident that it can provide the committee with copies.

The Bills were read the first time.

The Senate adjourned until Wednesday, March 30, at 3 p.m.

THE SENATE

Wednesday, March 30, 1932.

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

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

QUESTION OF PRIVILEGE

Hon. A. C. HARDY: Honourable senators, as a matter of privilege, I wish to call to the attention of the House an article which appeared in the Montreal Gazette of March 19. I desire to quote the article, because I consider the Gazette is one of the most important and best informed papers in the country. It says:

Ferguson To Give Evidence At Probe
(Gazette Resident Correspondent.)

Ottawa, March 18.—Hon. G. Howard Ferguson, Canadian High Commissioner in London, will come to Ottawa and testify before the special Senate committee inquiring into the Beauharnois affair on the matter raised by the testimony of Senator Andrew Haydon this week to the effect that he (Mr. Ferguson) while Premier of Ontario had insisted upon a payment of $200,000 from Beauharnois before he would let the proposed agreement between Beauharnois and the Ontario Hydro-Electric Power Commission be signed.

Then follow remarks concerning this statement. And in the issue of Tuesday, March 29, there appeared this paragraph:

A rather dramatic event will occur in the Senate wing of the Parliament building next week when the Canadian High Commissioner in London, Hon. G. Howard Ferguson, goes before the special Senate committee inquiring into Beauharnois matters and repeats on oath his denial of the charge made to that committee before the Easter recess by Senator Andrew Haydon, one of those involved in the present inquiry, to the effect that Mr. Ferguson. when Premier of Ontario, had set a price of $200,000 on Hydro's signature of the agreement with Beauharnois for a block of power. Mr. Ferguson's evidence is likely to complete the testimony to be taken by the committee, which will immediately proceed to draft a report for presentation to the Senate as a whole.

I should like to ask—I suppose the question should be directed to the right honourable leader of the House—whether it is the intention of the Senate so to enlarge the reference made to the special committee appointed to inquire into the Beauharnois matter as to empower that committee to take the evidence of Mr. Ferguson on a matter concerning the Ontario Hydro-Electric Power Commission, a purely provincial affair. I do not want to infringe on the rules of the House in this inquiry, and I trust that if I go too far my right honourable friend will correct me; but I should like to know whether it is the intention that the committee should have power to inquire into a matter which did not come within the reference. I need not go into the question further at this time, for it can be discussed later, but I should also like to know, if the powers of the committee are to be enlarged, whether a full investigation will be made into the particular contract about which Mr. Ferguson is expected to speak.

Right Hon. Mr. MEIGHEN: Honourable senators, I have no information of any intention to enlarge the scope of the committee, or of any doubt on the part of the committee as to the powers that it has.

NOTICE OF INQUIRY

Hon. Mr. HARDY gave notice of the following inquiry for Friday, April 1:

That he will inquire:

1. Whether the Senate will so enlarge the reference to the Special Committee of the Senate appointed to consider the report of the Special Committee of the House of Commons of the last session, to investigate the Beauharnois project, in so far as said report is related to any honourable members of the Senate, for the purpose of empowering the Special Committee of the Senate to take and hear the, or any of the, evidence of the Hon. Howard Ferguson in connection with or relating to a certain contract made between the Hydro-Electric Commission or the Government of the Province of Ontario and the Beauharnois Company.

2. And if the said reference is so enlarged, will the said Special Committee of the Senate be empowered to make further investigation into said contract, and also investigate the statements of the said Hon. Howard Ferguson?

3. Did the Chairman or any member of the said committee of the Senate receive at any time, directly or indirectly, any instruction, request or communication from the Prime Minister of Canada asking for or suggesting that the Hon. Howard Ferguson should be heard or examined by or before the said committee?

FREE TRANSPORTATION ON RAILWAYS

CORRECTION IN REPORT

Before the Orders of the Day:

Hon. F. B. BLACK: Honourable senators, before the Orders of the Day are called I should like permission to make a slight correction in Hansard, in the report of my remarks of March 16. As I left Ottawa on the 17th, this is the first opportunity I have had of referring to the matter. At about the 49th line of page 113 of the Debates I am quoted as saying "in one week in June last year," with reference to a shipment of salmon that was franked. I do not write my speeches, as can readily be observed from the poor manner in which they are delivered, but I have some notes, and these indicate that the date was June, 1930. All the rest of the text, as far as I know, is quite correct.

While I am on my feet may I say for the information of the right honourable leader of this House, who is a member of the Government, that from points scattered all the way from Edmonton to Halifax I have had more than one hundred communications in the form of letters and telegrams concerning this question of free transportation on the railways and franking. These messages indicate such a widespread public interest that I think the Government might be well advised to take some serious notice of the matter. I have no doubt that the Government will do so.

Right Hon. Mr. MEIGHEN: I may say that railway questions, inclusive of the subject-matter to which the honourable gentleman has referred, are now before a special commission of inquiry, and that particular subject would seem to be one that will probably be reported on, especially if it is of the importance that the honourable gentleman attaches to it.

CHICAGO WATER DIVERSION

DEBATE CONCLUDED—MOTION WITHDRAWN

The Senate resumed from Thursday, March 17, the adjourned debate on the motion of Hon. Mr. Casgrain:

That he will call attention to the diversion of water from Lake Michigan by the City of Chicago and will move, that in the opinion of the Senate no further negotiations on the St. Lawrence Waterways should be made until the Senate of Canada has examined the treaty now in force and has ascertained that this treaty is being carried out.

Further that a copy of the said treaty be placed upon the Table of the Senate.

Hon. J. P. B. CASGRAIN: Honourable gentlemen, the honourable senator from Prince Edward (Hon. Mr. Horsey) was good enough to move the adjournment of this debate so that I might have an opportunity to get together some notes, and, unless some other honourable gentleman desires to speak at this time, as proposer of the motion I shall avail myself of the right and privilege of closing the debate.

My first words must be addressed to the right honourable the leader of the Government in this House, who said that I was labouring under a series of misapprehensions. I have looked up the definition of the word "misapprehension" in the new Oxford Dictionary, and it would seem to indicate that the right honourable gentleman meant that I did not know what I was talking about. I may say that I have never flirted with Miss-Apprehension. If anybody has done that, it must have been the right honourable gentleman himself, because, forsooth, he is much younger than I am, and much more prepossessing, and such conduct would be more becoming at his age than at mine.

It is very difficult for a plain, common, everyday land surveyor to argue with a gentleman who was regarded by the late Sir Wilfrid Laurier as one of the most astute lawyers in Canada, but we have been appointed to do our best, and one must have courage and do the best one can. When I read the right honourable gentleman's speech carefully I found that he was more guilty than I was of flirting with Miss-Apprehension. While it takes courage to differ with a legal gentleman like my right honourable friend, there is one thing of which I can assure him: though he may have more legal light than I have, he cannot be more sincere. I say now, as I have said before, that I have never made a statement to this House that I did not believe to be absolutely true. While many a time I may have been alone in my opinion, I have always thought I was right.

Notwithstanding the fact that the right honourable gentleman has a tremendous advantage over me—for he has at his disposal a galaxy of very able engineers who are developing and operating one of the biggest hydro-electric systems in the world, and I have but feeble means at my command—I ask him as a personal favour to have the best of those engineers point out in the statement that I made before this House the other day, or that I shall make before it to-day, when I shall take care to give my authorities, any misapprehension of the facts. The Ontario Hydro-Electric System is a very great organization, having behind it the credit of the banner province of the Dominion, the great province of Ontario. Surely I am not asking

too much of its engineers, whose vocation keeps them in touch with matters of this kind from the 1st of January to the 31st of December. If I think they are right, I shall bow most humbly to their decision. The speech that I made the other day was largely a repetition of one that I made in this honourable House seven years ago; so there has been plenty of opportunity for anyone to find mistakes in it, if there are any. As yet, so far as I am aware, nobody has done so.

So that there may be no slip in answering the right honourable gentleman, I have taken the trouble to put my remarks in writing. With all due respect to the right honourable gentleman, I may say that the public would be well advised to regard any sensational statements he makes in this House with the same consideration and indulgence which I hope the members themselves will show; for we must remember that the right honourable gentleman is used to a House in which political battles are waged, rather than to a Chamber that exercises quasi-judicial functions in the matter of public business, and has therefore to be fully informed upon the questions that come before it. Doubtless, after the right honourable gentleman has been in this House for a number of years, he will become possessed of conclusive knowledge on many matters upon which haphazard guesses are made in the Lower House, from which he has so newly graduated.

I must apologize to my honourable colleagues for taking up so much of the time of the House, but honourable gentlemen must remember that one who has lived a longish life feels—and perhaps with reason—that at another session, a year or so hence, he may not have the strength or mental ability or memory to speak, and that while he is able he should give of his best, so that the House, and through it the country, may receive the benefit of what he has to say. Now I give my authority, which is none other than the grand old Book, the Bible, which one never tires of reading, even though one read it only because of its literary value. I may say that from this viewpoint the English version, which is in the grand old language of Shakespeare, is much better than the French version. But I go back to something even finer, the Latin version.

Dies annorum nostrorum in ipsis septuaginta anni.

Si autem in potentatibus octoginta anni, et amplius eorum labor et dolor spiritus.

For the benefit of those who have not the advantage of understanding Latin I shall try to give the exact rendering in English.

The days of our years are three-score years and ten; and if by reason of strength they be four-score years, yet is their strength labour and sorrow.

We are about to conclude a treaty. This motion was made so that we might have an opportunity of looking over other treaties, made not so very long ago. The Ottawa Journal of December 12, 1931, gives an account of the Alaska Boundary Award. In 1897 there was, as all honourable members of this House know, a gold rush to the Klondike, and our good friends to the south of us, believing that the gold mines in the Klondike might be of a permanent nature, thought it would be a good stroke of business to secure the trade. They were reminded that they owned Alaska. We all remember that in 1825 Great Britain and Russia signed a treaty defining in a very vague way the limits of Alaska, and that many years afterwards, on the 30th of March, 1867, barely three months before Confederation, the Secretary of State for the United States, the Hon. W. H. Seward, purchased for the United States all the Russian possessions in that part of the world for the sum of $7,200,000. At the present time that territory has a population of about 50,000 people of all shades and colours, Indians, what we call Eskimos—in reality they are not Eskimos, although they have many of the characteristics of that people, who are to be found farther to the east—Chinese, Japanese, and so on. These people are not very prosperous, because the land is rather barren.

In the biography of Sir Clifford Sifton, by J. W. Dafoe, there is a long description of what took place before the Alaska Boundary Award was made in 1903. In 1899 Great Britain proposed the formation of a commission similar to the one which acted in the boundary dispute of Great Britain with Venezuela, but the United States of America refused, notwithstanding the fact that Great Britain had got the worst of the bargain on that occasion. In 1902 Great Britain proposed the appointment of a commission of six judges, two from Great Britain, two from the United States, and two from outside either of those countries or any of the British Dominions. The United States again refused, and finally, in January, 1903, proposed that three impartial jurists of repute should be appointed by the United States and three by Great Britain and Canada. To that proposal Sir Wilfrid Laurier agreed, notwithstanding the protest of Sir Clifford Sifton. The three supposedly impartial jurists of repute selected from the elite of public men in the United States to represent that country were Elihu Root, who had been Secretary of State, Cabot

Lodge, and Senator Turner. At that time three men more in the public eye of the United States could not have been chosen. They were supposed to be the best men that could be found, and to be impartial jurists. But what happened? Those three men had publicly expressed their opinions before they were appointed. One decent, honest man, John Hay—who, if my memory serves me, had been American Ambassador in London, and knew the English people—went to President Roosevelt and protested against the appointments that were being made. He used some rather harsh language, which is reproduced in the Ottawa Journal, but which I will not repeat, because I do not want to say anything about a friendly nation that might be irritating to anybody. Within three weeks of taking the oath of impartiality the three jurists I have named received direct instructions from President Roosevelt that the Canadian claim was not to be open for discussion.

Great Britain appointed Lord Alverstone, then Chief Justice of England, and Canada appointed Louis Jetté, then Lieutenant-Governor of the Province of Quebec, and for more than twenty-five years a judge of the Superior Court, and the late Chief Justice Armour of the Supreme Court. The last named gentleman died suddenly, and Allen Aylesworth, K.C., who was not then in political life, a man who certainly was an impartial jurist of repute, was appointed in his place.

The three American commissioners already having their minds made up, no agreement could be reached unless one of the British delegates would join with them, and, as President Roosevelt was set on securing an agreement, he wrote a letter to Judge O. W. Holmes of the United States Supreme Court, who was then in England, and told him to let the British Government know somehow, privately, that if no agreement was reached the United States of America would seize the territory, England or Canada notwithstanding. The bluff worked. I am sure that Sir Allen Aylesworth, now an honourable member of this House, would confirm every word I say if he were here. Then the President of the United States announced a great diplomatic victory, the greatest diplomatic victory of our time. I may say that the Ottawa Journal is much more severe in its comments in regard to this matter than I am.

At this point may I make just a little digression? I had a conference with President Roosevelt in the White House. In his office there was a large terrestrial globe, perhaps five feet in diameter. After some conversation—I suppose he was in no particular hurry—he said bluntly: "The St. Lawrence river is the outlet of the United States to the Atlantic Ocean; Canada's outlet is through Hudson Bay and Hudson Strait." It happened that a few weeks previously I had made a speech in this House against the Hudson Bay route. I thought I was well informed upon the subject, and, forgetting that he was the President of the United States, I commenced to tell him about that route and what I thought of his suggestion. But Roosevelt was a big man and he was amused rather than annoyed at my audacity. He encouraged me to keep on, and the discussion got quite hot. But we parted the best of friends.

Honourable senators will notice, I hope, that I am referring only to the Chicago diversion. Now, I want to quote some evidence that was given by Col. Hugh L. Cooper, and in order that there may be no misapprehension I shall read what he said. Who is Col. Hugh L. Cooper? Well, he is the engineer who built the Keokuk dam, of which we have heard so much. He has an international reputation, and is so highly regarded that when the Soviets wanted an engineer to develop their water-powers they came to an agreement with him, and actually deposited in a bank in New York $100,000, which was to be paid out to him, or to his family during the time that he would be in Russia. He was taking no chances with the Soviets. Speaking parenthetically, it shows how well informed the Soviets are that they pick out such an outstanding engineer. We have in the city of Montreal another great engineer, a Swede named Svenningson, who is Chief Engineer of the Shawinigan Engineering Company. He told me himself that he had received an offer from the Soviets and was asked to name his own salary. He had been developing power on the St. Maurice river at about twenty-five per cent of the proposed cost on the St. Lawrence. When the International Paper Company were developing the Gatineau river and their plans were mixed up, they actually went to a rival company, the Shawinigan Engineering Company, and got this man Svenningson to put things right. The Soviets did everything they could to entice him to come to their country for three months, but he refused their offer, for he is not one of their admirers.

Col. Hugh L. Cooper stated on oath before Charles E. Hughes, Special Master appointed by the United States Supreme Court, that the Chicago diversion injures navigation on the St. Lawrence to the extent of $7,360,000 yearly. He estimated that the diversion was "causing an international hydro-

electric loss to New England and nearby States of $134,000,000," and considered that the withdrawal of 10,000 cubic feet of water per second would result in an annual loss of 300,000 horse-power at Niagara Falls. In order that there may be no misunderstanding, I will read a short despatch from Washington:

Chicago Diversion Causes Big Loss—Injures Navigation to Extent of $7,360,000 Annually, Says Col. Cooper

Washington, December 26.—The Supreme Court lake diversion hearing was resumed to-day with one witness, who, qualified as an expert, estimated that withdrawal of water from Lake Michigan by the Chicago Sanitary District was causing an international hydro-electric loss to New England and nearby States of $134,000,000.

Col. Hugh L. Cooper, an electrical engineer of Stamford, Conn., was the witness who presented this and a series of other estimates that ran into the millions, to Charles E. Hughes, special master appointed by the court.

Counsel for the Sanitary District and States supporting it in its diversion program opposed the indication of Cooper's testimony, contending it was speculative. Arguments will be heard to-morrow by Mr. Hughes as to whether the testimony shall stand.

Cooper also estimated that the diversion at Chicago was injuring navigation to the extent of $7,360,000 a year, as a result of a lowering of the levels of the Great Lakes and the St. Lawrence river. New England alone has an annual ash pile waste of $35,000,000, he insisted, because it is deprived of its share of the St. Lawrence's hydro-electric potentiality, as are the entire State of New York and parts of Pennsylvania and Ohio.

Colonel Cooper estimated that withdrawal of 10,000 cubic feet of water per second at Chicago would represent an annual loss of 300,000 horsepower at Niagara Falls. This, he testified, would represent a $9,000,000 loss yearly.

Now we come to another point, which may be of more practical interest. We all remember that in October, 1927, the Conservative Party held in Winnipeg a great and magnificent convention, of which there were two very distinguished chairmen, the Hon. Mr. Rhodes, now Minister of Finance for Canada, and the honourable senator from Montarville (Hon. Mr. Beaubien). I ask the honourable senator to listen while I read a resolution passed at that convention, and he can see whether I have the exact wording:

This convention is of the opinion that the St. Lawrence canal system, as an all-Canadian project, should be developed in the national interest and when conditions warrant.

Amen. I agree with that absolutely. But at the present moment conditions certainly do not warrant the development. Is the resolution that I read correct, according to the memory of the honourable senator from Montarville? He was one of the chairmen, and he must have heard what took place. The honourable gentleman remains silent. As we say in French, "Qui ne dit mot consent." He admits it.

I should like to ask the honourable senator another question: Why repudiate that policy? Still no answer.

Hon. Mr. BEAUBIEN: Will the honourable gentleman allow me to put a question to him?

Hon. Mr. CASGRAIN: Certainly, with pleasure.

Hon. Mr. BEAUBIEN: Would he mind going a little further and saying how that policy was abandoned?

Hon. Mr. CASGRAIN: All right, I will proceed with that answer. That convention was in 1927. In 1930 there was a Dominion election, and the Conservative Party made great gains in the Province of Quebec. There had been a solid Quebec in 1921—the whole sixty-five districts went Liberal—and in two succeeding elections sixty-one districts voted the same way and there were only four Tories.

Right Hon. Mr. MEIGHEN: They were good ones, though.

Hon. Mr. CASGRAIN: But this all-Canadian policy resulted in great gains for the Conservatives in my province, where, for reasons of our own, we prefer to keep on our side of the fence and live in peace, minding our own business and letting our good neighbours to the south of us do the same thing. We want to be friendly with them, and we know that for this reason it is best that we and they should stay at home. In that way quarrels are avoided.

Right Hon. Mr. MEIGHEN: The honourable gentleman told us a few moments ago of his visit to President Roosevelt.

Hon. Mr. CASGRAIN: Yes, I did, but that was only a social visit. Now, why repudiate the policy as laid down at Winnipeg? That was a good policy, I think. Is it the intention of the present Government to make once more a solid Quebec? I verily believe that if any of our rights should be ceded to the American republic, there would be at the next general election a repetition in Quebec of what took place in 1921. Why commit political suicide? There need be no hurry about that, for a change will come soon enough.

I have before me a newspaper item that I should like to read. I thought at first it was taken from the Montreal Gazette, that great paper we have heard about this afternoon, but I notice it is from the Herald—and I am not with that paper now.

Hon. Mr. SCHAFFNER: That is different.

Hon. Mr. CASGRAIN: This is a letter to the Editor of the Herald, and reads:

Sir,—In October, 1927, the Conservative Party of Canada held a great convention in Winnipeg to choose a new leader and to present its policy to the Dominion. The choice happily fell upon the Hon. R. B. Bennett, who in accepting, declared with impressive seriousness that henceforth he would dedicate his life, talents and fortune to forwarding the interests of Canada and Canadians. The convention enthusiastically reaffirmed its adherence to its historic tariff and imperial policies and among its other articles of belief declared:

"This convention is of the opinion that the St. Lawrence canal system as an all-Canadian project should be developed in the national interest and when conditions warrant."

I am one of the many Conservatives who still believe in the development of the St. Lawrence waterway as "an all-Canadian project."

Old Guard.

Reverting to the Chicago water diversion, may I point out that when the Cape Cod Canal Bill was before the United States Senate, Senator McKellar, Democrat from Tennessee, and many other senators of the Mississippi Valley States, agreed to support the Bill if other senators would agree to the famous Chicago and Gulf of Mexico canal. A special committee was appointed. Senator Reed, Republican from Pennsylvania, was the only dissentient, and he said that the withdrawal of 10,000 cubic feet per second from Lake Michigan by the Sanitary District of Chicago was unjustified. But the other senators insisted on a nine-foot navigation canal. May I say here that that is the ideal depth, because on such a canal one tug could tow a large number of barges—which do not cost much—from Chicago down to New Orleans and the Gulf of Mexico. The barges would bring a comparatively small tonnage back, as the bulk of the traffic is outward: for every ten tons that go out from America, whether to Liverpool or other parts of Europe, an average of only one ton comes back. Senator McCormick, Republican from Illinois, said that this nine-foot canal would be a new cheap route, right in the centre of the nation; so why bother about the small quantity of water diverted? That beautiful sheet of water known as the American Fall, which is not partly hidden from sight by mist, as is the Fall on the Canadian side, has a flow of 10,000 cubic feet per second, about one-ninth as much as ours, and exactly the quantity that Chicago is withdrawing. Senator McCormick said there would be compensating works. However, they would not bring the water back into the St. Lawrence. Every drop of water that is diverted is lost to us for ever.

We might get a certain amount of compensation out of our own property; so those compensating works would be simply paying us back with our own money. The late Senator Reid, of Prescott, explained that perfectly in a long speech in this House.

Senator McCormick, of Chicago, actually said that the Chicago sewerage system was not designed merely for sewerage; it was constructed as a link from Cairo to Grafton, and up the Illinois to Utica, and all that was needed was the removal of a few bars, dredging to a depth of about two feet, and the removal of four dams on the Illinois river below Utica; then there would be an adequate flow of water from Lake Michigan down to the Mississippi. He actually added that the present flow, 10,000 feet in dry weather, increased the water in the Mississippi by one-third. Needless to say, it is more than double the natural flow of the Illinois river.

He also said that it would not contravene the treaty between the United States of America and Canada in regard to the Great Lakes. That was the treaty to which I alluded when I made my speech, and about which my right honourable friend said I was under a misapprehension.

The report intimates that nine-foot navigation would cost only $5,000,000, and its maintenance $152,550. It would be operated all the year round, and it would be worth $100,000,000 yearly to Chicago. Now, honourable gentlemen, let us be candid. I believe that after the Sanitary District of Chicago and the State of Illinois have spent $130,000,000 on it the diversion will never be stopped, and we might just as well give up as a bad job the attempt to obtain compensation for the water that has been diverted. But in the future let us be careful about making contracts.

We hear so much about water-power that it may be worth while to quote the opinion of a scientific journal. Take every drop of water that falls in the United States, between the very top of the Rockies and either the Atlantic or the Pacific ocean: if every drop were caught, the entire quantity would not generate nearly as much power as is generated to-day by coal in the United States.

There is another diversion that no one ever talks about. The Chicago river and the Calumet river used to bring water to Lake Michigan. No account has ever been taken of the water that was there. Those rivers were feeders to Lake Michigan. Now both the Calumet and the Chicago are raceways, taking water away from where it belongs.

I think the right honourable gentleman who leads this House spoke somewhat lightly

about the diversion. If those people are allowed to take a certain quantity of water, what is to prevent them from taking double or treble that quantity and thus absolutely spoiling navigation for ships in the St. Lawrence and the Great Lakes?

Right Hon. Mr. MEIGHEN: I think I should say, honourable gentlemen, that at no stage of my remarks did I say that they should be allowed to take any quantity.

Hon. Mr. CASGRAIN: No. The right honourable gentlemen is quite right; he did not say they had any right to take any. But I think he said they were taking only six thousand and some odd feet. I thought I had the honourable gentleman's speech here, but I cannot find it.

Now, I have the figures relating to Chicago's water diversion as compared with the American Falls. Chicago is demanding the right to divert 10,000 cubic feet per second. This would be just about equal to the total amount of water going over the American Falls at Niagara Falls. If the 10,000 cubic feet per second of water that Chicago wants to divert went its normal way through the Niagara and St. Lawrence rivers, the usable head of 300 feet at Niagara river and 190 feet in the St. Lawrence river would make it possible to develop around 500,000 horse-power. This refers, you will note, to the usable head. The difference between the level of Lake Ontario and that of the harbour of Montreal is 225 feet, but there must be a certain allowance made in calculating the usable head. One-tenth of the flow is 1,000 feet; therefore, if you add three zeros to 490, the result is 490,000 horse-power. I hope my confreres in the engineering profession will not be annoyed with me for giving this calculation away. The total comes pretty close to the 500,000 horse-power claimed by Mr. Samuel S. Weir. At any rate, it is near enough for our purpose. This would be a continuous power. It is five times the continuous power that can be gotten out of Muscle Shoals, in the United States, of which we all have heard. The coal equivalent would be 4,500,000 tons yearly.

On August 1, 1931, Hon. Gilbert Bettman, Attorney-General for Ohio, lodged a protest, stating:

> At the present rate of construction, instead of finishing in the eight years allotted by the Supreme Court, it will take Chicago over eighty years. This wholly inadequate progress made raises a serious doubt of Chicago's good faith in carrying out the decree of the Supreme Court of the United States.

On January 2, 1929, a convention between the United States and Great Britain looking toward the preservation of Niagara Falls as a scenic spectacle was signed by the American Minister and the Canadian Premier, and in May, 1929, this convention was ratified by the Dominion Parliament and at once referred to the Senate of the United States. This convention provided for the installation by the present power users, without expense to the public, of remedial works to redistribute water so as to insure at all seasons unbroken crest lines on both the American and the Canadian Falls; additional diversion, for power use, during the winter or non-tourist season, from October 1 to March 31 each year, through existing surplus power plants at a daily diversion rate not to exceed 10,000 cubic feet per second in the Province of Ontario, and 10,000 cubic feet per second in the United States.

On February 18, 1931, the Committee on Foreign Affairs of the United States Senate rejected the treaty. What was the good of this House and the other House passing the treaty? In British countries, when the Government makes a treaty it stands or falls by that. But it is not the same on the other side. They take it if it suits them, and if it does not suit them they reject it. We had a striking instance of that when Mr. Woodrow Wilson forced the League of Nations on other countries. They wanted to have the United States in with them, but when he came back home did the United States ratify his treaty? There was the head of a state who was looked upon as having as much power as the greatest crowned head that Europe ever saw. When he came into a hall where deliberations were in progress everybody would rise. We know that he put his signature on the League Covenant, but was it ratified by his country? There is a warning. If I had anything to say in the matter of a treaty, the other party would sign it first. The case was just like that of a man agreeing to buy property and then having to go to his wife to see whether she would take it or not. So the treaty was not ratified.

Then in the completion of treaties it becomes necessary to provide doles for shippers. To charge such tolls as would make the proposed canal self-sustaining would not permit of any saving to shippers. If tolls are not charged, then the saving to the shipper becomes a direct dole paid by the taxpayer.

The Federal Farm Board, Washington, D.C., Circular No. 2, November, 1930, says:

> The American farmer should not in the future look to the export market to dispose of his surplus, because he cannot continue to compete successfully with other countries in the production of this crop, and production should be gradually adjusted downward until we reach a domestic consumption basis.

James J. Hill, that wonderful railway man, said the same thing just about twenty-two or twenty-three years ago. He said that within twenty-five years the big elevators on the Atlantic coast would be empty because the United States would have to grow wheat for their own use, and that the export would be done away with.

I thank you, honourable senators, for the very kind attention you have given me.

Hon. G. LYNCH-STAUNTON: Honourable gentlemen, as the seconder of this motion I should like to make a few remarks. I was not present when the motion was discussed, but I noticed in the newspapers the remarks that my right honourable leader made in reply to the speeches on the motion. I think the newspapers reported the right honourable gentleman most inaccurately, and left a wrong impression of his speech on the country. The impression I gathered from the newspapers was that it was no concern of ours, legally, whether or not the City of Chicago made any diversion of water from Lake Michigan. The right honourable gentleman said this:

> There is no treaty stipulation of any kind between Canada and the United States touching specifically the Chicago diversion or any other diversion.

With that I entirely agree. I know of no treaty which touches specifically the Chicago or any particular diversion. I think the right honourable gentleman meant exactly what he said, for he is accustomed to using exact language. But I contend that, while no treaty deals specifically with any particular diversion, there is a treaty which deals with every diversion that affects the levels of the international waters. The treaty of 1909, if it deals with anything, deals with every diversion. That is the opinion of the Supreme Court of the United States, as quoted by the right honourable gentleman; and I think that the language of the right honourable gentleman shows that he is of the same opinion. I am speaking now only because while using precise language he has apparently allowed the country to derive an imprecise idea of what he meant, and it is of great importance that the statements made by leaders of this Parliament should be such as cannot be twisted to the advantage of people who are contesting our rights.

International law is similar to municipal law in regard to questions of the kind we are discussing. It is a principle of municipal law that no man shall use his property so as to injure his neighbour's. On my own lot I may not make an excavation that will cause my neighbour's land to cave in. I am liable in the courts if I do that. On the same principle, international law requires that no nation shall act in its own interest in such a way as to injure its neighbour. In municipal law that principle applies to streams: no man may divert water from a stream to such an extent as to affect the use of the water by his neighbours downstream. Similarly, no nation may divert water from an international waterway to such an extent as to affect injuriously the navigation of that waterway by a neighbouring nation. The Americans contend that Lake Michigan is not an international waterway. For the purposes of argument we might admit that it is not, but if I am right in my understanding of international law the Americans have no right to draw into Lake Michigan water that will not naturally flow there, and thus to cause a lowering of the levels of international waters. The diversion at Chicago causes a great quantity of water to leave Lake Michigan and flow down the Illinois river. That withdrawal of water from Lake Michigan causes a greater drain upon the international waters than would naturally take place, and constitutes a breach of international law. By allowing it the Americans are doing us an injustice. As observers of international law, they are in honour bound to prevent the diversion.

Further, the treaty of 1909 provides that no diversions shall be made from international waters by either side without the sanction of the International Joint Commission. Those are the words of the United States Supreme Court in its interpretation of the treaty, and they are as plain as anything can be.

In seconding this motion I desire to find out whether the American Government is allowing a diversion which causes a lowering of international waters. Does the American Government claim that it has a right to do that, or that in so doing there is no breach of any treaty or no violation of international law? I want to call attention to that point, and I should like to learn what our Government knows about it.

All I want to add is this. When I said that an arrangement made between Canada and the United States was not a treaty, I forgot for the moment—and it has been drawn to my attention by a distinguished member of this House—that there is no power nor authority in the Canadian Government nor in the Canadian Parliament to make any treaty with the United States. If we did make what purported to be such a treaty, it would not be worth the paper on which it was written.

Any treaty with the United States must be made by His Britannic Majesty. The British North America Act specifically provides, in section 132:

> The Parliament and Government of Canada shall have all powers necessary or proper for performing the obligations of Canada or any Province thereof, as part of the British Empire towards foreign countries, arising under treaties between the Empire and such foreign countries.

That is the power that is given to this Parliament under our written constitution—to carry out treaties entered into by His Majesty and confirmed by the British House of Commons.

In modern practice all treaties made for the Empire are confirmed by the British House of Commons. The honourable gentleman (Hon. Mr. Dandurand) shakes his head. I remember reading a history of treaty-making in the nineteenth century, written by a very erudite member of the House of Commons, in which it was laid down that, although in ancient times the Government made treaties, under the modern practice—and practice is the only thing that makes any law under the British constitution, which is a constitution of precedent—any treaty must be confirmed by the House of Commons. If the modern practice is to be adopted, then any treaty made with the United States regarding these waters must be confirmed by the House of Commons. At least, I find no power given to us, and no authority who has ever asserted that this country has the power to make treaties independently of the Empire. This is very fortunate for us. I consider that all arrangements made between us and the United States are mere conventions. I think that the City of Ottawa could make a bargain with the United States, or with anybody in the United States, which would be just as binding as a bargain made by this Parliament. The rights of this Parliament are limited by the British North America Act just as those of the City of Ottawa are limited by the Municipal Act.

Hon. RAOUL DANDURAND: Honourable senators, it had not been my intention to participate in this debate, because I felt that there were members in this Chamber who possessed a greater technical knowledge of the subject than I do. I would, however, draw the attention of this Chamber to a telegram that reached the press of Canada on the 25th of March, which I clipped from the Montreal Gazette of that date. It reads:

> Chicago, March 25.—The last link in a $120,000,000 waterway to carry freight from the Great Lakes to the Gulf of Mexico is nearing completion.
>
> The United States army engineering corps of the Chicago district, in charge of the work, predicts the project will be built by next October 15, six months earlier than was expected. An unusually mild winter is credited with speeding up the work to make earlier completion possible.
>
> When completed, the engineers pointed out, the Illinois waterway will place thousands of United States mid-west shippers on a par with eastern shippers so far as getting their goods to the Panama Canal is concerned. From Lake Michigan barges will travel down the Chicago drainage canal to Lockport, from Lockport through the waterway to Utica, Illinois, and from Utica down the Illinois River to enter the Mississippi at Grafton, Illinois.
>
> A nine-foot channel thus will be available from Chicago to New Orleans, where freight can be loaded from the barges to ocean-going vessels for distribution.

This refers, I presume, to the completion of the work which has been under discussion in this Chamber.

What interests me is this. I note that the decree of the United States Supreme Court, dated April 21, 1930, provides, first:

> On and after July 1, 1930, the abstraction shall not be in excess of an annual average of 6,500 cubic feet per second, in addition to domestic pumpage.

I understood from the statement of my right honourable friend (Right Hon. Mr. Meighen) that the semi-annual report of the Sanitary District of Chicago, dated January 1, 1932, indicated that the average diversion in the year 1931 was 6,495 second feet, thus coming within the limits set by the Supreme Court decree. I should like to know how much water is actually needed to maintain this nine-foot channel on which an expenditure of $120,000,000 has been made. Is it likely that the decree declaring that on and after December 31, 1935, the abstraction shall not exceed an annual average of 5,000 cubic feet per second will be obeyed, or that after December 31, 1938, the abstraction will not be in excess of an annual average of 1,500 cubic feet per second, in addition to domestic pumpage? If there is any doubt about the State of Illinois or the City of Chicago obeying this decree, thereby, perhaps, endangering this nine-foot channel, would it not be advisable for the Canadian Government to try to obtain from the Washington authorities, in any agreement, convention or treaty which may be entered into, a statement that the decree will be obeyed? Canada has no direct communication with any State of the Union; it can only take up a matter and discuss it with the federal authorities. It seems to me that now is the proper time to secure a statement from the authorities at Washington that they will see to it that this decree is obeyed.

My honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) thinks that there can be

no treaty between Canada and the United States, inasmuch as a treaty must be signed by His Britannic Majesty. I suppose there is no one in this Chamber who will controvert the statement that a treaty with any foreign country must be entered into by His Britannic Majesty. But Canada carries on negotiations with the United States and comes to an agreement; she then obtains credentials from His Britannic Majesty, who delegates power to a Canadian Minister to represent him and sign the treaty. It is His Britannic Majesty who signs the treaty. Invariably treaties concerning the British Empire as represented by Great Britain, the North of Ireland and the other possessions, apart from the Dominions, which have their own entity, are signed by His Britannic Majesty through an accredited representative. There is no difficulty in the way to prevent Canada from entering into treaty negotiations with the United States and carrying them to the point where the treaty is signed by a duly appointed representative of His Britannic Majesty. That has been done more than once in the last ten years, and it will be done again.

My honourable friend is under the impression that all treaties signed by His Britannic Majesty must be sanctioned by the British Parliament. Although some treaties have been sanctioned by the House of Commons in Great Britain, I do not think that has been the general rule. I remember one such instance, the Treaty of Peace, signed at Versailles, with which my right honourable friend (Right Hon. Mr. Meighen) is familiar. When the Prime Minister, Mr. Lloyd George, presented that treaty to the House of Commons, he said that there was no obligation on the part of His Majesty to submit it, but as the treaty was of such very great importance he felt that an exception should be made.

Hon. Mr. LYNCH-STAUNTON: Although it has always been stated that His Majesty has the right to make treaties without submitting them to Parliament, is it not the modern practice, while reserving that right in theory, to submit all treaties to the House of Commons?

Hon. Mr. DANDURAND: I could not answer that question off-hand. Perhaps my right honourable friend can do so. I should be inclined to answer in the negative.

Hon. Mr. LYNCH STAUNTON: I understood that that was the law.

Right Hon. Mr. MEIGHEN: Honourable senators, I had intended to rise after the address of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), even though the pointed question of the honourable gentleman opposite (Hon. Mr. Dandurand) had not been put. As the mind of the House is now directed to that question, I might give my own interpretation of the practice that has grown up over these years. In Great Britain at all events, almost from time immemorial, it has been the prerogative of His Majesty to make treaties with foreign states, the execution of which is the right of His Majesty alone. So far as my recollection goes, the first treaty to be submitted to Parliament was the Treaty of Peace. On that point I am by no means certain. I am quite certain, however, that since that occasion the practice has grown up, in Great Britain, of submitting to the House of Commons all treaties of importance; indeed one might say all treaties, bearing in mind that under our modern method certain conventions do not quite reach the stature of treaties. I understand the practice has not been extended to the point of submitting the same treaties to the House of Lords. I accompany that statement by the subordinate one that even as yet there has not been evolved a practice of submitting to the British House of Commons covenants of a certain class, not usually called treaties, though effective between Great Britain and other countries. So far as I know, it is the practice not to submit them, nor even the more important covenants known as treaties, to the House of Lords. In Canada, undoubtedly, as the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) says, it is one of the prerogatives of His Majesty, a constituent part of the Parliament of this country, to make and execute all treaties. He does so in relation to Canada on the advice of the Canadian Privy Council, and authorizes his signature through a Canadian. For many years these treaties have been submitted not only to the House of Commons but to the Senate; that is to say, to both representative branches of Parliament, the third branch being His Majesty himself. This practice has grown up over a number of years, and has been confirmed in recent years by a resolution passed in the Commons. I think it was passed also in the Senate, though of this I am not certain. That resolution puts into specific form the practice that has grown up, and virtually makes it obligatory that henceforth all treaties that bind Canada shall first be ratified by both Houses of Parliament.

I should like to make a brief reference to the remarks of the honourable senator from De Lorimier (Hon. Mr. Dandurand). He inquired whether the limitation placed upon the diversion by the Supreme Court of the United States would leave sufficient water for

the purpose of the nine-foot canal. I cannot answer that, but in so far as the order is effective the requirements of the canal would not be relevant. I say in so far as the order is effective, for the reason that at present Canada has no status in making it effective. The Supreme Court has its own methods, but Canada is not and cannot be at the bar of that court. The order is there, and I know of no way in which Canada would be placed in a position to utilize the order as an effective instrument, unless the United States itself made the enforcement of the order a part of its treaty obligations to this country. Then the United States, irrespective of the aspirations of individual States, would have jurisdiction complete and undisputed in the premises, and Canada would have a contractual right internationally to call for the complete execution of that decree. Undoubtedly it would be of very practical value to this country to carry out, if possible, the suggestion of the honourable senator, but I am almost tempted to refer him to his colleague to the right (Hon. Mr. Casgrain), who has warned us in solemn tones this afternoon that we must make no more treaties with the United States. If his injunction is to be obeyed, of course we never can get into that position with relation to the decree on the Chicago diversion.

I wish to express gratitude to the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), who referred to the remarks made by me the last time I spoke on this subject. I did not read the newspaper reports. I regret that they gave an incorrect account of what I said. I did read the report in the Debates of this House, and it was correct. I am grateful for the opportunity to confirm those words as having the intent and meaning interpreted by the honourable senator. Furthermore, I am in complete accord with his definition and exposition of international law, and I am unable to see how a country could offer any valid reason for departure from the principles which he outlined. Later in his address, however, there was a statement with which I felt I could not quite agree; but that has already been covered by my comment on the remarks of the honourable senator from De Lorimier.

Hon. Mr. CASGRAIN: Honourable senators, with the permission of my seconder and the leave of the House, I withdraw my motion. My object was to have a discussion of this matter. "Fools rush in where angels fear to tread." Now that honourable members of the legal profession have discussed the ratification of treaties, may I add a further opinion? The right honourable gentleman will remember the Lausanne Treaty?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. CASGRAIN: He will remember that in another place the then Prime Minister said he would have nothing to do with it; that he had not been invited to take part in the affair. If the right honourable gentleman will think a minute he will remember.

Right Hon. Mr. MEIGHEN: I am not enlightened yet.

Hon. Mr. CASGRAIN: Just as a matter of curiosity, I wrote to the Right Hon. Mr. Lloyd George.

Hon. Mr. DANDURAND: He is not always a safe adviser.

Hon. Mr. GORDON: Did he reply?

Hon. Mr. CASGRAIN: If the honourable gentleman will hold his peace I shall tell him. Mr. Lloyd George, in his reply, gave it as his opinion that when the King signed the treaty it was completed, because His Majesty acted on the advice of the Government of the day. Mr. Lloyd George said also that he did not want to express an opinion concerning colonial or dominion matters, because that might look like interference, but he suggested that if we in Canada did not think the King's signature was final we could proceed to make a treaty of peace with Turkey. Now here we are in the terrible position that we do not know whether we are at war with Turkey or not. If Mr. King is right, we are at war with that country, and the poor Turks do not know anything about it.

The motion was withdrawn.

DEPARTMENT OF INSURANCE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Right Hon. Mr. MEIGHEN moved the second reading of Bill E1, an Act respecting the Department of Insurance.

Hon. Mr. DANDURAND: While the right honourable gentleman is on his feet, can he inform the Senate whether he has made any progress in the drafting of the third Bill, which deals with Canadian insurance companies?

Right Hon. Mr. MEIGHEN: Yes, I am very glad to say that we have made quite satisfactory progress, and I hope to be able to introduce the third and last Bill in the early part of next week, if not on Friday.

Hon. Mr. LAIRD: Would the right honourable leader of the House postpone this

matter until to-morrow? I have not yet had an opportunity of examining the new Insurance Bills.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

THE BEAUHARNOIS PROJECT

ANSWER TO INQUIRY

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I wish to refer to an inquiry of which the honourable senator from Leeds (Hon. Mr. Hardy) gave notice shortly after the opening of the House. I think the inquiry is out of order, as appertaining to a committee, and will be out of order until the committee reports. But I wish to waive the point of order, and to oblige the honourable senator still further by answering the questions now. The first question is:

1. Whether the Senate will so enlarge the reference—

—I presume the question means whether the leader of the Senate, or the Government he represents, will recommend that the Senate will so enlarge—

—whether the Senate will so enlarge the reference to the special committee of the Senate appointed to consider the report of the special committee of the House of Commons of the last session, to investigate the Beauharnois Project, in so far as said report is related to any honourable members of the Senate, for the purpose of empowering the special committee of the Senate to take and hear the, or any of the, evidence of the Hon. Howard Ferguson in connection with or relating to a certain contract made between the Hydro-Electric Commission or the Government of the Province of Ontario and the Beauharnois Company.

The question, honourable senators will note, is apparently addressed to me, and asks me what the Senate will do. I cannot assume the responsibility of saying what the Senate will do; but in so far as the Government of which I am a member is concerned, I answer the question as follows. It can only be in the form of a recommendation or of action in the Senate at the instance of the Government.

1. Yes; if the committee reports it necessary to a complete inquiry as to any senators affected, or in justice to any public man whose honour is impugned in the course of the evidence.

The second question is:

2. And if the said reference is so enlarged, will the said special committee of the Senate be empowered to make further investigations into said contract, and also investigate the statements of the said Hon. Howard Ferguson?

2. Answered by No. 1.

Hon. Mr. LAIRD.

The third question is:

3. Did the chairman or any member of the said committee of the Senate receive at any time, directly or indirectly, any instruction, request or communication from the Prime Minister of Canada asking for or suggesting that the Hon. Howard Ferguson should be heard or examined by or before the said committee?

3. The chairman of the committee advises me that the answer is no.

BUSINESS OF THE SENATE

Right Hon. Mr. MEIGHEN: I move that when the Senate adjourns to-day it stand adjourned until to-morrow at eight o'clock in the evening.

Hon. Mr. CASGRAIN: I heard to-day that the cheques for the payment of the Civil Service were required only for the 15th of April. There is no likelihood of anything coming up to the House. If there is no pressing business, why should we not go home?

Right Hon. Mr. MEIGHEN: I want to answer the honourable gentleman with candour. There will be business, as is clear from the Order Paper and the adjournments made to-day. So far as that is concerned, I would not ask honourable senators to come back for that alone, because one day's delay would not do any injury; but I think it is important—and I know that honourable senators on all hands will agree with me—that with respect to a special and urgent measure which has been long delayed in the other House this Senate would not care to be the cause of one hour's further delay, but would want to be ready to consider it immediately it is available for us; and I do not know at what hour of what day that Bill may be available.

The motion was agreed to.

The Senate adjourned until to-morrow at 8 p.m.

THE SENATE

Thursday, March 31, 1932.

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

Prayers and routine proceedings.

DEPARTMENT OF INSURANCE BILL

SECOND READING

Bill E1, an Act respecting the Department of Insurance.—Right Hon. Mr. Meighen.

FOREIGN INSURANCE COMPANIES BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill F1, an Act respecting Foreign Insurance Companies in Canada.

Right Hon. Mr. GRAHAM: May I ask the right honourable gentleman whether persons who are interested in these insurance Bills, either for or against them, will be heard when the measures are before the Committee on Banking and Commerce?

Right Hon. Mr. MEIGHEN: Honourable senators, the intention is that, inasmuch as the Bills have originated in this House, the Banking and Commerce Committee of the Senate shall hear any parties who desire to be heard in relation to the measures. In this connection I express the hope that there will not be very serious contention before the committee, in view of the fact that in the preparation of this Bill we have striven to get representations from all parties concerned. Undoubtedly all have been heard. It would be too much to say that all have been satisfied, but, so far as the several groups of companies are concerned, I am happy indeed to inform the House that I believe they are substantially agreed. There will be, however, a number of amendments submitted by myself before the committee; amendments which do not go to the root of the measure, but which we feel will improve the Bill by bringing it more indisputably into conformity with undoubted Dominion jurisdiction. I am still not in a position to say that the legal representatives of the two great provinces who have taken a keen interest in the measures are agreed that the Bills do not in any way transgress provincial jurisdiction, but I am now in a better position than I was two weeks ago to express the belief that their doubts on the point are not as thoroughly fortified as they were, nor as likely to succeed in their own minds. I believe that the measure is within our powers, that it is not likely to be contested, and that if it is contested it will successfully meet all attack.

Right Hon. Mr. GRAHAM: Are we to have another Bill?

Right Hon. Mr. MEIGHEN: Oh, yes, there is to be another. The one that has just been given second reading merely establishes the Department. The Bill now before us deals only with alien or foreign companies—companies having their origin outside of Canada. The other Bill will relate to companies constituted in the Dominion and to British companies. It will, of course, have to differentiate in certain respects as between companies with British and those with Dominion incorporation.

Hon. Mr. DANDURAND: Will these Bills be taken up separately in the Committee on Banking and Commerce, or does the right honourable gentleman intend to suspend the examination of the first two Bills so that the third Bill may be brought before the committee and all three may be considered together? I suppose that certain general principles are common to all the Bills and might be debated at the same time by those supporting or opposing the measures.

Right Hon. Mr. MEIGHEN: I see the point of the honourable senator. I think what he has in mind is that any important representations made to the committee may have reference not only to the Bill that is now before us, but also to the Bill that is yet to come, and that consequently it might be well for the committee not to dispose of this Bill until the other one also comes before it. The committee will have no difficulty in completing its consideration of the first Bill, to which second reading has already been given. I do not think there will be any representation at all as to that. I shall, however, suggest to the committee that it give to those who desire to be heard an opportunity to make representations in regard to both the present Bill and the Bill that is to come.

Right Hon. Mr. GRAHAM: Does the term "foreign insurance companies" apply to both life and fire companies?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. CASGRAIN: This is a public Bill?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. CASGRAIN: Would it not be proper to have the Bills go to Committee of the Whole House first, and then send them to the Committee on Banking and Commerce?

Hon. Mr. DANDURAND: I do not believe that such has been the practice, or that it would be good practice. We shall hear the various opinions expressed before the Committee on Banking and Commerce, and then, when the Bills return to the House, they may be referred to the Committee of the Whole, if it appears desirable, although that has not been the general practice in this Chamber.

Hon. H. W. LAIRD: Honourable gentlemen, the Insurance Bills now under consideration in this House are of far-reaching significance by reason of the enormous growth of

the various classes of insurance and the thousands of individuals and business concerns they affect. The ramifications of insurance extend into every household and business concern in the country, and without it the wheels of industry would be stilled in a moment and the domestic welfare of millions of people would be seriously affected. As long as the uncertainty of life and what is going to happen in the future endures, the business of insurance in its various classes will continue to interest every man, woman and child in the country, as well as every concern of business.

In the carrying on of this gigantic business which so affects the public generally, Governments have been obliged to take a hand by way of supervision to prevent fraud and incompetency and to protect those who rely upon insurance to implement contracts and carry out plans for the future. The establishment of this supervision has apparently led to legal conflicts between Dominion and provincial authorities as to whether the Dominion or the Province, or both, are the properly constituted custodians of the responsibility I have referred to.

To get a proper viewpoint of the question now before us, it is necessary to go back many years. The British North America Act is the commencement of all things constitutional in Canada. When the Fathers of Confederation came to differentiate between provincial and Dominion authority the matter of insurance came up for consideration. When that Act was being drafted, it was proposed to give power to regulate insurance to the central Government. This proposal was defeated, presumably on the ground that property and civil rights were being allocated to the provinces. As a result no action was taken and the subject of insurance is not mentioned in the British North America Act. Both provinces and Dominion proceeded to exercise whatever jurisdiction they thought they had, and Ontario established its Department of Insurance in 1879. Other provinces followed later, and the Dominion Department was established almost forthwith.

Had the framers of Confederation allocated this business to one or other jurisdiction, much trouble and conflict would have been saved. The first clash was in 1881, as a result of a lawsuit between private parties. Since then the Governments have clashed and on three occasions a Privy Council decision was sought. The last decision was in 1931, and perhaps it is only fair to say that on each appeal the provinces were successful.

As to the relative merits of provincial and federal jurisdiction, I have no hesitation in favouring a central authority vested in the Dominion Government to cover the whole Dominion. There are arguments, of course, both ways. Provincial authorities claim the law upheld them, and they will stick to their provincial rights. If the principle of property and civil rights is to endure, they claim they should exercise control in all matters under their jurisdiction, and not in some of them only. Leading insurance men of the country differ in their opinions. The General Manager of the Canada Life expressed his opinion at the time the 1931 decision was given. As reported in the Financial Post of October 31, 1931, it is in part as follows:

"We believe that it is much easier to operate under one jurisdiction, but our experience in the United States has also proved that it is possible to operate successfully under a great number of individual jurisdictions such as the insurance commissioners in the United States," said A. N. Mitchell, General Manager of the Canada Life Assurance Co.

Another opinion was expressed in the same paper on the same date by C. C. Ferguson, General Manager of the Great West Life. It is as follows:

This raises a very important question, namely, whether the people of Canada prefer to have their life insurance investments protected by one central federal authority or whether they would prefer to leave their case in the hands of nine different provincial supervising units.

Attorney-General Price of Ontario justified provincial jurisdiction by referring to the experience of the United States, when he said in an interview in the Toronto Globe on March 22, 1931:

In the United States this Government supervision has been exercised by the several States, each of which has a Superintendent or Commissioner of Insurance. Reciprocal agreements between States have avoided most of the overlapping and duplication, so that most States use the same forms of annual and other returns, co-operate in joint examinations of companies, and generally afford the insurance business something in the nature of a "trial by jury." This system has some obvious advantages for all concerned. There is not, and never has been, a Federal Department of Insurance in the United States.

I believe a fair conclusion would be that it would be far better to all concerned that a federal central authority should be accorded this jurisdiction, and if the legislation before the House will accomplish that purpose to the extent it proposes it should receive general support. But the great question is, Will it? Will the legislation settle the question? Will the Provincial Governments, with three Privy Council decisions at their belt, calmly give way to federal jurisdiction and be con-

tent to scrap their insurance departments, and abandon the rights which have been secured at the expense of years of work, and enormous sums in law costs, the litigation resulting in their favour? They may do so, but it does not seem reasonable to expect.

The intention of the Bill under consideration is to rectify, so far as the Government is concerned, the deficiencies in the law as revealed in the various decisions of the Privy Council whereby the provinces were accorded the rights they claimed, to supervise and control certain phases of insurance within the provincial boundaries. The whole question is so involved in law that the average layman, like myself, will find difficulty in deciding what it is all about. There are certain features of the subject, however, that even a layman can understand, and in seeking the light we might first ask the question:

(a) Does the proposed Bill come in conflict with the provincial authority in the light of the various decisions of the Privy Council which have gone in favour of the provinces? Having answered that question, we might go further and ask:

(b) In what way do the Dominion authorities propose to get around such decisions and maintain the supremacy of the Federal Insurance Department?

As a preliminary to consideration of the proposed Bill, let us see what the leader of the Government had to say in introducing it. Bear in mind that the Bill is careful to include only alien companies, that is, companies whose headquarters are outside of Canada and the British Empire, and makes no reference to companies organized by provincial authority. The right honourable leader gave us an indication of the stand the Government proposed to take when he said:

> On the subject of alien companies, those whose head office is in other lands, not British, we base our jurisdiction upon the provision of the British North America Act relating to aliens, also upon the provision relating to bankruptcy and insolvency, and in part upon the clause relating to the regulation of trade and commerce. In bankruptcy and insolvency there is, of course, undoubted Dominion authority under the terms of the Act; nor could there be any reasonable doubt of the corollary that this authority extends so as to enable the Dominion Parliament to define, in relation to any class of companies, what constitutes insolvency.

What the leader had in mind is further emphasized by reference to the Bill itself. The preamble of the Bill is as follows—and I invite the attention of honourable gentlemen to these words:

> Whereas it has been decided that the Parliament of Canada—

Note that what follows is the carefully included phrase which appears in the decision of the Privy Council, and apparently it is embodied in this law as suggested in that decision.

> —has jurisdiction by properly framed legislation to prohibit an insurance company incorporated by a foreign state from carrying on its business in Canada without a licence, and
>
> Whereas certain sections of The Insurance Act, requiring foreign insurance companies to obtain a licence as a condition of carrying on business in Canada, have been declared, in view of other provisions of the said Act, to be not properly framed as enactments within the legislative competence of the Parliament of Canada, and
>
> Whereas it is contrary to the public interest that insurance companies incorporated in foreign states and unincorporated associations and exchanges having their principal place of business in foreign states, which are insolvent or unable to discharge their liabilities to Canadian policyholders, should be permitted to carry on the business of insurance in Canada, and
>
> Whereas certain of such insurance companies and exchanges have become insolvent while carrying on business in Canada, and the Canadian policyholders thereof would have sustained serious losses but for the provision in the then existing legislation which required such companies and exchanges to deposit assets in Canada as security for their liabilities in Canada, and to make returns as to their business and financial standing, and to submit to inspection by representatives of the Government, and
>
> Whereas it is desirable to provide by a system of registration, deposit of securities, inspection and returns against loss to Canadian policyholders by reason of such foreign companies, associations or exchanges engaging in or continuing to carry on business in Canada while insolvent or unable to discharge their liabilities to such policyholders, and to declare the conditions upon which such companies shall be deemed to be insolvent and liable to be wound up under the provisions of the Winding-Up Act.
>
> Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

Bearing in mind the words of the right honourable leader, and at the same time reading the preamble of the Bill, we can conclude that the Government hopes to avoid conflict with the provinces, as the Minister intimated, by basing our jurisdiction upon the provision of the B.N.A. Act as regards bankruptcy and insolvency, as well as trade and commerce and the matter of aliens.

Now let us go a step further and consider how well founded this position is in the light of the last decision of the Privy Council. We must remember there were several decisions of the Privy Council, which the Minister was careful to point out in introducing the Bills when he said:

> On the suggestion to produce the judgment of the Privy Council delivered at the end of last year: while that judgment is of very great importance, I do not think it would be well to

have it printed and distributed to the committee as itself reflective of the state of the law at the present time. There are previous judgments bearing on the same subject, some of which, I am compelled to say, are very hard to reconcile with the last, and all of which are just as authoritative as the last. There is no superior voice in any decision because of date. The decisions of 1916 and 1921 are of equal importance. Consequently, if honourable gentlemen have an ambition to make of themselves fine constitutional authorities, they will not be able to do so by merely perusing the last judgment; they will have to study many previous ones, and they will have to try to draw from the whole of the collected verdicts something in the nature of a consistent result. I do not say it cannot be done, but I do say it is very difficult to do.

Pursuing the subject further, and having in mind the remarks of the right honourable Minister, I have in my hands a copy of the recent decision of the Privy Council as published in the Canadian Insurance Law Service Bulletin at Toronto on November 2, 1931, the judgment being given by Lord Dunedin. In that decision he refers to the previous judgment of 1916, and the following extract from it:

To this question their Lordships' reply is that in such a case it would be within the power of the Parliament of Canada—

—please note—

—by properly framed legislation—

—the words which are embodied in the preamble of this Bill—

—to impose such a restriction. It appears to them that such a power is given by the heads in section 91, which refer to the regulation of trade and commerce and to aliens.

And also to the matter of bankruptcy, as pointed out by the right honourable leader.

Here we have the inspiration for the Government's present Bill. It has brought down what it considers to be "properly framed legislation" —to use the words of the Privy Council decision—and it has based it on the power given in section 91, which refers to the regulation of trade and commerce, and aliens, and bankruptcy as well. Probably the idea, therefore, is that, having followed that part of the decision under the suggestion of the Privy Council, the present Bill will stand good in any conflict with the provinces later on.

There would appear to me, as a layman, some doubt as to whether this will really serve the purpose, according to the terms of the decision. The Privy Council itself raises the doubt in the last judgment, that of 1931, where it gives consideration to the extract I have just read from the 1916 judgment, and its comment on that extract is as follows:

The case decided that a colourable use of the Criminal Code could not serve to disguise the real object of the legislation, viz., to dominate the exercise of the business of insurance. And in the same way it was decided that to try by a false definition to pray in aid section 95 of the British North America Act, which deals with immigration, in order to control the business of insurance, was equally unavailing. What has got to be considered is whether this is in a true sense of the word alien legislation, and that is what Lord Haldane meant by "properly framed legislation."

Later on in the judgment the following statement is made:

But the sections here are not of that sort; they do not deal with the position of an alien as such; but under the guise of legislation as to aliens they seek to intermeddle with the conduct of insurance business, a business which by the first branch of the 1916 case has been declared to be exclusively subject to provincial law. Their Lordships have, therefore, no hesitation in declaring that this is not "properly framed" alien legislation.

And in its concluding sentences it makes the following reference:

Now as to the power of the Dominion Parliament to impose taxation there is no doubt. But if the tax as imposed is linked up with an object which is illegal the tax for that purpose must fall. Section 16 clearly assumes that a Dominion licence to prosecute insurance business is a valid licence all over Canada and carries with it the right to transact insurance business. But it has been already decided that this is not so; that a Dominion licence so far as authorizing transactions of insurance business in a province is concerned, is an idle piece of paper conferring no rights which the party transacting in accordance with provincial legislation has not already got, if he has complied with provincial requirements. It is really the same old attempt in another way.

I emphasize that last sentence. Now I ask, is the present Bill "really the same old attempt in another way"? If so, there is a probability of further conflict with the provinces.

According to the Bill, a foreign company will have to register with the Dominion Department, take out a licence, get a certificate to do business, and deposit securities with the Department to protect the assured. This procedure is justified on the ground that some of these foreign companies may be insolvent, and insolvency and bankruptcy come under the jurisdiction of the Dominion Government. But the Province of Ontario and other provinces also have their respective insurance departments. Ontario has an Insurance Act (R.S.O. 1927 and amendments), which provides for a licence and certificate before a foreign company can do business in Ontario. To which department, therefore, will foreign companies desiring to do business in Ontario go, or will they have to go to both departments and take out duplicate licences

and certificates and make duplicate deposits to protect the assured? And in case the Dominion Department decides that a foreign company upon its financial statement is insolvent, and a licence is refused, and the Ontario Department reads the statement in a different way and decides the company is solvent and issues a licence, then what happens? It strikes me, as a layman, that there is going to be another fight and the Privy Council will again be called in to decide who is right. And will the Privy Council repeat its verdict that the Federal Government is making "the same old attempt (at control) in another way"? Meantime the public suffer, for as a general rule, the more companies competing for business, the better for the public.

Evidently a fight is in sight, for both parties are already preparing for it, the Dominion Government by means of this Bill, and the Ontario Government by means of a Bill passed at the present session of the Ontario Legislature. The preamble of the Ontario Bill, the Insurance (Temporary Provisions) Act, 1932, sets up claims to authority in the same manner as the Dominion Government sets up its claim. The Ontario preamble reads as follows:

> Whereas on an appeal to His Majesty in his Privy Council it has been declared that the regulation of the business of insurance is a matter of provincial and not Dominion jurisdiction; and whereas by reason of that decision the existing laws of the province relating to insurance require revision, and it is expedient to empower the Lieutenant-Governor in Council pending such revision to make orders and regulations by way of temporary provision;
>
> Therefore, His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

and so on.

So it looks like another Sino-Japanese war unless it should rain in the meantime, as the right honourable leader hopes, and hostilities are called off.

As I said at the outset, I am not a lawyer, but there are some phases of this question which even a layman can understand. I quite realize that the subject-matter of these Bills has been the ground of argument by leading counsel not only in Canada but in England, in the various submissions made to the Privy Council, and I do not for one moment presume to set up my opinion either for or against the views of those distinguished gentlemen. I have the greatest respect also for the opinion of the right honourable leader of this House, and when he tells us that he thinks these Bills will hold water I am prepared to accept that view, because I know it is supported by the Department of Justice and probably also —although I do not know this—by the Prime Minister, whose reputation as a lawyer is not confined to Canada alone. My motive in making these remarks has been, not to set forth my views on a legal question, but simply to express ideas that have come to me in studying the measures from the standpoint of a layman and of one who has always been interested in the insurance business, though not in a financial way nor as an occupation. I was sufficiently interested to try to get to the bottom of the differences between the provincial and the federal authorities, and I have placed before the House the result of my very humble research. Probably it will not meet with the approval of our legal friends, because they are used to "ways that are dark and tricks that are vain" in the law business, with which I have had no experience. And I realize the truth of the statement made by my honourable friend from De Lanaudière (Hon. Mr. Casgrain), that "Fools rush in where angels fear to tread." Notwithstanding all that, a layman can read law and appreciate legal points perhaps just as well as a lawyer can, but he has not been trained to apply them in the way that a lawyer does.

The views that I have placed before the House may be right, but they may be wrong. However, if some honourable member points out where I am wrong, I shall not be annoyed. The other day I heard a man, who has very strong opinions on a certain question, referring to someone who had disagreed with him. He said, "Why, even when he is right he is wrong." I have no doubt that if I am right I am wrong. We may have some more authentic light thrown on these Bills by our legal authorities, but I am content to rest on my statement as a layman.

Hon. G. LYNCH-STAUNTON: Honourable senators, I am one lawyer who does not disagree with the honourable gentleman from Regina (Hon. Mr. Laird). I think that he has stated the case with regard to these Bills with great lucidity, and, if I may say so, that in so far as he has expressed any opinion he has been correct. I have given a little study to the decisions to which he refers.

My honourable friend said it was desirable that we should have only one insurance control in the Dominion of Canada, and with that I agree. But, as he pointed out, the framers of our constitution emphatically declared that the Dominion should not have the control and that the provinces should. That is a very important principle. Prior to Confederation one question that had to be settled was whether or not the legislative powers of the

Dominion Parliament should extend to property and civil rights or be restricted in general to matters affecting the whole of Canada. The agreement was that each province should have jurisdiction over property and civil rights. It must be borne in mind that insurance was discussed and that it was specifically put under the authority of the provinces. I think the present position is that without an amendment to the British North America Act the provinces cannot agree to transfer the control over insurance to the Dominion, and the Dominion cannot pass legislation to govern the insurance business. So we are now to consider, not whether we should have one legislative authority over insurance instead of nine, but whether we should have ten instead of nine. Everybody agrees that the more authorities the sorrier, the fewer the better.

The latest judgment of the Privy Council reviews and explains all the previous decisions, and decides in favour of the provinces and against the Dominion on all the questions, without exception, that have heretofore been raised. The Privy Council is bound by this judgment and by the interpretation that has been put on the previous decisions, and the same interpretation of those decisions will govern in the future. The gist of the judgment is that the conduct of insurance in the Dominion is absolutely outside the legislative jurisdiction of the Canadian Parliament. The Privy Council says that a federal licence to carry on an insurance business is so much waste paper. But it states, on a dictum of Lord Haldane—and a dictum is not a judgment, is not binding on any other court—that the Dominion Parliament may by properly framed legislation exclude aliens and alien companies from Canada. Of course it was not necessary to decide any such thing, because we have always exercised the right to prevent aliens from entering into our country, when we so desired. The only extension is in the words "aliens and alien companies."

It is also suggested in the judgment that Parliament may prescribe the conditions under which aliens may enter and remain in Canada. We may legislate that no alien shall come to this country without a passport, or go from place to place without a licence, or remain here unless he reports to some designated official at certain periods. And we have power to enact that aliens shall not carry on business of any kind in Canada without first procuring a licence to do so. But the contention of the Department of Insurance that thereby it is given authority to regulate the conduct of any business falls like a house of cards, for the power referred to can be applied only in personam. A federal licence, in so far as it authorizes the opening of an insurance office, is not worth the paper it is written on.

Now, a Parliament should have respect for the law and the Privy Council. I think that an endeavour to circumvent, by hook or by crook, the decision of our final court of appeal is not compatible with the dignity of the Parliament of Canada. Their Lordships stated in plain language that the Dominion legislation was insincere and improper, and a pretence—"colourable" was the word used; that in its eagerness to get control of the insurance business, Parliament had inserted in the Criminal Code certain clauses that are colourable and not binding on anyone; and that the Dominion is not entitled to take away provincial rights, nor to burden the people with another bureaucracy of red tape. If, as I said before, we could do away with the provincial insurance departments and provincial control, then it would be a question whether it was in the public interest to do so; but when all that we can do is to add another department to those already existing in this over-governed country, I think it is improper.

Now it is said that Parliament can ring in the Bankruptcy Act, and this recital says that it can declare whether or not a man is insolvent. I disagree with that. Under the Bankruptcy Act it is for the courts to declare whether or not a man is insolvent. Surely we are not going to take away the jurisdiction of the courts in that matter and confer upon some understrapper in the Government the right to say whether or not one is insolvent. That is altogether wrong, and the whole Bankruptcy Act is aimed against it. The Bankruptcy Act says that when certain things happen an application shall be made to the court, and the court may declare a man bankrupt or solvent. If anybody thinks that these insurance companies operating in this country, or any of them, are insolvent, he can go to the court. Certainly, in my humble opinion, it is quite wrong that he should have to go to a department, and that that department should have the right to declare whether or not the companies are insolvent.

The highest court in the Empire has held as follows, to quote its own words:

> It has been already decided that this is not so; that a Dominion licence so far as authorizing transactions of insurance business in a province is concerned, is an idle piece of paper conferring no rights which the party transacting in accordance with provincial legislation has not already got, if he has complied with provincial requirements. It is really the same old attempt in another way.

To have the highest court in the Empire reflect upon the Parliament of Canada in that way is not very flattering. Surely Parliament at least should stand to attention for the law, and should not endeavour to circumvent it.

Right Hon. Mr. MEIGHEN: Honourable senators, I should not care to have this Bill go to a vote on the second reading without saying something anent the remarks of the two honourable senators who have so incisively attacked the measure. My compliments are certainly due to the lay mind of the senator from Regina (Hon. Mr. Laird). I compliment him on the success of his study of law to date. Were it not that he is eminently successful in other fields, I would offer him the suggestion that he might pursue this line of endeavour further and make of himself a distinguished ornament of the legal profession. The honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) is of course well known, and I am free to say that he has seriously and effectively studied this question, as has the honourable gentleman from Regina. Both of them have got to the kernel of the real issue, or about as close to it as one can get, and I only lament the fact that on a somewhat fine point they have arrived at conclusions that differ from my own.

A principle that we may just as well accept, that we have to accept in this life, is that as long as the reign of law prevails there must be on all great questions a line of division between the right view and the wrong view. In matters of jurisdiction as between the federal and the provincial authorities that line may be very fine, sometimes almost indiscernible, but it must be located. We have a tribunal which is the court of last resort, and we as parliamentarians ought to endeavour to follow the findings of that tribunal in ascertaining just where the line of division lies.

The Bills that came before this House previously had already been approved by the Department of Justice, and very elaborate arguments had been prepared in that Department in support of the jurisdiction which those Bills asserted. I came into this House after the preparation of those Bills had been completed, and my attention was not drawn to their provisions until there devolved upon me, as leader of the Government in this House, the duty of introducing them. I then made a study of the provisions of those measures in the light of the decisions of the Privy Council, being vastly assisted by the memoranda of the Justice Department. Having approached the subject from the same standpoint as the honourable gentleman from Hamilton, and having been very much of his view before I ever saw the Bills, I was not able to convince myself that their provisions could be defended, particularly in the face of the last judgment of the Privy Council. As a result of my study the matter was again brought before the Administration, and authority was obtained to have new measures prepared which would be more definitely and more clearly within the domain of the jurisdiction left with us.

I am not one of those who would contend that we should seek out the very last area that we can invade, and should arrogate jurisdiction to ourselves, for our own aggrandizement, at all costs. Much less should I be in favour of any endeavour to circumvent—to use the word of the honourable senator from Hamilton—the judgment of the Privy Council. Far below the dignity of this House would it be to seek to circumvent a judgment of the courts. I know that it is in the mind of the honourable senator from Hamilton, and it may be in the minds of other senators too, that that is just what we are doing. Perhaps they wonder why it is that we are making an attempt to pass insurance legislation in the face of the sentences quoted from the judgment by the senators who have just spoken. I have spent a great deal of time on these measures; I have been in consultation with the legal representatives of Provincial Governments and of all groups of insurance companies; I have heard from the lips of representatives of the provinces, but not, I think, from other sources, the same arguments that have been advanced by the honourable senator; I have heard argued the reasons why it is essential that we have an insurance department and insurance supervision. After it all, I am convinced that we must have insurance legislation; that we could not, even if we so desired, abandon the field; that if we did, serious results would probably follow, and that to do so would simply be an abnegation of responsibilities that we cannot avoid and others cannot assume.

Honourable senators may be of the view that I have taken upon myself a very considerable task in attempting to show that the responsibility is ours, and that this Bill is nothing more nor less than the discharge of our responsibility in relation to foreign companies. I cannot say that, had I been a member of the Privy Council—and anything more inconceivable it would be hard to suggest—I would have given the last judgment. I cannot readily follow its reasoning in consonance with judgments previously rendered.

Nevertheless it stands. We must accept it in its setting among the several other judgments of the court, and must, as best we can, reconcile it with those other judgments.

The honourable senator from Hamilton does not quote exactly the pivotal judgment, or rather the judgment which sets the standard in insurance decisions. That this Parliament has jurisdiction as to aliens goes without saying. We have that jurisdiction, and we have to exercise it. The responsibility rests on us. It cannot be on any other body. It surely never could be argued that a province could say that Chinese might come to Canada to engage in a certain business within that province, or that Japanese might not. No one would venture to think that such a matter was within its powers. If it is not within the powers of the province, it is within ours, and we have to exercise jurisdiction whether we wish to do so or not. Jurisdiction in alienage is ours. What the Privy Council says is this: "You must not so exercise that jurisdiction as to make the real object of your legislation the control of the business of insurance." That is all. "If under the guise of legislation concerning aliens you enact colourable legislation in which your real object is to get into the business of insurance, which is a relationship between a company and its clients, we will upset your so-called alien legislation, because the business of insurance comes within the jurisdiction of the provinces. You must frame your alien legislation so that its only object is to control aliens; you must not go to the extent of interfering with their conduct of business, even if it is the business of insurance." I shall not attempt to repeat my interpretation of the verdict, because I could not do it more to my own satisfaction than it is done in the sentences of the Haldane judgment itself. We must not transgress the line which bounds the jurisdiction of the provinces and seek to intermeddle in the business of insurance, but we can say to aliens: "You shall not come to Canada and enter into business unless we feel that you are fit and proper persons to do so, but once you are in the business the conduct of the business comes, not within our jurisdiction, but within that of the provinces." No province can say that. If we do not say it no other authority can.

The insurance business is an extraordinary one. It is not like the grocery business, in which a transaction is a matter of five minutes or an hour. In the insurance business the undertaking of the obligation and its discharge may be separated by fifty or seventy years, and therefore the question whether aliens or any other persons may enter the business is a serious one, and whatever parliament may have jurisdiction in the matter has a very serious responsibility.

Now I pass to another sphere, which undoubtedly comes within the authority of the Dominion, the sphere of bankruptcy and insolvency. It has been referred to by both the honourable senator from Regina (Hon. Mr. Laird) and the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). The honourable senator from Hamilton said we must not infer because we have jurisdiction in bankruptcy and insolvency that we have jurisdiction in the matter of defining bankruptcy and insolvency.

Hon. Mr. LYNCH-STAUNTON: Oh, no. The right honourable gentleman misunderstands me. I say that we may define it, but that we may not determine that a man comes within the definition. That is for the court.

Right Hon. Mr. MEIGHEN: I think the honourable senator is wrong and will see the point in a moment.

Hon. Mr. LYNCH-STAUNTON: That is what I meant to say.

Right Hon. Mr. MEIGHEN: I think that is what the honourable senator said in his speech. What he said, then, is that the jurisdiction to define is a Dominion jurisdiction, but the only way the Dominion can exercise that jurisdiction is to say what constitutes insolvency, and it must be left to the courts to decide whether insolvency is reached or not. Again I take issue with the honourable gentleman. We do not have to say that the Supreme Court of Ontario or the Supreme Court of Canada shall decide. We can establish the Insurance Department as a court and say to that Department, "You are the court to decide." So long as we are convinced that the jurisdiction is ours, then for the purpose of this legislation the argument is closed. The jurisdiction in bankruptcy and insolvency is ours, and therefore the jurisdiction to define what constitutes bankruptcy and insolvency in any class of cases is ours also. Thereafter there may be a question whether the regular courts shall be the medium of interpretation or not, but that the authority is ours and not provincial is beyond question. We have exercised that authority in the Winding-Up Act and the Bankruptcy Act; we have declared what shall constitute insolvency and what shall not; and a thousand times more is it our duty to exercise authority in the sphere of insurance companies, because it is very difficult to tell whether or not an insurance company is in such a condition that

it should be deemed solvent. That is a matter of involved actuarial computation, and just because it is a matter of involved actuarial computation it is wise to have a specialized department ruling in such cases. That is why we have had an insurance department for many years. Were we to abdicate our functions in this regard, if we could, and were the provinces to assume them, they would do what the honourable senator says should not be done—they would have the matter decided by their insurance departments. Today, in the Province of Ontario, Mr. Foster and his department rule whether provincial companies shall have a licence or not. In so doing they have actuaries computing whether or not such companies are to be deemed solvent for insurance purposes. Consequently, once we assume, as we do, and as honourable senators admit, that our jurisdiction extends to the defining of insolvency and bankruptcy, it is wise to have a special department for the purpose of deciding in the matter. Therefore, because the responsibility in that sphere is ours and cannot be evaded, it is our duty to have an insurance department, and so to legislate in respect of bankruptcy and insolvency as to determine that question and adequately discharge that administrative function. But, having determined that, we must not go on and transgress the line and get into the conduct of the business of insurance, because such is a provincial responsibility, even in relation to alien companies.

This carries me to a point from which I could go farther into the argument, on the subject of our jurisdiction in relation to trade and commerce; but I will not delay the House now by offering any observations on that score.

This legislation is animated, first, by a desire to discharge responsibilities which we think we cannot avoid, which provinces cannot assume, and which, if abandoned by us, could only be abandoned at great danger to the public of this country. It is an effort, in the exercise of our jurisdiction, to keep strictly within the circle of our powers; an effort to keep away, at all costs, from any invasion of the conduct of the business of insurance; an effort to determine only the conditions on which aliens shall be given licences to go into the business of insurance, it being left to the provinces to impose whatever regulations they desire with respect to the conduct of that business. On these principles this Bill is founded, and in certain respects, where it appears to get too close to the border, or to transgress it, amendments will be offered in the committee. Any clause of the Bill should be defeated as to which it cannot be shown that we are keeping out of the jurisdiction into which we cannot now assert our right to enter. But I think that if honourable senators who have spoken will give prolonged consideration to the question they will not conclude that we can abandon the field altogether. We cannot. There are certain spheres that the provinces cannot cover.

Further, I think I can assure those honourable gentlemen that there is no disposition on the part of the provinces—even those which have introduced Bills on this subject—to say that no jurisdiction is left to the Dominion. There is rather a disposition to find ground upon which they can stand, as distinguished from the ground on which we can stand, and to avoid if possible further litigation on this question. As I stated before, I have no authority to assure the House that the provinces will refrain from contesting the measure. I had hoped to obtain that authority, and still have hopes of obtaining it before we close the discussion in committee. But even though that stage may not be reached and the provincial authorities may not feel that they can give such an undertaking—perhaps it would not be right of them to do so—I have far greater hope that they will in their hearts feel that we have made an honest effort to keep within the circle of our own powers, and that they will not be disposed, unless forced, to challenge the jurisdiction we here assume.

Hon. Mr. BELCOURT: Will my right honourable friend allow me to ask a question? It has been stated, in the course of the debate, that the Act defines bankruptcy or insolvency, or creates a tribunal which may define bankruptcy or insolvency. Will my right honourable friend point out to me the provision under which this may be declared by the Minister or by the Superintendent? I have looked through the Act and cannot find anything to that effect.

Right Hon. Mr. MEIGHEN: There are several clauses. I would suggest that this be left for the committee. I assure the honourable senator that I will, when in committee, go very fully into the provisions which enable the Department to declare when a company is insolvent, and when not, and upon what principles. It seems to me that that is the sort of matter for the committee.

Hon. Mr. BELCOURT: I do not want to enter into a controversy with my right honourable friend, but I have looked through the Act, and the only section that seems to me to come near the creation of a power to define insolvency is section 54, and I fail to see there any power conferred on the Minister or the Superintendent of Insurance to

declare that an insurance company is bankrupt or insolvent. All that it provides for is that if the assets do not exceed the liabilities the certificate may be withdrawn.

Right Hon. Mr. MEIGHEN: Look at section 56.

Hon. Mr. BELCOURT: But that is not insolvency or bankruptcy. An insurance company that has not sufficient assets in Canada to cover its liabilities may still be quite solvent. It may have sufficient assets in the foreign country—the country from which it comes. In so far as Canada is concerned, if it is not possessed of sufficient assets to meet its liabilities, then the certificate is withdrawn; but that does not imply bankruptcy.

Right Hon. Mr. MEIGHEN: The honourable senator will hardly expect these matters to be argued on the second reading, but will he permit me to suggest to him that it would be equally unwise to ask the Parliament of Canada so to legislate that a company which may have many millions, say in Russia, but which has only one dollar in Canada for one hundred dollars of liability in Canada, must still be declared solvent?

Hon. Mr. BELCOURT: I was not discussing that.

Right Hon. Mr. MEIGHEN: The exercise of jurisdiction on our part is unlimited. We can say when it is insolvent for the purpose of this country, and as long as we are legislating bona fide for that purpose it is for us to say. In exercising our authority we can say: "Your position in Canada must be so and so; otherwise we shall deem you insolvent and withdraw your licence."

Right Hon. Mr. GRAHAM: For lack of security.

Right Hon. Mr. MEIGHEN: For lack of security.

Hon. Mr. BELCOURT: I understood that, but I was not discussing it. I wanted to see if there was in the Act any section defining insolvency.

Right Hon. Mr. MEIGHEN: Section 56.

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

MONTREAL MAIL SERVICE

NOTICE OF INQUIRY

Hon. SMEATON WHITE gave notice of the following inquiry for April 6:

That he will inquire:

If some improvement in the delivery service in Montreal cannot be made, appertaining more especially to mail matter from the Houses of Parliament in Ottawa to that centre.

Hon. Mr. BELCOURT.

He said: Last night I had occasion to send to Montreal a packet of papers which were rather important. I asked the officials of the Post Office here if the papers would go down by the night train, which leaves about three or four o'clock in the morning. They said they would. That packet did not reach my office, which is quite adjacent to the Post Office, until half-past eleven this morning.

It seems to me that a parcel of mail matter which arrived in Montreal at seven o'clock should be delivered more promptly than this one was, and that some method should be employed to speed up delivery. I understand that there is a system of branch post offices, and that mail matter going from Ottawa to Montreal is frequently delayed a whole day in delivery. Why that is so, I do not know. I am asking that the Government will kindly inquire into the matter.

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

THE SENATE

Friday, April 1, 1932.

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

Prayers and routine proceedings.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, last evening the Senate adjourned until the regular hour to-day, the reason for meeting at this hour being, not that there was business immediately before us, but that there was a prospect of the submission to us of a very important measure which was awaiting passage in the other House. The hope was entertained that this measure might be ready for us this afternoon. That hope has been disappointed, and the situation is now pretty much as it was last evening at the time of adjournment. The measure to which I refer is so urgent that I do not care to take the responsibility for having the Senate not in session when the Bill is sent to us. Consequently I move that the Senate adjourn during pleasure and meet again this evening.

Hon. Mr. DANDURAND: With the understanding that it will convene—

Right Hon. Mr. MEIGHEN: At 8 o'clock.

The Senate adjourned during pleasure.

The Senate resumed at 8 o'clock.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, again I am under the necessity of explaining instead of acting. The purpose of the adjournment until this hour was to have the Senate in session should immediate and urgent business be submitted to us from the other House. The other House has not yet reached the stage at which it can submit the measure that is urgent, and in consequence there is no business before us. When the business will be before us I cannot say, nor, on that point, can I get any information that is dependable.

I was about to suggest that we meet to-morrow—in that, I know, I should be entirely in the hands of the House—but my information is that, though this House had agreed to the measure, it would not be possible to give it the Royal Assent then unless the Commons also should meet to-morrow. Therefore I do not see very much value in making the suggestion, and I merely move the adjournment of the Senate, knowing, of course, that the result will be that we shall meet at 3 o'clock on Monday.

Hon. Mr. LITTLE: Is the right honourable leader of the House aware that the bell in the other Chamber is ringing at the present moment?

Right Hon. Mr. MEIGHEN: My ears not being especially acute, I did not hear it before it rang. We might adjourn during pleasure for a very few minutes.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

UNEMPLOYMENT AND FARM RELIEF BILL

FIRST READING

Bill 24, an Act respecting Unemployment and Farm Relief.—Right Hon. Mr. Meighen.

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

Right Hon. G. P. GRAHAM: Honourable senators, in rising I have no intention of delaying this Bill. It has had a somewhat stormy passage to its present stage, and it is well that we should not hinder it now from becoming a full-fledged Act of Parliament. I feel—and I am expressing my personal opinion only—that the Government would have acted more wisely if it had taken the course of placing the amount required for unemployment and farm relief in the estimates; but the House of Commons, after a long debate, has decided otherwise. The Bill is a money bill and I think it would be inopportune, at least, even to discuss it at great length here at the present time.

But may I be allowed to say that we have here another instance of a practice that has been characteristic of one Government or another ever since I became a member of the Senate, and indeed long before. We are invariably asked several times in the course of a session to rush an important bill through when as a House we have had no time to consider it or any amendments that have been made to it in another place, or to estimate what effect its passage would have. In fact, we are asked, as we are now, to suspend all rules in order that the bill may be rushed through. Our rules with respect to bills were adopted for the purpose of giving an opportunity to senators to express their approval or objection at any stage of the passage of a measure through the House, from the first reading to second reading, committee stage, third reading and final resolution; but all Governments seemingly find it impossible to avoid asking the Senate to pass certain bills as we are asked to pass this one. It is not a dignified way of doing business and is altogether at variance with the principles on which our rules are based. I want, however, not to start a discussion on the matter, but to throw out the hint, as I have done when my own friends were in power, that it is not at all fair to the members of this House to ask them to deal, sometimes in a very few minutes, with measures of great importance about which they know little or nothing. This Bill has been thoroughly discussed in another place, and I believe some amendments have been made to it since it was printed. I do not know what the amendments are.

Right Hon. Mr. MEIGHEN: I think the amendments were to the resolution. The Bill follows the resolution.

Right Hon. Mr. GRAHAM: Well, what I was desiring to say would apply just as well to amendments to the resolution. Since the resolution was introduced there have been amendments, but we have not had time to consider any of these things. It seems that we have got into a bad habit and cannot easily get out of it. I think that some day we shall have to resolve to carry on our business in a more dignified and more decent way. Every session we rush through important measures, and we shall have to continue doing so unless we object to such a procedure.

In the present circumstances I will not offer any objection to the suspension of the rules and the passage of the Bill through all its stages.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

BANKING AND COMMERCE COMMITTEE

NOTICE OF MOTION

Right Hon. Mr. MEIGHEN: Honourable senators, I give notice that on Monday next I shall move that the Standing Committee on Banking and Commerce have leave to sit during the adjournment of the House.

Hon. Mr. STANFIELD: I should like to call the attention of the right honourable leader to the fact that the Banking and Commerce Committee has a large number of members and it may be difficult to keep many of them here if the House is adjourned. I suggest that the Senate meet every day until the committee has finished the pressing work that it has to do. Then perhaps the Senate and the committee could stand adjourned until the House of Commons has concluded the debate on the Budget, which may be brought down on Tuesday next. Any honourable members who could not conveniently stay here for the Senate sittings need not stay.

Right Hon. Mr. MEIGHEN: I have not had an opportunity of speaking to the honourable senator from Colchester since the last development in the other House. It is anticipated that the Royal Assent will be given about 4 o'clock on Monday next to the Bill which we have just passed. I know of no business sufficient to warrant me in inviting the attendance of honourable members for some days after that period, save such business as is entrusted to the care of the Banking and Commerce Committee. It has to consider some very important matters, and I feel sure that large and probably various interests will be represented before it on Wednesday next, and that it will want the power to sit during the remainder of the week, even though the Senate may be adjourned. I do not wish to make any definite commitment. The honourable senator from Montarville (Hon. Mr. Beaubien) will lead the House on Monday next—I shall not be present on that day—and I anticipate that he will then see fit to move a substantial adjournment. But it is important that the Committee on Banking and Commerce have leave to sit during the week.

Right Hon. Mr. GRAHAM: Another committee of some importance will be sitting next week and I imagine that some of its members would like to attend at the sittings of the Banking and Commerce Committee also. I am referring to a special committee, and I leave the matter in the hands of its chairman.

Right Hon. Mr. MEIGHEN: It has the power to sit.

Right Hon. Mr. GRAHAM: The special committee has the power to sit, but its members cannot sit on two committees at once.

Right Hon. Mr. MEIGHEN: That is true.

The Senate adjourned until Monday, April 4, at 3.30 p.m.

THE SENATE

Monday, April 4, 1932.

The Senate met at 3.30 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE JUDICIARY

MEETING OF SPECIAL COMMITTEE—MOTION DROPPED

Hon. Mr. McMEANS moved:

That the special committee appointed to examine into the system of appointing judges as at present existing, and to report upon the necessity of taking some steps by which the number of judges may be reduced, and the system of appointments equalized, be authorized to sit during the adjournment of the Senate.

He said: I may say, honourable members, that the purpose in having a meeting is merely to organize the committee. We are not seeking permission to hold any further sitting of the committee during the adjournment of the Senate.

The Hon. the SPEAKER: Is it your pleasure to adopt the motion?

Hon. Mr. BUREAU: No. I object to that. The motion can be carried only by unanimous consent. There is no particular hurry about having this committee meet. An investigation was to have been made into the number of cases tried by judges, and we have not received information on that subject from the Department of Justice. I fail to see why the members of this committee should be kept

here when other senators can get home because of the adjournment of the House. I for one object to the motion.

Hon. Mr. STANFIELD: Why did the honourable gentleman not speak to the same effect on Friday, when I was objecting to meetings of the Banking and Commerce Committee being held during the adjournment of the Senate?

Hon. Mr. McMEANS: There is no intention of asking honourable members to stay here during the adjournment. The committee has had no meeting, and we want to get organized, that is all. There will not be an additional meeting of the committee during the adjournment of the House.

Hon. Mr. BUREAU: We could have the organization meeting to-day, or on the day the Senate resumes after the adjournment.

Hon. Mr. McMEANS: If the honourable gentleman will stay here—

Hon. Mr. BUREAU: I will stay one day for organization purposes.

Hon. Mr. McMEANS: There is no intention of having a meeting except for organization purposes.

Hon. Mr. BUREAU: Leave of the Senate is not granted. I object.

The motion was dropped.

BANKING AND COMMERCE COMMITTEE

MOTION DROPPED

On the notice of motion:

By the Right Hon. Mr. Meighen:—
That the Standing Committee on Banking and Commerce be authorized to sit during the adjournment of the Senate.

Hon. Mr. BEAUBIEN: I am authorized to request that this motion be dropped.

Hon. Mr. STANFIELD: Honourable senators, on Friday, when this notice of motion was given, I objected on the ground that it would be difficult, if not impossible, to keep here during an adjournment of the Senate enough members of such an important committee to form a quorum. After going out of the Chamber I foolishly agreed to stay in Ottawa to attend the committee's sittings. Now I find the motion is withdrawn. I want to protest against the manner in which this thing has been handled, because it has worked unfairly against certain senators, especially those whose homes are a long distance away. For instance, I could have been home by Sunday night, but now I can do nothing but remain here to kick my heels for the rest of the week. I say it is not fair to give a notice of motion of this kind and then drop it; it should not be given if there is no intention of proceeding with the matter. We who live at a distance should receive a little consideration. I for one object to the procedure that has been followed in this instance. Let us adopt some system whereby there will be less uncertainty about the dates of sittings of a committee. I have been in Parliament long enough to understand that what is going to happen cannot always be foretold, but we do know that it is almost impossible during an adjournment of the House to keep a committee quorum together, except in the Divorce Committee, and at times even it has had difficulty in holding a quorum.

I hope that in future the honourable leader will see that no rash statement is made about sittings of a committee being held when the Senate is adjourned. I am sorry that when I made my statement on Friday night no honourable member said a word to support my stand.

Hon. Mr. BEAUBIEN: Honourable members, the honourable gentleman from Colchester (Hon. Mr. Stanfield) must have at least the satisfaction of knowing that he was right. Those who disagreed with him find now that they were wrong. They expected that the Banking and Commerce Committee could be convened on Wednesday, though, I may say, the proposal to have it meet then was contrary to the advice of the chairman of the committee. Evidently the plan has not succeeded, although the intention was good. I hope that because an error was committed the honourable senator from Colchester will not insist upon the commission of another one, namely, that the Senate be kept sitting several days for nothing. Last week we met from day to day while waiting for a very important measure to be presented, and it was passed only on Friday evening. Now that the pressing work has been done and there is no reason why the Senate should continue sitting, I presume the honourable gentleman will not persist in his opposition to an adjournment for a reasonable time.

Hon. Mr. STANFIELD: After the explanation of our honourable leader, I will not persist this time. But don't do it again.

APPROPRIATION BILL No. 1

FIRST READING

Bill 39, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1932.—Hon. Mr. Beaubien.

SECOND READING

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

Right Hon. G. P. GRAHAM: Honourable senators, I suppose we shall be compelled to break our rules again, as usual, in order to put this Bill through. It is true that present conditions are somewhat peculiar, but I am still inclined, perhaps in an old-fashioned way, to think that the rules of the Senate were made for a purpose. In my opinion we ought to endeavour, and the members of the other Chamber should join us in the endeavour, to make an arrangement whereby all legislation that comes before us will be received in time to permit us to deal with it in an intelligent way, such as would commend itself to the public. The public think it very queer for the Senate on request to abrogate all its rules and most of its functions when certain bills are sent over to this House to be disposed of hurriedly, no matter what their importance. The Senate was established to fulfil a number of purposes, one of which is to scrutinize carefully all legislation sent to it, wherever it has originated, and whether it has been passed in another place or not. Our rules are designed so that every member of this House may have full opportunity, as every member of the other House has had, to discuss legislation that is sent over to us from that other House.

I have risen simply to take advantage of the opportunity to impress my views on honourable members. I believe that all senators think as I do, on principle, and that if we insisted on being treated as an Upper House of Parliament there would soon be a great improvement made with respect to the manner in which certain legislation is presented to us.

Hon. Mr. McMEANS: Hear, hear.

Hon. C. P. BEAUBIEN: I have to admit that I think the right honourable leader on the other side of the House (Right Hon. Mr. Graham) is quite right in his objection. He has at different times pointed out the necessity of our observing the rules, which were made for the purpose of permitting intelligent and considered discussion on all measures that come before us. We all agree to that. I would suggest, however, that, if my memory serves me, we have made an exception of Supply Bills—which, after all, we can only accept or reject—and have passed them time and again without insisting on the usual notice being given. For this reason I will ask my honourable friend to bear with me on the present occasion and allow this Bill to be given the three readings at this sitting, as the Deputy Governor General will be here at 4 o'clock for the purpose of giving the Royal Assent.

This is a Supply Bill covering supplementary estimates of the year 1931-32, amounting to $1,059,000. Of this sum $875,000 is for war pensions, $83,000 for salaries and contingent expenses of the Senate and the House of Commons, and the remainder for various small items. Even if we wanted to discuss this Bill, we should find very little material for the purpose. I trust, therefore, that my right honourable friend's objection, which would be well taken in regard to other measures, will not be insisted upon in relation to this Bill, and that he will permit the Bill to go through at this sitting.

Hon. N. A. BELCOURT: Honourable members, this is the first time, to my knowledge, that the Senate has been asked to approve a Bill in such haste without some reason being given. My honourable friend has told us that this Bill authorizes an expenditure of about $1,250,000, to cover pensions, expenses of the Senate and of the House of Commons, and some other items which I did not catch. It is most extraordinary that we should be asked to approve of the Bill on such short notice. I repeat: I have never before heard of a Bill of this kind being presented to this House with a demand for its approval within fifteen minutes or half an hour unless some very good reason was given for such action. My honourable friend has entirely failed to give any reason. We do not know why this money must be voted and applied at the present time. I should think there would be no great need of haste in the payment of these pensions or expenses. We are asked to say yes or no to the Bill within a few minutes of the time fixed for the Royal Assent. Surely the provisions of the Bill do not have to be applied immediately. There must be plenty of time. I join in the protest of my right honourable friend (Right Hon. Mr. Graham) on general grounds, and I protest on the additional and special ground that I have indicated. I think that if ever there was justification for a protest it is now.

Hon. A. C. HARDY: May I ask the honourable gentleman who is leading the House (Hon. Mr. Beaubien) whether there is any great urgency in the matter of making these various payments? On certain occasions we have passed Supply Bills in order that there might be no delay in the payment of civil servants' salaries. A considerable proportion of the amount provided by this Bill is

for pensions. Would the honourable leader say whether those pensions are payable immediately, and whether anyone would suffer if the Bill were delayed long enough to receive proper consideration? If there is any real urgency in the making of those payments I am quite prepared to waive my right to insist upon a strict observance of the rules of the House; otherwise, in this particular instance, I am not disposed to do so. In this respect I am in the hands of the honourable gentleman who is leading the House.

Hon. Mr. BEAUBIEN: I do not know that I can claim any special urgency, even for the pensions, except that payment is due. If my honourable friends on the other side of the House want to take the responsibility of delaying the payment of these pensions, which are for last year, and are therefore due, I suppose we shall have to postpone the passing of the Bill until next week. What purpose is to be served by delay? My honourable friend from Ottawa (Hon. Mr. Belcourt) said, for instance, that this was the first time this House had been requested to pass a Bill of this nature through all the stages at the same sitting. Time and again—

Hon. Mr. BELCOURT: No, I did not say that. I said it was the first time a Bill of this kind had been presented in such a way without some reason being given as to its urgency.

Hon. Mr. BEAUBIEN: The reason for it is the one that I have given to the House. There is no other. It is sufficient. Why should we force these pensioners to wait a week, or ten days, or fifteen days, before they receive what is due to them? What have we to gain by forcing them to wait? It seems to me that as this is a Supply Bill, there can be no question of our rejecting it.

Right Hon. Mr. GRAHAM: Oh, yes.

Hon. Mr. BEAUBIEN: We can do it if we so desire, but we are not going to do it in this case. Virtually all the money provided is for pensions and parliamentary expenses of last year.

Hon. Mr. ROBINSON: Are these amounts payable on the first of the month or the fifteenth?

Hon. Mr. BEAUBIEN: They are due on the first of the month.

Hon. Mr. BELCOURT: My honourable friend seems to think that he has completely answered my statement that this is the first time a Bill of this kind has been presented without some reason for haste being given. He has not given an answer. It is the duty of my honourable friend, as leader for the time being, to explain to the House why the Bill is urgent. It is not for me or for any other honourable gentleman to say that it is not urgent. He has the boot on the wrong foot. It is his duty to justify the action that he is asking us to take. This he has not done. Furthermore, he admits that he knows of no urgent reason why the Bill should be passed.

Hon. Mr. BEAUBIEN: Oh, no.

Hon. Mr. BELCOURT: I understood him to say that he could give no special reason for the passing of this Bill at this time.

Hon. Mr. BEAUBIEN: No other reason than that the amount is due, and that there is no special reason why we should keep these pensioners waiting for the moneys upon which they live.

Hon. Mr. BELCOURT: It is quite clear, I submit, that no reason has been given for pressing this Bill on us to-day, and I repeat that this is the first time in my experience that such a Bill has been presented in such a way without some reason being given for it.

Right Hon. Mr. GRAHAM: Honourable gentlemen, I suppose that if the rules were being observed, as I am urging they should be, I should have no right to speak again at this stage of the proceedings. It is my desire, however, to raise the point—and I believe that this is a good time to emphasize it—that we ought to endeavour to adhere to the rules of the House as strictly as possible. If these moneys are due to pensioners I would be the last man to say that payment should be delayed, particularly when the acting leader is only doing what every other leader has done in my time, so far as the suspension of rules is concerned. I hope, however, the acting leader will inform his leader of what has taken place, so that he in turn may notify the Government—as I often did when in Government circles—that the Senate feels that it is not being treated fairly, and has not been treated fairly for years, in being asked to put through legislation, whether it be a Supply Bill or not, without first having a chance to look at it. I trust that as a result we may make some progress towards reassuming the dignity and authority that properly belong to this House.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I have no objection to the acting leader following the example of his predecessors in this case.

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

THIRD READING

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

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

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Hon. F. A. Anglin, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 4 p.m. for the purpose of giving the Royal Assent to certain Bills.

The Senate adjourned during pleasure.

The Right Hon. F. A. Anglin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Hon. the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act respecting the Boundary between the Provinces of Alberta and British Columbia.

An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Criminal Code (Summary Trials).

An Act to amend the Criminal Code (Conveyance of Prohibited Articles).

An Act relating to the submission to Parliament of certain Regulations and Orders in Council.

An Act to amend the Admiralty Act.

An Act to amend the Marriage and Divorce Act.

An Act respecting the Canadian National Railways and to authorize additional provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.

An Act to amend the Criminal Code (Cheques without Funds, and Grand Juries).

An Act respecting Unemployment and Farm Relief.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1932.

The Right Hon. the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting of the Senate was resumed.

ADJOURNMENT OF THE SENATE

Hon. Mr. BEAUBIEN moved that when the Senate adjourns to-day it stand adjourned until Tuesday, April 12, at 8 p.m.

Hon. Mr. STANFIELD: Honourable senators, I should like to make a suggestion to our honourable leader. The Budget, I have been told, is to be brought down in another place on Wednesday, the day after to-morrow. In the past the debate on the Budget has generally lasted about two weeks. Also it is probable that next week there will be introduced an Interim Supply Bill for one-sixth of the year's requirements, or whatever proportion may be needed. My suggestion is that our leader should see the leader of the other House and try to arrange to have the Supply Bill presented to us and the Royal Assent given on the 12th, so that we might then adjourn for another week. What other business would there be for the Senate for the rest of the week? Honourable members of this Chamber do not want to sit when there is nothing to do, and it is fairly clear that committees are not desirous of meeting when the Senate is adjourned. If such an arrangement were made, senators who live at a distance could go home and need not come back for the 12th. I only throw that out as a suggestion.

Hon. Mr. BUREAU: Make it a motion and I will second it.

Right Hon. Mr. GRAHAM: All three readings of the Supply Bill to be given in about fifteen minutes, I suppose?

Hon. Mr. BEAUBIEN: Honourable senators, I shall certainly transmit the suggestion, which in my opinion has a great deal of merit, but I do not know whether we shall find it possible to follow it out. We must not forget that the Insurance Bills, which are awaiting disposition, are very important matters. There is no doubt that representatives of insurance companies expect to be here next week, and it may be the intention of the right honourable leader of the House to arrange for sittings of the Banking and Commerce Committee to consider those bills next week.

Hon. Mr. STANFIELD: Why did the representatives not come this week?

Hon. Mr. BEAUBIEN: At all events, I shall be very glad to communicate the suggestion that has been made by my honourable friend, and possibly it will be followed out, if nothing interferes.

Hon. Mr. BELCOURT: A notice has been sent out for a meeting of the Banking and Commerce Committee on Wednesday. May I ask my honourable friend whether it is the intention to hold that meeting?

Hon. Mr. BEAUBIEN: No; that is cancelled.

The motion was agreed to.

The Senate adjourned until Tuesday, April 12, at 8 p.m.

THE SENATE

Tuesday, April 12, 1932.

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

Prayers and routine proceedings.

NEW WELLAND CANAL

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. What is the total cost of the new Welland Canal to date without interest during construction?
2. What is the cost of the same with interest during construction?
3. How many tons of freight passed through this canal during the last season of navigation?
4. How many tons eastward?
5. How many tons westward?
6. How many tons of wheat passed during that season?
7. How many tons of other grains?
8. How much money was spent for maintenance, repairs, labour, employees and engineers by the Government during the year 1931?
9. How much money must be raised by taxes every year to meet the interest on the total cost of construction and operation?

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

1. Total cost of the Welland Ship Canal to March 31, 1932—$125,301,057.09.

2. As it is not possible to state how much of this expenditure was provided by borrowing and how much from Consolidated Revenue Fund, an exact interest charge cannot be set up.

Hon. Mr. CASGRAIN: I would be satisfied with one that is not exact, but approximate.

Right Hon. Mr. MEIGHEN: Well, the honourable gentleman's keen mathematical instinct will guide him to an approximate figure. The figure given without interest was $125,000,000. I should judge it would be several millions over that. The remaining answers are:

3. 7,273,886 tons.
4. 6,286,733 tons.
5. 987,153 tons.
6. 2,146,418 tons.
7. 805,422 tons.
8. Repairs and maintenance. . $246,806 15
   Operating cost, including salaries and wages—engineering staff as well as employees.. .. .. 408,890 67

   Total.. .. .. $655,696 82

9. The money required for Welland Ship Canal purposes has been variously provided—in part from taxation and in part from borrowings. The Dominion financial system being based upon Consolidated Revenue Fund, and not upon separate accounts, such expenditures as those required for Welland Ship Canal purposes cannot be earmarked by any particular taxes.

Hon. Mr. CASGRAIN: I know we cannot discuss an answer to an inquiry, but, with the leave of the House, may I draw the attention of the right honourable leader to the fact that interest during construction is given in connection with nearly all works? The practice has been to compute the interest on the total cost of the work for half the period of construction. The interest charge on the new Welland Canal could easily be figured by the officials, but I suppose they did not want to give it.

With respect to the answer to the ninth question, I think the officials know what the figures were for last year. If they do not, they should.

COMPANIES ACT

NOTICE OF INQUIRY

On the notice:

By Hon. Mr. Lynch-Staunton:

That he will draw attention to, and inquire of the Government whether or not it is its intention to have a revision made of, the Companies Act.

Right Hon. Mr. MEIGHEN: I have the answer to the honourable gentleman's inquiry.

Right Hon. Mr. GRAHAM: He is not here. He wants to make a speech.

Hon. Mr. GRIESBACH: Yes, apparently he intends to make a speech.

Right. Hon. Mr. MEIGHEN: I would not deprive the honourable member of the opportunity of addressing the Senate, but I am prepared to answer the question now.

The notice stands.

MONTREAL MAIL SERVICE

INQUIRY

Hon. SMEATON WHITE inquired of the Government:

If some improvement in the delivery service in Montreal cannot be made, appertaining more especially to mail matter from the Houses of Parliament in Ottawa to that centre.

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

From the incident which is related by Senator White on page 160 of the Debates of the Senate, this relates to a package of papers mailed at the Ottawa Post Office to go down by the early morning train, which was delivered at Senator White's office adjacent to the Post Office in Montreal, at half-past eleven the following morning.

The service given to this package was the most efficient service that could possibly be given. The first mail train after the mailing of the parcel leaves Ottawa at 5.15 a.m. and arrives in Montreal at 8 o'clock. The mail has to be unloaded at the railway station and transported through the city of Montreal to the Montreal Post Office. It reaches the Montreal Post Office between 8.15 and 8.30. When it reaches the Montreal Post Office it has to be primarily sorted into districts and finally sorted into letter carrier routes.

It is humanly impossible to have this mail ready for delivery before 9 o'clock to 9.15. At that time the letter carriers have left on their first delivery, so that delivery cannot be made until the second delivery. The second delivery is given in the morning to business houses, leaving the Montreal Post Office anywhere between 10 and 11 o'clock according to the route; so that if this parcel was delivered at Senator White's office at half-past eleven in the morning it was given the most expeditious treatment possible, and no delay of any kind took place in the handling of this item.

Generally speaking, the Postal Service at Montreal operates at a disadvantage, due to the fact that the two main mail handling activities are in two separate buildings, which necessitates a great deal of transferring from one office to another. This condition will not be remedied until the new Postal Terminal in Montreal is built.

I do not know who prepared the answer.

Hon. SMEATON WHITE: If my right honourable friend will allow me, I may say that some years ago the postal service was very much better than it is now. My complaint, if I have one, is as to the matter of transfer. There are several offices in Montreal, apparently, and this mail is transferred from one office to another, very much to the inconvenience of the citizens who may be looking for mail. It seems to me that if the mail arrives in Montreal at eight o'clock in the morning the system of delivery should surely be a little more rapid than to take three or four hours.

Right Hon. Mr. GRAHAM: Honourable members, I have a greater grievance than that of my honourable friend (Hon. Smeaton White), and all will admit that I have suffered a greater loss through delay than he could have suffered. I have an excellent paper, run by my employees more than by myself.

Hon. Mr. CASGRAIN: That is why it is good.

Right Hon. Mr. GRAHAM: It is mailed to me once a day. I have not yet received in Ottawa one of last week's papers.

Hon. Mr. LAIRD: Is the right honourable gentleman sure it was issued?

Right Hon. Mr. MEIGHEN: I hope the answer for my right honourable friend will be as definite and crushing as the one I have read. I do not see how it could be more thoroughgoing. Division into districts must take place first, and into letter carrier routes next. The mail arrives in Montreal only at eight.

Hon. Mr. WHITE: I think that in larger centres, where there is a great deal more mail than in Montreal, this is done in much less time.

Right Hon. Mr. MEIGHEN: I know that the mail that arrives in Toronto at 7.30 in the morning is delivered in the afternoon unless it is special delivery.

Right Hon. Mr. GRAHAM: Those are rural routes.

Right Hon. Mr. MEIGHEN: Toronto manages to subscribe to conversion loans notwithstanding.

PATENT BILL

FIRST READING

Bill 4, an Act to amend the Patent Act.—Right Hon. Mr. Meighen.

JUDGES BILL

FIRST READING

Bill 9, an Act to amend the Judges Act.—Right Hon. Mr. Meighen.

DESTRUCTIVE INSECT AND PEST BILL

FIRST READING

Bill 18, an Act to amend the Destructive Insect and Pest Act.—Right Hon. Mr. Meighen.

Hon. Mr. DANDURAND: I take it for granted that these Bills have been distributed, or will be distributed this evening, so that we may have an opportunity to read them.

Right Hon. Mr. MEIGHEN: I believe they will be.

PETROLEUM AND NAPHTHA INSPECTION BILL

FIRST READING

Bill 20, an Act to amend the Petroleum and Naphtha Inspection Act.—Right Hon. Mr. Meighen.

CROWN DEBTS BILL

FIRST READING

Bill 25, an Act respecting debts due to the Crown.—Right Hon. Mr. Meighen.

OPIUM AND NARCOTIC DRUG BILL

FIRST READING

Bill 26, an Act to amend the Opium and Narcotic Drug Act, 1929.—Right Hon. Mr. Meighen.

EXCISE BILL

FIRST READING

Bill 27, an Act to amend the Excise Act.—Right Hon. Mr. Meighen.

YUKON QUARTZ MINING BILL

FIRST READING

Bill 30, an Act to amend the Yukon Quartz Mining Act.—Right Hon. Mr. Meighen.

CANADIAN NATIONAL RAILWAYS GUARANTEE BILL, 1931, No. 2

FIRST READING

Bill 40, an Act respecting the Canadian National Railways and to authorize the guarantee by His Majesty of securities to be issued under Canadian National Railways Financing Act, 1931, No. 2.—Right Hon. Mr. Meighen.

APPROPRIATION BILL NO. 2

FIRST READING

A message was received from the House of Commons with Bill 43, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.

The Bill was read the first time.

SECOND READING POSTPONED

Hon. Mr. DANDURAND: What is this?

Right Hon. Mr. MEIGHEN: One-sixth.

Hon. Mr. DANDURAND: My right honourable friend may proceed now if he wishes.

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

Right Hon. Mr. GRAHAM: I think this is all wrong. Is there really any urgency? If there be urgency I will acquiesce, but in the absence of my right honourable friend, when his lieutenant (Hon. Mr. Beaubien) was so ably leading the House, we had somewhat of a discussion as to the advisability of suspending any rules of the House when there was not extreme urgency. After the extreme urgency was comparatively shown by the acting leader, I yielded. But I think that we should conform to the rules of the House as closely as we can.

Right Hon. Mr. MEIGHEN: I should be very sorry to put too great a strain on the good nature of my right honourable friend (Right Hon. Mr. Graham). It is one of the precious assets of this House and of this country. I yield to his request to-night with pleasure.

Hon. Mr. DANDURAND: I should like to explain why I suggested that the Bill should be given the second reading now. I am the culprit, and I must plead guilty. I have been in this House now for some thirty-four years, and in my experience the general practice has been to vote one-twelfth or one-sixth of the supply without raising any objection, inasmuch as the King's government must go on; but we have always reserved our right to discuss any question that might arise out of the main Appropriation Bill when it came before us. For eight years I had the task of presenting Supply Bills to the House, and when I suggested the second reading of the present Bill I thought that the procedure followed during those eight years would be continued.

Right Hon. Mr. MEIGHEN moved that the Bill be placed on the Order Paper for second reading to-morrow.

The motion was agreed to.

PRIVATE BILLS

FIRST READINGS

Bill 31, an Act respecting certain patents of the Autographic Register Systems, Limited.—Hon. Mr. Horsey.

Bill 32, an Act respecting the Ottawa and New York Railway Company.—Hon. G. V. White.

Bill 35, an Act respecting the Canadian Pacific Railway Company.—Hon. Mr. Ballantyne.

INSURANCE BILLS

INQUIRIES

Before the Orders of the Day:

Hon. Mr. LAIRD: I should like to inquire of the right honourable leader of the House when he expects the introduction of the third of the Insurance Bills, that relating to British and Canadian companies.

Right Hon. Mr. MEIGHEN: I hope to be able to introduce the third Bill at the opening of the House to-morrow. The Committee on

Banking and Commerce is meeting in the morning, I believe, and I am quite prepared to go on then with the other two Bills in committee.

Right Hon. Mr. GRAHAM: Honourable members, may I inquire of the right honourable leader as to the accuracy of one or two dispatches which have appeared in the press, purporting to be accounts of interviews with, or expressions of opinion by, the Attorney-General of Ontario? One dispatch stated that the Province of Ontario took exception to a certain clause in one of the Bills, relating to the taxation of foreign companies. Another statement was that the Federal Government would recede from its position in this respect, the obvious inference being that it had admitted that such a clause would be contrary to provincial rights.

Right Hon. Mr. MEIGHEN: The Bills initiated in this House are Insurance Bills, and consequently have no taxation clauses. The comment in the press, attributed to the Attorney-General of Ontario, had to do with the Budget, introduced necessarily in the other House. I should not care—in fact, I should be entirely beyond my rights if I ventured—to make any statement as to the position respecting the Budget. Such a statement must of necessity be made first in the House of Commons; consequently any statement as to the accuracy of the alleged comment by the Attorney-General of Ontario would have to be made in that Chamber.

Hon. Mr. DANDURAND: Since the right honourable gentleman is not in a position to lay before the House the third Bill, concerning domestic and British companies, I suppose the result will be that any discussion that may be raised on constitutional questions in the committee to-morrow will have to be gone over again when the third Bill is sent to committee.

Right Hon. Mr. MEIGHEN: I apprehend clearly the point raised by my honourable friend. To-morrow the committee will have before it regularly the two Bills, one confirming the establishment of the Insurance Department, the other relating to foreign insurance companies. On account of the fact that the third Bill, relating to Dominion and British companies, awaits introduction, the committee will not have that Bill before it to-morrow. Those who may have some opposition to raise to the second measure may prefer to have the third one before them at the same time. Nevertheless, the committee to-morrow will be able to go on with the first Bill. I know of no reason why it should not complete consideration of that measure, and at least attack the second one, perhaps even make some progress with it. I am aware that some who wish to be heard in respect of the second Bill would prefer to have the third Bill before the committee at the same time; and the third will be there, in the regular course, probably the next day.

THE BEAUHARNOIS PROJECT

PRINTING OF BRIEFS

Before the Orders of the Day:

Hon. Mr. CASGRAIN: May I ask the chairman of the special committee of inquiry into the Beauharnois matter whether the briefs of counsel will be printed with the report?

Hon. Mr. TANNER: I cannot give an answer, yes or no, to my honourable friend, for the reason that the matter is one which the committee willl have to decide. I may say that personally I should be in favour of the printing of the material.

Hon. Mr. CASGRAIN: Honourable senators who are not members of that committee have not had a chance to follow what has been going on, and it seems to me it would be only fair to have the briefs printed. The printing would be a matter of only small expense, and it would enable us to read the briefs of counsel on both sides.

Right Hon. Mr. MEIGHEN: The briefs of counsel are not always brief.

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

THE SENATE

Wednesday, April 13, 1932.

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

Prayers and routine proceedings.

THE COMPANIES ACT

INQUIRY AND DISCUSSION

Hon. Mr. LYNCH-STAUNTON rose in accordance with the following notice:

That he will draw attention to, and inquire of the Government whether or not it is the intention to have a revision made of, the Companies Act.

Hon. Mr. DANDURAND: I suggest that this inquiry be suspended until the right honourable the leader of the House is here.

He had an answer ready last evening, but the honourable gentleman from Hamilton was not in his seat.

Hon. GEORGE LYNCH-STAUNTON: The right honourable gentleman (Right Hon. Mr. Meighen) has just come in; so my honourable friend's uneasiness is now relieved.

Honourable senators, a week or two ago I made an address on this subject before the Lawyers' Club in Toronto. I then expatiated on the theme at much greater length than I intend to do to-day. There was present at that meeting one of the greatest judges, I think I may say, in our province, one who knows the Companies Act backwards and forwards. I felt, in speaking before that honourable gentleman, that I must be cautious and not make use of any Irish exaggerations. After I had finished my remarks that gentleman came over to me, and when I asked him what he thought of my remarks he said that he entirely agreed with them, and that I should bring the matter before the Senate.

In a speech delivered shortly after the opening of the session, my honourable friend from De Lorimier (Hon. Mr. Dandurand) suggested that the honourable member from De Salaberry (Hon. Mr. Béique), whom he had urged to write an account of the doings of the Senate during the past few years, to bring our history up to date, should give credit to the Senate for, among other things, the Companies Act. I entreat the honourable senator from De Salaberry not to act on that suggestion, for we are not entitled to the credit of framing the Companies Act or amending it. That credit goes to whom it is due. We have enough merit; we need not ask for other people's laurels.

Before entering upon a discussion of the Companies Act it might not be inept to give you a short resumé of company legislation. It will not take more than five minutes. Before the time of George I there was no company legislation. All companies were dependent for their charters upon grants from the Crown, and all companies were unlimited. Just about that time innumerable companies grew up. Those were the days just preceding the South Sea Bubble. The exploitation of the public through the companies became so dreadful that there was passed, in the sixth year of the reign of His Majesty King George I, a law called the Bubble Act. I think that if a new Companies Act were introduced in the Parliament of Canada the recitals in the Bubble Act would be most appropriate. They convey to any man of imagination a true picture of our times. So I shall read them here:

> And whereas it is notorious that several undertakings from time to time have been publicly practised which manifestly tend to the common grievance, prejudice and inconvenience of great numbers of your Majesty's subjects in their trade and commerce and other affairs and that the persons who contrive and attempt such dangerous undertakings or projects under false pretences of public good, do presume according to their own designs and schemes to open books for public subscription and draw in many unwary persons to subscribe therein towards raising great sums of money, whereupon the subscribers or claimants under them do pay small proportions thereof and such proportions in the whole do amount to very large sums which dangerous and mischievous projects . . . and many other unwarranted practices too many to enumerate have been and daily are and may hereafter be contrived, set on foot and proceeded in to the ruin and destruction of many of your Majesty's good subjects if a timely remedy be not provided.

All those undertakings were declared to be public nuisances.

The Bubble Act, though drastic, was not very effective. It is hard to overtake promoters.

Up to 1858 there was no such thing as a limited liability company, but in 1834 the Crown was authorized to issue letters patent without incorporation, giving the privileges of suing and being sued by the public officers. In 1834 all companies could obtain a certificate of incorporation, but they all were unlimited. Limited liability first came in in 1858, by 18 and 19 Victoria, Chapter 133.

There were two objects in enacting the Limited Liability Act. The first was to limit liability and allow men to go into partnership and pool their assets for the advancement of trade and commerce. It had been found that even in honest transactions it was very imprudent and very dangerous for men to go into partnership in great undertakings without a limited liability. Many of us have heard of a terrible loss and destruction which weighed upon the financial condition of people through the failure of the Glasgow Bank. Under unlimited liability one share would ruin Rockefeller.

But one of the cardinal features of the first Act was that it prevented fraud. Besides limiting liability, it limited the predatory endeavours of promoters. That Act, as far as I recollect, allowed one class of stock, and that stock must be paid for in money. Although the liability was limited, the public were advertised of the financial condition of the affair and knew that the only resource they had was the capital stock, which was real money. The shares in Canada were $100, and they were payable in cash; but gradually a construction was put upon the Act which, as some judges

expressed it, allowed the stock to be paid in meal or in malt, that is, money or money's worth, although it was the spirit and meaning of the Act that for every share issued $100 would be put into the treasury of the company in cash or in material.

The Companies Act to-day is not a limited liability Act at all. It is not a Companies Act within the spirit and meaning of the first Limited Liability Act. It has got back to the exact position in which the law was before the Bubble Act was passed. There is no fixed limited liability, and there is no responsibility in the holders of the charter.

I saw lately in Saturday Night the complaint that people in jail could get a charter. Well, I do not think that it makes the slightest difference whether a man who applies for a charter is in jail or ought to be. We are not responsible for the administration of the Act; we are not responsible for the dishonesty that is perpetrated by promoters; but we are responsible for the machinery which we provide, and if we have woven a parlour for the spider we have not done our duty to the fly.

Let me go over the Act and make a few suggestions which I have to offer. I have said that in the beginning only one class of stock could be issued, and that was for money. Now, under sections 54, 55 and 56, if the letters patent do not direct what description of shares may be issued, the directors may create and issue stock of any description, with such restrictions, conditions and voting rights as they choose, and may provide for the conversion of preference shares into common shares, or of any class of shares into any other class, and may provide for the redemption of those shares. Under an amendment made in 1930 they may issue no-par shares, $100 shares, or five-cent shares—any kind of shares they choose. They may issue any number of millions of shares, and begin business with $500 cash. Where the charter does not provide for the creation of preferred or deferred stock the directors may issue the stock as preferred or deferred, and may have as many classes of preferred or deferred shares as they choose. They may give or withhold the right to vote on any shares, and may prescribe what class of shares must be held by a person to qualify as a director. I know of one famous case in which four shares control the whole company. They may prescribe what class of shares shall vote; may vest control of the company in as many shares as there are directors; may subdivide shares; may issue no-par shares at any price they choose, but must have a capital of $500 before they can begin business.

Now, I suggest that no companies should have the right to issue more than one class of stock. We should get back to the first principles of the law. That law was conceived and well thought out by legislators who had the great experience of the past to guide them and who knew what they were about. There is no justification for issuing more than one class of shares. A great evil has arisen from the issuance of multitudes of shares of no par value. When the Bill to legalize no-par-value stock came before a Senate committee I discussed the matter with the late lamented Sir James Lougheed and persuaded him to throw it out. Afterwards, in the absence of Sir James and myself, it was reintroduced and passed.

What is the necessity for no-par-value shares? I submit to honourable members that there is no necessity for them. There is a reason for them, and that is a stock market reason. When a prosperous company's shares go to $100, $200, $300, or $500 they are not readily saleable, but in times like those we have just gone through, if they are split and offered at $10, backed by the high reputation of the company, they can be sold like hot cakes and at enormous premiums. You see, the stockbrokers are paid on the basis of so much per share. The vice-president of a company which has 28,000,000 no-par-value shares stated in a committee here—or, at least, somewhere in Ottawa—that they had done wrong—that they should not have issued those shares. But, he said, it had not hurt the company. Ah, but it has woefully hurt the public. In the halcyon days the stock of that company stood at $40, which meant a billion dollars in market value; to-day the total value is only about $240,000,000. How many people have gone to the poorhouse over that stock! There was no justification for what happened. It was not even a listed stock. I know why the stock was issued by that company, which is officered by very high-class men. They issued the stock in order to distribute it among all their customers, as a means of getting more people to buy their product. I do not for one moment think, or mean to insinuate, that the directors of that company had in the back of their heads any idea of doing anything dishonourable, or any desire to market that stock at an improper price. I am sure they had not, and now they confess that they made a mistake. Innumerable companies in this country have done the same sort of thing, and not all of them for business reasons.

Similar legislation prevails in every province and in every state of the American Union.

Indeed, in the United States they are in the chartermonger business; they advertise that they will give you all sorts of charters at various prices. In this respect they are somewhat like Reno with the divorce business. What has been the result? I read in this morning's paper that the President of the New York Stock Exchange said yesterday that since the boom burst there had been a contraction or deflation of stocks in the United States to the extent of 48 billion dollars.

If you take any stock list and look at the quotations you will find that nine-tenths of the issues listed on the stock exchanges in Canada and the United States are selling at their full intrinsic value, not at a speculative price. All that former expansion was mere wind. I went down a list the other night and found very few stocks offered at a price that was inviting on the score of the dividend possibilities. How many thousands and thousands of financial wrecks are spread over this country by reason of the splitting and expansion of stocks! Not long ago a member of the New York Stock Exchange, talking about a big company that has sent out shares like coals through a scuttle, said it was a "hydrant-headed" monster. We have a number of "hydrant-headed" monsters in Canada, and I think it is time that we cut off some of the water.

I am going to make a considered statement. That man is rash and imprudent who buys a commercial security in Canada to-day. This should not be so. When I buy a bond I think I am getting something that is secure in good times or in bad, in calm or in stormy weather; I think I am buying something that is offered to me as a security and not as a speculation. Everybody considers that a bond is a security; no one looks upon it as a myth or as a ghost of a security. People who invest in bonds do so because they think they are investing safely. I say, therefore, that all legislation regarding securities should be of a protective nature and should prevent the issuing as a security of anything that is palpably worthless as such.

Let us see what the statute does with regard to securities. Section 84, which provides for the borrowing powers, says:

> The directors may . . . issue bonds, debentures, debenture stock or other securities—

in unlimited amounts. The Act calls these things securities. And it is provided that the directors may secure them by mortgage on the shares, on the good-will, trade-marks, licences or copyright of the company itself, or of any other company. Under that section there has been issued in this country as representing hundreds of millions of dollars stock that is, and was at the time of issue, absolutely valueless. I do not mean to say that those bonds or debentures—I will not call them securities—will not be paid, but I say there is behind them no security, and I accent every syllable of that word.

I am not going muck-raking, I am not going to exhibit some skeletons, but I will point out what may be done. A company having nothing may issue common stock and may pledge that for $100,000,000, and with fine names on the prospectus, the issue, if properly launched, will go over. That company can then proceed to issue any amount of debentures that it chooses ahead of those stocks. For example, a company that raised $30,000,000 on common stock could issue ahead of that stock debentures of the face value of $100 to the extent of another $30,000,000, and the directors might sell those debentures to themselves for $10, but the 8 per cent interest would be paid on the par value. The company could issue any amount of debentures, of any colour and description, ahead of the securities. Is that right? Is it right that Parliament should enable companies to do that?

Companies can also put out a trust deed, framed by themselves, to secure their mortgages. Now, I never knew a creditor to allow his debtor or borrower to frame the mortgage. I never knew a bank, when they put a form before me, to let me fill it out in my own language. I say Parliament should not permit the debtors to frame the mortgage, because if they go into default the creditors are helpless. The trustee will not act unless security for his costs is put up. There are clauses in the deed which may stand off creditors for ever. In many instances the investors can do nothing but form a bondholders' protective society. "What can you do about it?" as Boss Tweed said. Nothing.

I suggest that there should be a statutory form of mortgage and that no company should be allowed to issue securities except under that form, which should carefully guard the interests of lenders.

Another scheme that is used by some companies is an open mortgage. A company of which I am an officer had a considerable amount of mortgage bonds of another company. The bonds were excellent, secured as mortgage bonds should be. They paid six per cent interest and were as safe as a church. After a while money could be got cheap and the directors of the company that issued the bonds asked us to accept five per cent. We thought that was good interest at that time, but I wanted to see the mortgage. The company had about $10,000,000 worth of property and

the new mortgage was a $50,000,000 open mortgage. The company was presently to issue the amount of the old mortgage, but it had the right to issue pari passu with the $10,000,000 up to $50,000,000. There was a provision in the mortgage that the company could issue only up to 75 per cent of the appraised value of the property, on the certificate of an appraiser. As everybody knows, you can get an appraiser to valuate anything at any figure you desire. At the wish of the company and without my consent a mortgage could be extended to $50,000,000. We all know that if a company fails it is as dead as ditch water. I said, "Gentlemen, the proposition is not sufficiently inviting." I submit that our law should prevent the issuing of bonds under an open mortgage.

You know, the public does not understand these things. I consider that I am somewhat of a company lawyer, and think that I know a little about the Companies Act. I took one of these prospectuses, and spent days on it, and I was nearly hooked after all. I wanted to buy some of the bonds. Until I had gone over the prospectus again and again I did not realize that I was not getting a mortgage bond at all. Now, I am not extremely clever, but I think I am ordinarily intelligent, and I have been trained in the law. If it took me a week to burrow down into the real meaning of that prospectus, what would happen to a poor widow who is offered a gold bond paying eight per cent? How many millions of them have been sold that are worthless!

Another evil of this Act is that the directors may sell or pledge the bonds, debentures, etc. at any discount they choose. What is to prevent one of these boards of directors—they are not all angels, you know—selling a big block to themselves at ten, twenty-five or thirty cents on the dollar? Nothing. There is provision for this. Why is it necessary? Just to lead fools into temptation, just in order that it may be said, "I will give you a $100 gold bond for ninety, eighty or seventy." Bonds should be sold on their merits, or the sale should not be permitted at all.

But there is still another evil. The Act is so full of evils that if I were to tell you of them all I am afraid I should have to keep you a long while. But I am not going to do that. The directors of a company may revamp the "financial structure." I think that is the term used. They may reconstruct the financial structure of the company at any time on getting a two-thirds vote of those present at the meeting. A gentleman not far from me told me that on one of those precious reconstructions he was trimmed for $40,000.

There is not the slightest reason why a solvent company should be reconstructed. In England, from which we lifted the reconstruction section of the Act, reconstruction is confined to insolvent companies. To reconstruct an insolvent company it is necessary to get the approbation of a judge, and he must be convinced that all are being treated alike; that no security holder, shareholder or other interested person is being injured in the slightest degree. If he thinks anybody is being injured he will not approve. So far as I have been able to ascertain, there is no section of the British Act allowing a reconstruction on a vote of two-thirds or three-quarters of those present. Under our Act that was possible, but in 1930 it was amended—and I think I had something to do with the amendment—so that now the approval of a judge must be secured if there is any dissent at the meeting. The judge then notifies all the shareholders to appear. But who that has a couple of hundred shares is going to come from British Columbia to Montreal or Toronto and spend a great deal of money to fight this reconstruction—this reconstruction for which there is no reason, and to which there is no right?

Another feature that I object to is this. In my judgment no company should be allowed to buy the shares of any other company. What can be done under a provision permitting this? I have known a thriving company, paying eight per cent on its preferred stock, and making plenty of money to pay its obligations on its bonds and its preferred shares, to issue a great block of no-par-value common stock on which no interest was paid. That stock, which was picked up at little or nothing, controlled the company. What happened? As soon as the buyers of the common stock got into possession, they switched all the business from that company to their own company. Having bought up the common stock and switched over the business of what had been a splendid, prosperous company, they left a shell, a hulk on the seashore.

Now, if a company wants to buy out another company it should buy it out with money or not at all. The exchange of securities is nothing but manipulation. What has it done? It has put the commercial and industrial interests of this country out of the hands of commercial and industrial men and into the hands of financiers and promoters, to the great injury of His Majesty's subjects.

I conclude with a few remarks upon prospectuses. The other day in England one of the mighty was brought down from

his high place: one of the greatest names was dragged in the mud, and a peer was sent to penitentiary for having issued a fraudulent prospectus. Yesterday three great men in Scotland were sent to jail by the inexorable law of that country for having issued a fraudulent prospectus by which people were swindled of millions of dollars. The English judge in charging the jury said that any prospectus calculated to deceive was fraudulent, and in that the Court of Criminal Appeal upheld him.

What does our Act provide? It provides that a director issuing a prospectus is liable for misstatements or the putting forth of statements that he knows are untrue, or that it is proved he has no reason to believe are true. But there is no law against giving an opinion, and I am not aware that it has been held in Canada that if a prospectus is calculated to deceive it is per se fraudulent. So those issuing prospectuses make no statements of fact; they put in the words, "it is estimated," or they print a letter from an expert. The law says that if they print a letter from an expert, and you cannot prove that they knew he lied, they are not responsible. So they are as safe as a church. An expert is defined as pretty nearly anybody who says he knows about the company. I will not read the definition, which is the loosest I ever saw. Down at the bottom of the prospectus, in illegible letters, the broker puts the statement, "We believe this to be true, but we take no responsibility for the statements." The Court of Appeals in New York held that the issuers, no matter what they put on the prospectuses to exculpate themselves, were liable, and I think that if that decision ever comes before one of our courts it will receive very careful consideration. I suggest that every prospectus should by law be confined to the statement of facts; it should not be allowed to contain opinions or the estimates of experts.

Now, honourable gentlemen, I have detained you too long.

Some Hon. SENATORS: No.

Hon. Mr. LYNCH-STAUNTON: I seriously think that this Parliament should overhaul the Companies Act. I seriously believe that not one-half of the gigantic collapse, which is said to have been the greatest in the history of mankind, would have occurred if the Companies Acts had not been changed so as to become nothing more nor less than a machine in aid of fraud.

Hon. Mr. McMEANS: I should like to ask the honourable gentleman a question. If the Act is to be amended along the lines he suggests, how would he work it out with the different provinces?

Hon. Mr. LYNCH-STAUNTON: If honourable gentlemen will permit me, I will make a suggestion. It is agreed on all hands that we should have only one Insurance Act. I mention that because it has been discussed here. It also is agreed on all hands that we should have only one Companies Act. Now, we cannot have one Insurance Act, because such an Act has been held to be ultra vires, and the Dominion Parliament has no right, though the provinces have—at least the Privy Council so says—to pass a general Insurance Act. My suggestion is this. One of the great reasons why the provinces insist on issuing charters and incorporating companies is that they receive fees for so doing. That is a great inducement to continue. They need the money. My idea is that we should have a Dominion Act, and that we should treat with the provinces and ask each of them to endorse that Act. Then the Provincial Secretary in every province should be made a sort of Under-Secretary of State and should be allowed to issue charters, for which his province would keep the money. The charters would be prepared under the Dominion Act. In that way every provincial government in this country could issue a Dominion charter. It should be easy enough to devise an Act that would be acceptable to the provinces, because they would have the sole control. They would send copies of the charters and the returns to Ottawa, but they would have full control in the matter of issuance and revocation, and everything pertaining to them, and they would obtain the fees. This would leave no reason why they should be desirous of cluttering up the company law of this country with nine different sets of statutes.

Hon. Mr. DANDURAND: The honourable gentleman closed his remarks a moment ago with the statement that the world collapse was largely due to the looseness of the Companies Act. Am I to conclude from his statement that Companies Acts throughout the world are faulty? He has spoken more especially of the Canadian Companies Act—

Hon. Mr. LYNCH-STAUNTON: And the American Act.

Hon. Mr. DANDURAND: —yet he speaks of the world collapse as being attributable to or caused by the Companies Acts. If that is so, I take it that our legislation is no stronger and no weaker than company legislation in Great Britain, the United States, France and Germany.

Hon. Mr. LYNCH-STAUNTON: The Acts in the United States and in the provinces are, I think, all pups of the same litter.

Right Hon. Mr. MEIGHEN: What about the English Act?

Hon. Mr. LYNCH-STAUNTON: The English Act, if I may say so, has degenerated a great deal, but not to anything like the same extent that ours has.

Right Hon. Mr. MEIGHEN: But their financial collapse was equally emphatic.

Hon. Mr. LYNCH-STAUNTON: Because they can issue these penny shares. I do not attribute the financial collapse entirely to the Companies Acts, but I say that they contributed greatly in a time of stress.

Hon. F. L. BEIQUE: Honourable gentlemen, I was labouring under the impression that I was the only person in this honourable House who was out of date, but I take consolation in finding that I have an associate in the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton). To be serious, I think that the honourable member loses sight of the fact that within the last twenty-five or fifty years conditions have entirely changed. The securities theretofore were confined to real estate, but in recent years all values have been mobilized. As a consequence, the Companies Act has been changed, and I think it has been changed on proper lines. Possibly we might have been more conservative if we had adopted the practice which has been obtaining for many years in the State of Massachusetts. I am not sure whether it still obtains, but I think it does. Under the Massachusetts law—and this extends back twenty-five years or more—no security can be issued except with the approval of a board, a very conservative board, which determines the value at which the security shall be issued. This provides a great protection for the public, and I am under the impression that it would be more conservative to adopt that practice here.

I would invite the honourable member from Hamilton (Hon. Mr. Lynch-Staunton) to put his ideas into such a shape that they might be submitted to business men, in order that we might see how they would be received by them. I think that our law respecting companies has been prepared and passed after consultation with business men throughout the country, and has received their endorsation.

Hon. G. GORDON: Honourable gentlemen, I did not intend to say anything at all on this subject, but perhaps I shall be permitted to say a word or two. I want, first, to thank the honourable gentleman from Hamilton for the historical sketch which he gave us of the Companies Act from its inception; but I disagree with practically everything he said afterwards.

Right Hon. Mr. GRAHAM: A poor lawyer, but good historian.

Hon. Mr. GORDON: I want to get into closer touch with the honourable member from Hamilton and find out what he would propose in the way of making a bond so secure and so liquid that no matter how times changed I could at any time get $100 for a $100 bond. I understand that is what he intimated could be done.

The honourable gentleman insists that no stock certificate should be issued without the payment of $100 cash for it. From a practical standpoint I would ask him what he thinks of a proposition of this kind. I know where in Northern Ontario there is, or rather was, a small gold mine.

Hon. Mr. LYNCH-STAUNTON: Not a gold brick?

Hon. Mr. GORDON: In 1924 my friends the honourable member for Inkerman, proprietor of the Montreal Gazette (Hon. Smeaton White) and the honourable senator from Pembroke (Hon. G. V. White) went up to Northern Ontario with me, and we found up there a little property turning out a small quantity of gold. The man who owned the whole of that little property had either discovered it or bought it from the discoverer for very little. At that particular time there may have been some reason for what my honourable friend (Hon. Mr. Lynch-Staunton) suggests, that $100 in cash should be put up for every $100 worth of stock, though I do not admit even that. In 1924 that little mine had a capitalization of $2,000,000, which looked high at the time, for the dollar shares were selling for thirty cents a short time previously. To-day, notwithstanding the depression, that stock is selling at $28 and $29 a share. Last year that mine paid about 250 per cent in dividends on its capitalization. In fact, in the last quarter of a year it paid 100 per cent, and it is still going, and is worth more than the market price at which its stock is selling to-day.

I understood my honourable friend to say that after looking around he had come to the conclusion that most of the stocks were selling at fully what they were worth, or up to their intrinsic value. He failed to find any that were worth much more than what they were selling for. I am sure that if my honourable friend will just consider the one little mining proposition which I have mentioned—that is, the Lake Shore mine—

he will withdraw that statement; and if he comes to me I can prove conclusively to him that there are hundreds of stocks in different institutions—mining companies, industrial companies, banking corporations, and others—that are selling away below their intrinsic value, unless we are to become pessimistic and believe that the world is going to ruin entirely.

I think that the present Companies Act is not what it should be. As we all know, any Act, dealing with companies or with anything else, can be improved. But I do not see that it would be an improvement to require that all the stock to be issued by any company should be of only one class. We might just as well say that no man should be allowed to wear two coats. I further say that if all the stock in the hands of the Canadian and the American public had been sold as common stock, and none of it as no-par stock, we still should have had the inflation and the deflation that we have had. I do not think that classes of stock have resulted in bringing the present crisis into being. Having said that much, I merely want to thank once more the honourable senator from Hamilton for the first part of his address.

Hon. F. B. BLACK: Honourable senators, I think the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) has voiced to-day the sentiment of a great many people of the Dominion of Canada, that our Companies Act and regulations controlling the issue of stocks and so-called bonds are entirely too loose. I am not prepared to go as far as my honourable friend has gone, possibly because of my lack of knowledge, but I think he has done a real service to the Canadian people in bringing this matter to our attention to-day, and I hope it will not be allowed to drop where it is.

I want to stress the remarks he made with regard to bond issues under so-called mortgages in Canada. When a man takes a mortgage on a farm, building, or other piece of property, he has something which is a security, and he has the right to foreclose if the conditions of the agreement are not carried out. In the past twenty years companies from one end of this country to the other have issued so-called first mortgage bonds that are not first mortgage bonds at all, and in my opinion it is entirely wrong to issue them under that name. If somewhere in the body of these documents there is not a notation in small print stating that they are not in effect really first mortgage bonds, then it is necessary to refer back to something that is never seen by the people who invest in these things, and that is the trust agreement. Under a clause in the trust agreement a certain proportion of the bondholders of a company may get together and, if they so desire, take every dollar of value out of the so-called securities. So people have been buying, through brokers' houses, agents and other sources, so-called first mortgage bonds that are nothing but a common promise to pay and are only just so good as the people who issued the bonds may desire them to be. Bonds of the Dominion of Canada or of any province or municipality are good in so far as the Dominion, province or municipality may be good. They are the only bonds now issued in Canada that are safe for the investment of trust funds, and in fact are the only really safe investment for anyone who desires absolute security.

So-called bond salesmen have been going from house to house all over Canada, calling on people who do not know what the word "bond" means. They canvass farmers, who are so busy at their own work that they have no time to study investments, and they canvass widows, who perhaps are trying to make what little money they have go as far as possible in bringing up a family. The prospective customer is offered a "gold bond." That sounds well, as my honourable friend has said. Or perhaps there is offered a first mortgage bond of a large pulp and paper company, or some other big industrial concern. People who buy these things assume that they are investing in something that is secured by a mortgage, when as a matter of fact they are buying nothing but a promissory note that has not as much back of it as the ordinary promissory note has. The law, in whatever country it may be, that permits its own citizens to be deceived in that way, directly or indirectly, is wrong and should be corrected.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BLACK: If the remarks that the honourable senator from Hamilton has made here to-day result in so forcibly directing the attention of Parliament to the present situation that changes are made in the Companies Act, and particularly with regard to so-called first mortgage bonds, a very great benefit will have been done to Canada now and for all future time.

Hon. J. S. McLENNAN: Honourable senators, I think something might well be said as to the responsibilities of corporations that are concerned with the issuing of bonds. I think we can all recall cases where some trust company officers, whose names have been con-

nected with certain securities, have not recommended investment in those securities to their own clients. It may not be possible to correct a situation of that kind by a change in the Act, but certainly the officers of the great trust companies, whom we respect and with whom we do business, should be extremely careful that their names are not given to any scheme or form of so-called security which is not as secure as anything can be in this mortal life. I think the honourable gentleman from Hamilton gave us a clear and forcible presentation of what is being done by some types of companies to-day; but I agree rather with what was said by my honourable friend from Nipissing (Hon. Mr. Gordon) as to securities.

Right Hon. Mr. MEIGHEN: Honourable senators, the House will bear with me for a few moments, I hope, inasmuch as the subject-matter of the debate is in the form of a question, calling upon the Government to make an answer. My first sentence will be a recitation of the answer which is furnished to me by the Department of the Secretary of State:

A general revision of the Companies Act is not under consideration at the present time.

It would not be very courteous of me to stop there; yet I have such an appreciation of the great importance of the question, of its far-reaching implications in all sorts of difficult fields, that I make no pretence of being armed to-day to meet the special attack made upon the Companies Act by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton).

The methods of modern business are very different, and necessarily so, from those which prevailed in the much simpler times of the reign of George I, when companies made their appearance on the stage of life, and when the statute referred to by the honourable senator from Hamilton was deemed adequate to meet the difficulties of the hour. Business in this machine age, not only in this but in other countries—and the greater the country the greater is this truth—has reached such large dimensions, and the capital units are so vast, that the simpler rules of long ago cannot by any possibility be made to apply. We are under the necessity from time to time of remodelling our legislation in attempts to apply to the intricacies of our conditions the sound moral principles that are immortal. They were much more easily applied in the distant past. The honourable senator from De Salaberry (Hon. Mr. Béique) refers to himself and to the honourable senator from Hamilton as being out of date. I will not express an opinion on that point, but I am compelled to say that whether the honourable gentleman from Hamilton is in advance of my own thought or whether he is behind, the distance between us is great. I cannot follow him in his reasoning, in the main features of his contentions, though he made one or two suggestions that I believe should be of value. I cannot for a moment agree that in this day we should restrict our company organization to merely common stock companies. I do not think such a system would fit in with the character of enterprise at this time. If it did, one would expect to find that type of instrument in general use, not only here but in other countries. But where is the country on the face of the globe to-day which restricts its company organization to merely common stock companies, which prevents the issue of preferred stock—

Hon. Mr. LYNCH-STAUNTON: I can tell you of some very big companies.

Right Hon. Mr. MEIGHEN: I was speaking of countries. Where is the country on the face of the globe that enforces such restrictions? I venture to suggest that there is not one, in the old world or the new. And surely all countries are not wrong. Surely there would be one that would save Nineveh at this time, if it could be saved by the purity of a mere common stock company organization. Go to England, France, Austria, Japan, China—anywhere—and I venture to say it will be found that the intricacies of company formation are just as complex as they are in Canada. In the United States, perhaps, they are more so than anywhere else, for the reason that the business structure has reached greater proportions there than elsewhere. But it does seem essential that there should be this complexity, because, first of all, of the intricacy and immensity of modern business, and because of the demands of different classes of investors for different types of securities.

Nor do I think that the provision for no-par value stock is a retrograde step at all. I never was able to see what peculiar sanctity there was to $100 par value any more than to $10 par value.

Hon. Mr. LYNCH-STAUNTON: No, I do not think there is.

Right Hon. Mr. MEIGHEN: Or to $1 par value. Then, why should any special figure be selected and declared as the par value of all stock? On the contrary, it always has seemed to me, and still does, that the very fixing of a par value, instead of being an element of security and plainness to the investor against deceit, is the opposite. Stock

may be issued at $100 par value when as a matter of fact it has nothing like that value, and the mere statement of the nominal value may have a tendency to mislead.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: Certainly it is possible for a company to issue far too much stock, but that applies just as well to a company that has $100 par stock as to one whose stock is of no par value. It may be that the company to which the honourable senator from Hamilton referred as feeling that it had issued too many shares could have issued too many if its shares had been $100 par value instead of no par value, as they are —for I think I know the company to which he refers. I believe it can be said that the companies which to-day stand highest in the matter of strength, and whose securities, though pretty low in the market—because all are low now—are sound and rank well in revenue-bearing power and in stability, in comparison with any in the world, are companies whose issues are no-par-value stock. In a word, if there is any preference for the one over the other, from the standpoint of being fair with the investor and avoiding misleading him, I think the preference must be given to the no-par-value stock.

The honourable senator from Hamilton argues that Parliament, by enacting the Companies Act in its present form, merely provides a house for the spider and forgets the flies. He contends that we should have a different Act. Parenthetically, may I implore him to frame the measure he has in mind, because in concrete form it would be not only a very interesting production but a great contribution to the discussion, for we should then know just what we were talking upon. He says that the Act should permit in a prospectus the statement of nothing but facts. He would make the inclusion of any opinion illegal, even though the author of the opinion were named. He also suggests that nothing but common stock should be issued, of a named par value—I presume, of $100; that there should be no preferred stock; and that there should be a provision for a uniform mortgage or trust deed securing bonds. And he thinks that if these changes were made they would go far towards preventing depressions and losses on stocks in the future.

I will deal for a moment with the suggestion as to prospectuses. Undoubtedly great harm is done by some prospectuses. Here, as in every other sphere of human activity, the ingenuity of man comes into play, and is exercised for the benefit of certain persons and sometimes greatly to the disadvantage of others. Occasionally men who profit improperly by prospectuses do it in such a way that it is very hard indeed for the law to follow them. Now, the honourable senator suggests that prospectuses should contain nothing but facts. But I think the investor will say: "I am entitled to more than that. I am entitled to the best opinion that I can get, or that you can provide me with, as to what this company probably can do, and how it is going to do it."

Hon. Mr. LYNCH-STAUNTON: Rightly.

Right Hon. Mr. MEIGHEN: Rightly, of course; we have to presume that. Suppose we follow the honourable senator's suggestion and enact that a prospectus shall be made up of nothing but facts. My first observation is, as I have already stated, that I believe the investor will say he has a right to more than that. At the present time, if a prospectus contains any misrepresentation of any kind as to facts, or an expression of opinion amounting to fraud, the criminal law intervenes. The honourable senator is not satisfied with that. He says you must have no estimates at all; that to give an estimate, even if you tell the name of the man on whose faith the estimate is made, should be a contravention of the criminal law. I venture to say that if we passed such a measure it would probably be declared that it was beyond our power and that we were seeking by means of criminal legislation to interfere with a matter within the jurisdiction of the provinces. You cannot make a crime of something within the jurisdiction of the provinces simply for the purpose of accomplishing an ulterior purpose. If we were to legislate that only facts might be stated, and that an estimate must not be given, and if we called such an enactment criminal law, I should not think we were very secure before the Privy Council, even in the matter of jurisdiction. But supposing we were: we are not the only authority that can incorporate companies, and I venture to say that we incorporate relatively few. All the nine provinces can incorporate companies, and they do not have to follow the course proposed, and I do not think they would. What would be the result of imposing this restriction and that restraint? The companies would be incorporated not here, but in the provinces, and instead of achieving something better than we have, we should lose the advantage already gained from the measure of security now assured under our law. We should have done what an honourable senator referred to the other day: we should be "like the base Indian," who "threw a pearl away, richer than all his tribe."

Reference was made also to the desirability of ensuring that the instrument held out to the public as a bond really is a bond, and of ensuring that what is held out as a first mortgage bond really is a first mortgage bond. This is the feature of the honourable gentleman's address that I think is especially worthy of attention. There has been of late years, and especially of late months, far too great a disposition to play with the security of the first mortgagee, to attenuate and impair the priority of the first mortgagee by the intricate provisions of a trust deed. We could very reasonably, I suppose, protect the public against that so far as our own incorporations go, but I do not know how far we could go under the heading of criminal law in protecting the public in respect of the incorporations of the provinces. I do not think we could go very far. But I should like to see something done—and undoubtedly it can be justified—to enable the public to feel that when they secure a first charge against something, it really is what it purports to be. If it is to be described as a bond, it ought to be a bond in reality, and not merely a debenture or promise to pay; and I am not at all convinced that under the head of the criminal law we cannot do something to see that a bond really is a bond, and that default on a first mortgage bond is something that will enable the first mortgagee to come in and commence foreclosure proceedings with some hope of getting them through within a reasonable time.

But again I submit to the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) that, because of our federal constitution, what he proposes is tremendously difficult. All these processes really come under provincial law. We may hamper and restrain the companies we incorporate, but we shall not get very far by doing it. The only effective remedy must come through the provinces. In some provinces substantial steps have been taken to achieve, not this special result as to first mortgages, but a general result. The Province of Ontario is to-day exercising supervision over securities, and, I think, a very useful supervision. Under what was originally called the Security Frauds Prevention Act, now, I think, the Securities Act, it is provided first of all that brokers—that is, these investment houses—shall be licensed; secondly, that salesmen shall be licensed, and that before issues are allowed to come before the public they must be passed. That is a very serious responsibility, and one which only the provinces can undertake. They are endeavouring to meet the difficulties that this great depression has brought to the surface by efforts along these lines. May they have every success. The field is theirs rather than ours. Indeed, I question whether we can accomplish much, if anything, in the way of supervising the issue of securities. The supervision of securities and the protection of the public come under provincial jurisdiction, and, as I have said, in one province at least, and probably in more, efforts are now being made to control the situation.

This constitutes all that I have to offer on this subject, except to express my appreciation to the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) for having introduced it. I know that tremendous suffering has been entailed by stock sales that should not have been made. Vastly more has been caused by the reduction in values and the conditions which have overwhelmed the issue, as they have all others, than because of the issue having been wrong in the first place. I do not think the condition of our Companies Act is an appreciable factor in the depression of to-day, nor do I think the condition of the Companies Act of the United States, or the Acts of their States, or those of the different countries of the world, have had any considerable effect. This great convulsion has its roots much farther back and much deeper down. I should be slower now than I should have been two or three years ago to venture to analyse the causes, just as I should be slower to say that the stocks of to-day have a greater intrinsic value than they are able to command on the market. I am certain of the fact that we should accomplish very little in future by modifications of the company law, and that the economic laws, which are vaster than the enactments of any parliament, are at the root of the depression that we now endure.

JUDGES BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 9, an Act to amend the Judges Act.

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

CONSIDERED IN COMMITTEE AND REPORTED

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Beaubien in the Chair.

On section 1—travelling allowances:

Hon. Mr. DANDURAND: Can the right honourable gentleman tell us whether the request for these amendments has come from

the judges or from the attorneys-general of the provinces?

Right Hon. Mr. MEIGHEN: I have no knowledge of any request from the attorneys-general. I am quite certain it is not from the judges. I think the request for this legislation really originates in the Department of Justice. The purpose of this legislation is to provide for a more satisfactory supervision of the expenses of judges travelling outside of their districts. In the Province of Quebec there is a somewhat different provision from that which is to apply in the other provinces, the reason being that the judiciary in Quebec is organized on a different basis. The first section provides that certain words shall be struck out of the original clause, which appears on the right-hand page of the Bill.

Hon. Mr. BUREAU: The Court of Appeal was abolished.

Right Hon. Mr. MEIGHEN: Previously the accounts were certified by the Chief Justice, but now, when judges make trips outside of their own jurisdiction, the accounts must also be certified to by the Attorney-General. The deletions provided for by the first section of the Bill have the effect, as I interpret them, of enabling the Department to control the expenses, even when the judges do not go beyond their own special jurisdiction.

Subsection 6, which is to be amended, reads at present as follows:

6. In the Province of Quebec no travelling allowances shall be granted to any judge requested to sit in review, or attending any court, except within the limits of the district to which he is assigned, held at any other place than that at which he resides, unless it is certified by the Chief Justice, or the judge performing the duties of chief justice in the district where the court is held, that the attendance was in his opinion necessary.

In the Province of Quebec, apparently, the judges are not given special assignments, as they are in the other provinces. Therefore the words "except within the limits of the district to which he is assigned" are struck out.

It is my understanding that the second amendment is applicable in every province, and that the Attorney-General of a province must certify to the trip before the Auditor-General will be justified in passing the charge.

Section 1 was agreed to.

Section 2 was agreed to.

The title was agreed to.

On the preamble:

Hon. Mr. BUREAU: As far as districts are concerned, there are districts to which certain judges are assigned; for instance, Three Rivers, Sherbrooke, and so forth. The main point I wish to refer to is the approval of the accounts. Upon looking over Hansard of the House of Commons I see that a discussion took place in that House between the ex-Minister of Justice and the present Minister of Justice. I am not quite sure about the rule as to reading Hansard, but if I am permitted, I will do so. The following discussion took place on section 6:

Mr. Guthrie: The present section in the Bill will be struck out and the following substituted therefor:

1. Subsection 6 of section 21 of chapter 105 of the Revised Statutes of Canada is hereby amended by striking out the words "requested to sit in review or" in the second line of the said subsection, and also by striking out the words "except within the limits of the district to which he is assigned" in the third and fourth lines of the said subsection.

Mr. Lapointe: But unless we have the statute before us, we cannot very well understand what this means.

Mr. Guthrie: The subsection, if amended, will read as follows:

6. In the Province of Quebec no travelling allowances shall be granted to any judge attending any court held at any other place than that at which he resides, unless it is certified by the Chief Justice, or the judge performing the duties of chief justice in the district where the court is held, that the attendance was in his opinion necessary.

I do not see that section here. If my right honourable friend will refer to page 1817 of the House of Commons Hansard he will find it.

Right Hon. Mr. MEIGHEN: What is the section?

Hon. Mr. BUREAU: Section 6.

Right Hon. Mr. MEIGHEN: Subsection 6 of section 21?

Hon. Mr. BUREAU: Yes.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman ask how that will read as amended?

Hon. Mr. BUREAU: I say that, as it is amended, the Chief Justice must certify instead of the Attorney-General.

Right Hon. Mr. MEIGHEN: Oh, yes. Subsection 6 of section 21 refers only to the Province of Quebec, and apparently in that province the Attorney-General does not come in at all.

Hon. Mr. BUREAU: I have not heard it read from the Bill.

Right Hon. Mr. MEIGHEN: No. The way it will read, after amendment, is this:

In the Province of Quebec no travelling allowances shall be granted to any judge attending any court held at any other place than that at which he resides, unless it is certified by the Chief Justice, or the judge performing the duties of chief justice in the district where the court is held, that the attendance was in his opinion necessary.

That will be the law in the Province of Quebec if this Bill passes. The effect of the first clause is very clear.

The second clause of the Bill adds to paragraph d of subsection 1 of section 21, all of which is quoted on the opposite page, the words:

and unless the holding of such court is approved by the Attorney-General of the province.

Section 21 reads as follows:

21. There shall be paid for travelling allowances to each judge, whether of a superior or county court, and to each local judge in Admiralty of the Exchequer Court, except as in this section otherwise provided, in addition to his moving or transportation expenses the sum of ten dollars for each day, including necessary days of travel going and returning, during which he is attending as such judge in court or chambers at any place other than that at which he is by law obliged to reside, if such attendance has been in any place which is a city, otherwise he shall be paid the sum of six dollars for each day he has so attended: Provided that—

Now, coming down to paragraph d:

(d) no travelling allowances shall be granted to a judge of a county court in respect of any attendance at a place not within the county or district for which the judge is appointed, unless it appear to the satisfaction of the Minister of Justice that the attendance was duly authorized and necessary and unless the holding of such court is approved by the Attorney-General of the province.

It will be observed that that first amendment—and I admit I may not have explained it rightly at first—is confined to the Province of Quebec, and has the effect of providing that travelling allowances of judges in that province going to attend court at any place at which they do not reside must first be certified by the Chief Justice, or the judge performing such duties, before they can be granted.

The second amendment has this effect. The law, as it stood, granted the judges $10 a day for expenses during the time they were attending court at some place other than where they reside, if that other place was a city, and $6 a day if it was not a city. It went on to say that no travelling allowance should be granted to a county court judge attending at another place unless it appeared to the Minister of Justice that the attendance was necessary. Now the law will provide, further, that no travelling allowance shall be granted unless the Attorney-General of the province approves of the trip. That is to say, in the case of a county judge, he cannot get the $10 if it is to a city, or $6 if it is somewhere else, when he goes away from the place in which he resides, unless the Chief Justice and the Attorney-General as well certify that the trip is necessary.

Section 2 was agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

DESTRUCTIVE INSECT AND PEST BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 18, an Act to amend the Destructive Insect and Pest Act.

Hon. Mr. DANDURAND: I understand that the first two clauses contain the enactment which will allow of a regulation to prevent the shipment beyond Canada's borders of any insect, pest or disease destructive to vegetation. The explanatory note says:

Section 1. The words "or the shipment beyond her borders" are inserted in this section, with a view to making provision to prevent the exportation of infested vegetables.

Right Hon. Mr. MEIGHEN: Yes. I see that the Minister made the statement that sections 1, 2 and 3 of the amending Bill are intended to give us authority to control the movement of agricultural products infested with any disease or insects. It amplifies the power to control all such products. I presume that the need of controlling their export is to protect the reputation of Canadian products.

Section 4 rather puzzled me at first, as it seemed to be an attempt on the part of the Dominion to legalize provincial statutes, which of course we cannot do, generally speaking. The section reads as follows:

4. Nothwithstanding the generality of the terms of this Act, the foregoing provisions shall be construed as extending only to such insects, pests, or diseases destructive to vegetation, as are dealt with, from time to time, by the Governor in Council by regulation, and nothing herein contained shall be construed to prevent the Legislature of any province from making laws in relation to any such insect, pest, or disease not so dealt with by the Governor in Council, or to render repugnant to this Act any

law made by the Legislature of a province in relation to any such insect, pest, or disease not so dealt with by the Governor in Council; but the power of the Governor in Council shall nevertheless be construed as ample from time to time to extend the application of this Act and regulations made thereunder, to any insect, pest or disease aforesaid, notwithstanding the existence of any provincial law relating thereto.

It struck me, and I know it would strike any honourable senator, as an attempt to recognize that the province may legislate up to a certain point in this matter, and impliedly to validate such legislation; whereas, speaking generally, our legislation must stand on its own constitutional feet as against provincial legislation, and neither one can help the other.

But the explanation given me is this, that under section 95 of the B.N.A. Act concurrent power is given to the Dominion and the province with respect to agriculture. Clause 4 is intended to make clear that where Parliament or Order in Council has not dealt with a particular pest or insect the province is free to do so. It is said in the Justice Department that the explanatory note is misleading. It is because of the concurrent jurisdiction given by the B.N.A. Act that this rather peculiar provision becomes appropriate.

Hon. Mr. DANDURAND: I doubt that it is a needed clause, because whatever decision we make would not limit the legislation of the province.

Right Hon. Mr. MEIGHEN: I cannot give any information beyond what I have, but if the honourable senator prefers to leave the committee work until another day I quite readily agree. The second reading might well pass, and I shall be ready to discuss the matter more intelligently when we come to it again.

Hon. J. E. SINCLAIR: Has the sponsor of this Bill any information from the Department as to the reason for extending its powers and controlling export? In the statute which this Bill is amending the Department now has power to control the movement of such vegetables or vegetation within Canada. We are now asked to apply it to those that are exported. Can the Department show any instances that would call for extending this power in the way proposed? We are now expending a large amout of money in the administration of this Act, some $658,000, I think, and it might be wise to ask how much more expenditure this amendment would entail, as well as getting the reasons for interfering with export trade, as it might be termed.

Perhaps the right honourable gentleman would get that information as well, if he has not got it, and the matter might be referred to the Standing Committee on Agriculture and Forestry, where we might hear the officials who are interested in the administration of the Act.

Right Hon. Mr. MEIGHEN: I have no objection to the Bill being so referred. Manifestly, it is in the interest of this country that vegetation affected with pests or parasites be not exported, to the detriment of the reputation of our products. That would seem to me obvious, and I should suppose that there were instances which showed that harm had been done before the control was provided for. But I cannot give the instances now. If the honourable senator would like the Bill referred to the Committee on Agriculture, I have no objection.

Hon. Mr. SINCLAIR: I quite agree with the right honourable gentleman that it is necessary, for the sake of our good name, not to allow the export of goods infested with parasites. But such power has also been used in other countries, as well as Canada, as a means of controlling imports and exports by raising objection to goods on the pretext that they were infested with parasites, when there was no real ground of that kind at all. I have been taught to believe that the Senate of Canada is a reviewing body, and I think we are justified in asking for information as to why it is necessary to extend the Act in the manner proposed.

Right Hon. Mr. MEIGHEN: I quite agree.

Hon. Mr. DANDURAND: We could perhaps take the second reading now and go into committee to-morrow.

Right Hon. Mr. MEIGHEN: Yes. I shall have the information in satisfactory form then, or have the official here.

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

PATENT BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 4, an Act to amend the Patent Act.

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

The Hon. the SPEAKER: When shall this Bill be referred to Committee of the Whole House?

Right Hon. Mr. MEIGHEN: At the next sitting of the House. I express the hope that some honourable members of the legal profession who have had more to do with patent law than I have will study the provisions of

this Bill. I have endeavoured to do so. The discussion in committee will be a great deal better if senators who have had experience with patent law will come prepared to express their views. I think the Bill is rather important.

APPROPRIATION BILL No. 2

SECOND AND THIRD READINGS

Bill 43, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.—Right Hon. Mr. Meighen.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill G1, an Act respecting Canadian and British Insurance Companies.

He said: Honourable senators, so far as I know, this is the last of the Insurance Bills.

The Hon. the SPEAKER: When shall the Bill be read a second time?

Right Hon. Mr. MEIGHEN: Next sitting of the House.

Hon. Mr. DANDURAND: Will the Bill be distributed within twenty-four hours? Unless it is, the second reading might well be put over until Friday, if there is not to be a meeting of the Banking and Commerce Committee this week.

Right Hon. Mr. MEIGHEN: If it is not distributed it can be carried over to-morrow.

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

THE SENATE

Thursday, April 14, 1932.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Hon. F. A. Anglin, Chief Justice of Canada, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 4 p.m. for the purpose of giving the Royal Assent to certain Bills.

THE BEAUHARNOIS PROJECT

QUESTION OF PRIVILEGE

Before the Orders of the Day:

Hon. H. W. LAIRD: Honourable senators, before the Orders of the Day are called, I wish to direct the attention of the House to an article that appeared in the Ottawa Journal of last evening, under the heading, "Committee to make report on facts only—Predicted move will follow to oust two Liberal Senators—Session highlight is expected soon," and reading as follows:

> The political spotlight shortly will be occupied by the special committee of the Senate when it reports on its findings as to the relation of Senators Wilfrid Laurier McDougald, Andrew Haydon, and Donat Raymond with the Beauharnois Power Corporation.
>
> It is believed the committee will present a fact-finding report, but will not make any recommendations.
>
> It is further believed in well informed political circles that the findings by the special committee will be such that as a result Senators McDougald and Haydon will lose their seats in the Upper House.
>
> Senator Raymond, it is said, will not be placed in the same position as his two colleagues.
>
> The special committee has received the briefs of the lawyers representing the three Liberal senators and also the views of its own counsel. Owing to the illness of Senator T. C. Chapais, a veteran member of the Upper House, the committee has not been called together.
>
> It is understood, however, that a special effort is being made to have the committee's report ready in a week or 10 days. It is expected there will be a minority report from Liberal members of the committee.
>
> The real fight in regard to Senators McDougald and Haydon will take place in the Senate Chamber. Party lines will be revived and hurried calls sent to all absentee senators. It was reported to-day that feeling was beginning to be stirred up so much that requests for pairs were being refused.
>
> Rt. Hon. Arthur Meighen, Government leader in the Upper House, will have the task of asking for the expulsion of Senators McDougald and Haydon.
>
> The whole situation promises to be the highlight of the parliamentary session.

I was present at the last sitting of the special committee inquiring into the Beauharnois matter, and it was decided then that when the briefs of counsel were received they would be considered in strict confidence and would not be open to the inspection of other senators or anyone else. That was the order of the committee as stated by the chairman at that time. So far as I know, that order has been strictly observed, for I have not had an opportunity—and I may say I have not sought one—of inspecting or reading the briefs, and I know of no other senator who has. I can say further that members of the committee have been very careful about the

matter, because whenever I have heard the subject mentioned in the presence of any one of them he has declined to enter into any conversation respecting it. It was with some surprise, therefore, that I read this article in the Ottawa Journal, purporting to outline the whole course of action that will be taken. As an old newspaper man, I quite realize how ambitious some reporters are, and it is to be noted that some of the statements in the article are preceded by the words "It is believed," "It is said," and so on. But there is one statement which is made definitely, and not as a matter of belief or of gossip. It says:

Rt. Hon. Arthur Meighen, Government leader in the Upper House, will have the task of asking for the expulsion of Senators McDougald and Haydon.

Honourable senators, I believe that an article of this nature is not conducive to the good of this Chamber or of ourselves as members of it. My purpose in reading the item has been to ask for a statement by the chairman of the committee and, if possible, by the right honourable leader of the House, as to their position and ideas with regard to the matter in question.

Right Hon. Mr. MEIGHEN: I had not read the article nor heard of it until this moment. If I had, it would not have disturbed me much. I think it is merely an instance of adventurous prognostication.

CANADIAN NATIONAL RAILWAYS GUARANTEE BILL, 1931, No. 2

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 40, 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, No. 2.

Hon. Mr. DANDURAND: Would the right honourable gentleman tell us what expenditure this Bill covers?

Right Hon. Mr. MEIGHEN: The expenditure of $11,000,000, odd, for which the Canadian National Railways were authorized to issue bonds by the Bill previously passed by this Parliament at the present session. It appears to be the practice now—it was not in the good old days—that there should be a Railway Bill first and a Finance Bill afterwards. The Railway Bill is the one we have already passed: it authorized the railway to raise the money. In this case the Finance Bill authorizes the Minister of Finance to guarantee the bonds to raise the money.

Hon. Mr. DANDURAND: Has my right honourable friend a statement that would inform us of the liabilities this legislation is intended to cover?

Right Hon. Mr. MEIGHEN: Yes; that information was given to the House when the Railway Bill was adopted—the Bill which authorized the railway to issue bonds to provide the money. The details as to why the money was necessary and how the total was made up were then given. All this Bill does is to authorize the Minister of Finance to guarantee those bonds which the railway company, by the previous Bill, was authorized to issue.

Right Hon. Mr. GRAHAM: Is there any real necessity for two bills?

Right Hon. Mr. MEIGHEN: No. We used to do that sort of thing, as the right honourable member knows, by an item in the estimates, but the craze for efficiency, I presume, is responsible for this method.

Hon. Mr. DANDURAND: And the item in the estimates enlarged the general expenditure out of the Consolidated Fund, whereas the amount now provided appears simply as a debit against the railway.

Right Hon. Mr. MEIGHEN: The old method was the same in effect. It authorized the expenditure by an estimate, and provided that the amount might be in the form of a guarantee; and my honourable friend's friends were very careful to adopt the guarantee method, because it made a better showing in the figures of the national debt.

Hon. Mr. DANDURAND: I thought that this policy was to the same effect.

Right Hon. Mr. MEIGHEN: It is, too.

Right Hon. Mr. GRAHAM: Only it is backed up by a Bill.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION

Hon. A. D. McRAE moved:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium

procured from Canadian ores; and to that end should immediately appoint a Canadian Radium Commission to investigate and recommend to the next session of Parliament the best methods to adopt to give effect to such control.

He said: Honourable gentlemen, after considerable investigation, I am very much impressed with the seriousness of the present situation in regard to the limited supply of radium, a shortage which is costing the lives of tens of thousands of cancer victims annually. This scarcity is undoubtedly due to the excessive price demanded by the Belgian Trust, who, having driven the Americans out of the business, now produce ninety-five per cent of the radium supply of the world.

I am enthusiastic as to the opportunity which, it would appear from our Government reports, Canada has to step in, correct this world situation and give to suffering humanity this great boon, an ample supply of radium at a moderate price. From the Government reports of recent discoveries in the Great Bear Lake section of our Northwest Territories it seems almost certain that Providence has endowed us with a supply of high-grade pitch-blende, the mother ore from which radium is obtained, more abundant in quantity and richer in radium than any other known deposit in the world.

As I am not qualified to deal with the technical side of this question, I propose to direct my remarks principally to the business or commercial side of the subject, hoping that honourable gentlemen who have followed the medical profession in private life will deal with it from the professional side.

According to mortality statistics, cancer kills more people every year than any other single known disease. It has surpassed in its fatalities the white plague, tuberculosis. In support of this statement I would refer honourable gentlemen to the remarks of Dr. Cotnam in the House of Commons as reported in Revised Hansard, 1930, page 687. This was a particularly able speech on the subject and is well worth reading in connection with the resolution under discussion. Dr. Cotnam shows deaths from tuberculosis to be on the decrease, while cancer is on the increase. In 1928 the deaths in Canada for each 100,000 of population, from tuberculosis were 66, from cancer 92. Dr. Ellis MacDonald, a former Canadian, now Director of Cancer Research in the University of Pennsylvania, is my authority for the statement that in Great Britain, where mortality statistics are good, there were 56,253 deaths from cancer in 1928. On this basis, he says, there are 150,000 a year who die from cancer in the United States. Dr. Cotnam, in his speech already referred to, gives statistics showing deaths in Canada from cancer in 1928 as 8,514. In Pennsylvania, where good records are kept, the disease has increased, according to statistics, 62 per cent in the last twenty-five years. In the United States, that is in the registered areas, it has increased from 64 per 100,000 population in 1900 to 117 per 100,000 population in 1925, an increase in twenty-five years of 84 per cent.

Now as to Canada, Dr. Peter McGibbon, in his speech in the House of Commons as reported in Revised Hansard, 1930, page 692, gives in detail the statistics applicable to Ontario. In 1902 the deaths from cancer in Ontario were 54.8 to 100,000 of population; in 1929 they were 99 to 100,000 of population, or an increase in the twenty-seven years of 80 per cent, about the same as in the United States. While, no doubt, some of this increase can be attributed to more complete statistics, there appears to be no question as to the rapid increase of this plague.

As to the effectiveness of radium, as a layman I was most impressed with the report of the Stockholm clinic—that is the Swedish headquarters. Canon Cody, who visited Europe last year as the Chairman of the Ontario Radium Commission, tells me that Sweden is the most enlightened country in Europe in the use of radium. The Stockholm clinic treats almost entirely with radium. Over a period of five years it treated 1,854 victims of cancer. Cures varied from 24 per cent to 68 per cent, depending on the location of the disease. The average cure was 36½ per cent of all cases.

To reduce it to the human equation, let us see what a sufficient supply of radium means in the saving of human life from cancer alone, not considering other uses that are being developed for this powerful agency.

Dr. MacDonald says that with 100 additional grams of radium, if properly applied in skilled hands, there will be saved each year in the United States alone 30,000 of those now dying from cancer. This ratio applied to Canada means that with a reasonable supply of radium in expert hands we could save, of the 8,500 persons (a conservative estimate) now dying every year from cancer, no fewer than 1,700. In three European clinics the record for five years shows a saving from the use of radium of one patient for every six who now die, or 16⅔ per cent, which is not very much different from Dr. MacDonald's figure of 20 per cent. It is estimated that there are five times as many people affected with cancer as die annually. What a beacon of hope a supply of 20

grams of radium would be to the 45,000 Canadians who are to-day suffering from this dread disease.

The supply of radium is very limited. In Europe there are said to be only 35 grams in use; New York City has 12·3; in Philadelphia there are 5.6 grams. No cancer centre in the world is said to have sufficient radium except the Curie Institute in Paris, which has 12 grams. The Memorial Hospital in New York City has 8 grams, which they say is insufficient.

The amount of radium needed to-day in Great Britain is said to be 40 grams. The minimum additional requirement in the United States is 100 grams. It is estimated that with the requisite number of complete cancer stations throughout the Republic, the minimum requirement would be 240 grams, a proper supply 960 grams.

A good supply for Canada would probably be 30 to 40 grams, sufficient for four or five cancer centres. Our Department of Pensions and Health estimates that we have 5·54 grams in Canada to-day. It gives as its estimate of the additional requirement, which it says is very conservative, 16½ grams. The Ontario Radium Commission estimates Canadian requirements at 16 grams. Radium is said to retain its effectiveness for 1,700 years; so there is practically no depreciation. It, therefore, lends itself to 99-year leasing or long-time payment, and at a reasonable price could be easily financed.

With the great reduction in price which would appear almost certain to result from the proper development of our deposits in Canada, a very much wider distribution of radium can be effected.

The Ontario Radium Commission, and Canon Cody in particular, were greatly impressed with the need for a thorough educational program to precede any wider distribution of radium and thus have it placed only in expert hands. This they say is imperative if disastrous results are to be avoided. Canon Cody referred to the experience in England, where proper training had not preceded the distribution of radium, as unsatisfactory compared with the most excellent results obtained from the use of radium in Sweden, where it is all in expert hands.

The report of the Radium Commission recently tabled in the Legislature at Toronto devotes several pages to the need of education in this matter, and of restricting the use of radium to skilled operators. Concluding, they say, "Everywhere this fact was impressed on the Commission."

The shortage of radium is apparently due to one thing, and one thing only: the price. The present price of the Belgian Trust, which has prevailed for some years, is $70,000 a gram retail; wholesale—four grams or more—it is $50,000 a gram. This means that the smallest wholesale purchase costs $200,000. The eight grams said to be required for a cancer centre mean an investment of $400,000. These prices are prohibitive. Apparently radium is available, as the Belgian Trust are said to have recently been lending radium to certain hospitals.

I think honourable gentlemen will be interested in an article on this subject which appeared in the Industrial and Engineering Chemistry Magazine of July, 1929. I will read the concluding paragraphs only.

We are further informed that the plant of the Union Minière du Haut Katanga in Belgium, after having produced an amount of radium rumoured at one hundred grams in excess of the market demand at the time, closed and was not reopened for operations until the stock of radium salts on hand had been taken at the prices established by the company. While the belief that the Belgian Congo contains great quantities of ore from which radium can be extracted and that these deposits are now hidden in order to maintain high prices may be erroneous, nevertheless it is known that the one or two outside men who have been permitted to visit the mines did so only after making solemn promises to maintain secrecy. We are informed by one who visited the plant in the early days that the cost at that time was not over five thousand dollars per gram of radium. While the ore then shipped was probably richer than that which goes to the plant to-day, it is nevertheless a simple matter to concentrate uranium oxide ore to any richness desired, water being available as it is in Katanga.

The article continues:

The manufacturers and producers of a luxury may ask a price which returns an unreasonable profit and no one complains seriously, for we can dispense with luxuries. A hoarder of food who endeavours to extract a fabulous profit for a necessity would be given no mercy. What shall be said then of a company which, though numbering among its stockholders citizens of other lands, is nevertheless controlled by those identified with a country which sought and was given the help of the world, and which now demands the utmost the traffic will bear for a material which to many means the difference between life and death? It is not a pleasing picture. There has been no great outlay of time and treasure involved in the location of a deposit which some lucky circumstance placed on Belgian-controlled territory, nor has the company been required to perform tedious and time-consuming research in the development of a reduction method. Neither has it been found necessary to seek a market for a new product. That a reasonable profit is deserved by those who conduct commercial enterprises, whether they manufacture medicines or machinery, is

accepted. It is when a life-giving element is maintained artificially at a price which limits its availability to suffering mankind that we raise our voice in protest.

The Ontario Radium Commission met with a cold reception in Belgium last year. They saw nothing; the manufacture of radium was a closed door to them. Quite different was the experience in Czecho-Slovakia, where they were shown everything. Unfortunately that country produces only about 5 per cent of the world's supply of radium.

Dr. Frank L. Hess, of the United States Bureau of Mines, writing in 1930, states:

Particulars regarding the Belgian Congo deposits owned by the Union Minière du Haut Katanga are still heavily veiled in secrecy, and no word of reserves or tenor of ore is allowed to reach the public. Governmental figures for shipments of minerals from Belgian Congo include 944 (metric) tons of uranium ore in 1929 and 1,296 (metric) tons in 1930.

A tabulation of the Belgium company sales as taken from their annual reports, beginning with 20 grams in 1923, when they started operation, gives total production up to and including 1930 of 270 grams. In 1931 they are said to have produced about the same as in 1930, that is 60 grams. Czecho-Slovakia's production of about 3¼ grams annually would make the estimated world production last year 64 grams.

So that honourable gentlemen may get a proper perspective of radium production as a mining business, permit me to state that the total world production is estimated at between 550 to 600 grams, or about 1¼ pounds—

Hon. Mr. CASGRAIN: Yearly?

Hon. Mr. McRAE: No. That is the total, since the beginning of radium production, up to 1928. The annual production being estimated at 60 grams, the world produced only two ounces of radium last year.

Radium is also used in luminous paint. A considerable quantity was so consumed during the War. As a result of this, it is estimated, the amount of radium in the world to-day is substantially less than 300 grams, or five-eighths of one pound, about a teacupful.

Of the world production from the beginning in 1898 up to 1928—thirty years—250 grams were produced by the United States of America, now out of the business; Belgium produced 245 grams and Czecho-Slovakia some 45 grams.

The rich pitch-blende deposits in Belgian Congo are of recent discovery. Production started in 1923. Belgium passed the United States in 1929, after which production in the United States ceased. Here is what Mr. C. L. Parsons, who developed the Colorado deposits in the United States, writing from Washington on November 21, 1930, has to say about resuming manufacture in that country:

With ore costing no more than it did fifteen years ago, and it is to-day a drug on the market, there is no reason why radium produced in such quantities as you have in mind should cost, with all charges of amortization, more than $35,000 per gram, and in my opinion it could be produced for at least $5,000 less. This opinion is based on experience. . . .

If we could have any assurance of selling radium we produced at $50,000 a gram, I, with certain associates, would be manufacturing radium to-day commercially and making good money on our investments at this price. The trouble, you know, is that anyone going into the radium business in this country and putting the product on the market will be immediately undersold at any price down to $20,000 a gram, and perhaps at $15,000 a gram, by the Belgian company, whose costs, to the best of my information, are less than $10,000 a gram to-day.

The Hon. The SPEAKER: I would ask the honourable senator to kindly suspend his remarks in order that we may receive the Right Hon. the Deputy Governor, who is waiting to give the Royal Assent.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Hon. F. A. Anglin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Hon. the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Boards of Trade Act.

An Act to amend The Juvenile Delinquents Act.

An Act to amend the Judges Act.

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, No. 2.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.

The House of Commons withdrew.

The Right Hon. the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION

The Senate resumed consideration of the motion of Hon. Mr. McRae:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium procured from Canadian ores; and to that end

should immediately appoint a Canadian Radium Commission to investigate and recommend to the next session of Parliament the best methods to adopt to give effect to such control.

Hon. Mr. McRAE: Honourable senators, when I discontinued before the Royal Assent, I had just completed reading a letter from Mr. Parsons, the gentleman who developed the Colorado deposits of radium. He said that if anyone attempted to go into the radium business in the United States he would be undersold by the Belgians, who are able to produce at a cost of less than $10,000 a gram. Mr. Parsons is well qualified to speak on this subject.

The United States had to work with pitch-blende ore running around 2 per cent, which later is said to have dropped to about 1½ per cent. When America was profitably producing radium from this low-grade ore the price was around $110,000 per gram. Later, when the Belgian Trust reduced the price to $70,000 per gram, the Americans had to quit, as their ore was of too low a grade. Belgian Congo ore prior to 1929 was said to have averaged 40 per cent uranium oxide, twenty times richer than the American deposits. As to the present grade of Belgian Congo ore, I will read an extract from the report of the Radium Sub-committee of Civil Research, London, 1929, page 13:

> Referring to the Belgian Congo radium deposits, Monsieur Sengier, the Managing Director, added that there was not an unlimited amount of ore in view. Originally the ore was so rich that 10 tons would produce a gram of radium. Now, less rich ore had to be used, and about 30 or 40 tons of hand picked ore, as shipped, were necessary to produce 1 gram.

Now I come to a more interesting part of my story, dealing with the deposits that we have in our own country. Until the discovery of pitch-blende in the Great Bear Lake section in our Northwest Territories, the Belgian Congo stood alone in its unchallenged supremacy as a radium producer. There were no competitors of the Belgian Trust, worthy of the name. Originally it took ten tons of Belgian Congo ore running 40 per cent uranium oxide to produce one gram. On this basis United States 2 per cent ore would require 200 tons to produce a gram. It will therefore be readily seen why the Americans had to go out of business.

Let us see how the recent discovery of pitch-blende in the Great Bear Lake district compares with the Belgian Congo ore. Six samples taken by Government engineers and assayed by our Department of Mines show ore running from 30½ per cent to 62 per cent uranium oxide, with an average of 46·42 per cent uranium oxide, and the Government engineer states that the higher grade samples coming from below the water level indicate higher percentages at depth. This is richer than the original Belgian Congo deposits.

Professor Spence, of our Department of Mines, reports as follows:

> To date, the No. 2 vein has received the greater attention and is at present the most important. It will probably be made the site of initial mining operations, whenever these are started. Its importance is increased by the fact that for part of its length it carries rich silver ore associated with the pitch-blende. From the west outcrop at water's edge, the vein strikes up-hill to a maximum elevation of about 100 feet above the level of the lake. Some of the richest pitch-blende found, both on the No. 1 and No. 2 veins, was taken out at the shore outcrops, and the width of massive ore was as great at these points as at any other. This suggests the veins may improve both in size and grade of ore with depth. The fact that pitch-blende has recently been found two miles inland from La Bine Point, and on the strike of the veins there, suggests that the vein-system may have a very considerable persistence.

While the work done to date has, of course, been very meagre, nevertheless three veins have been explored, one of them for a distance of 1,400 feet, and out-croppings along the break have been located as far as two miles farther on. A fourth vein is also in evidence. Reports indicate that another pitch-blende deposit is found some ten or twelve miles farther south. As to the amount of tonnage in sight, I read from the report of Professor Spence:

> While at present no estimate of actual available tonnage can be made, the No. 1 and No. 2 veins may be expected to yield several thousands of tons at least of high-grade pitch-blende, as well as a lesser amount of milling ore. Underground exploration upon their extension inland and under the lake, as well as prospecting of other known veins, will probably materially increase these amounts. Beyond any question, the pitch-blende deposits at La Bine Point constitute a very valuable source of radium.

Honourable gentlemen will not readily appreciate what a few thousand tons of this rich pitch-blende ore actually mean when reduced to radium. Taking this pitch-blende ore as averaging 40 per cent uranium oxide, according to the Belgian reports, ten tons would give one gram of radium. Six hundred tons would, therefore, suffice to supply the entire world production and sales for last year. This means that twelve modern gondola railway cars of fifty tons capacity each would carry the entire pitch-blende required for last year's world production to the Canadian plant, wherever it may be established. One single train of forty cars loaded with this Great Bear Lake pitch-blende will produce, on this basis, 200 grams of radium, or three and one-half times the entire production in the world last year; or the manufacture of one carload of ore a day would give an annual production of over 1,800 grams of radium—

three times what the world has produced in thirty years, and about thirty times the production of last year.

Regard being had to the imperative demand for intensive educational work to precede a wider distribution of radium, one train load a year of Great Bear Lake pitch-blende will produce more radium than the world will require for some years to come.

I give these figures to show the absurdity of considering the production of radium from our pitch-blende ore as a mining industry. Pitch-blende is a medicinal ore, required chiefly for medicinal purposes. Not by the greatest stretch of the imagination can it be pictured as an industry which will employ any considerable number of men, or be of great commercial value to the country.

The silver deposits in this district are phenomenal. As pitch-blende is generally associated with the silver ore, it is possible that when mining is well under way more pitch-blende will be produced in connection with the mining of silver than the world then requires, and consequently our Government may some day have to make provision for conservation of surplus pitch-blende. He would be a very foolish prospector who would now go into the Great Bear Lake district in search of more pitch-blende.

The Department of Mines estimates that radium can be produced from Great Bear Lake ore at $10,000 per gram, which will be one-seventh of the Belgian retail price, and one-fifth of their present wholesale price.

With pitch-blende running better than forty per cent uranium oxide, it would take less than ten tons to the gram. The sacked ore at the mines would cost, say, $100 a ton. By water freight—shipping the ore out in the summer months as return cargo—it should be possible to get this ore to Ottawa for less than $100 a ton freight. These two items being added together, the maximum cost to lay down in Ottawa the ten tons of raw product, pitch-blende, required to produce one gram of radium, would be $2,000.

Hon. Mr. CASGRAIN: Why bring it to Ottawa? Why not manufacture on the ground?

Hon. Mr. McRAE: I am going to leave that to this commission that I desire to have appointed. I am just bringing it close home. The freight would be very much the same across the country, whether the ore was brought to Winnipeg or Ottawa. I am just trying to draw a picture of having it brought here.

The manufacture is a sliming process requiring not a very large plant investment. With credit for the by-products, and with a reasonable output, it should be possible to produce radium at little if any in excess of $5,000 a gram. For a moment stop and think what this would mean to humanity. Radium at about one-fourteenth, or from seven to eight per cent, of the present Belgian retail price. That is a possibility. The probability is a reduction in the present Belgian wholesale price of at least 80 per cent—to $10,000 a gram, or less.

The Government might well consider reserving all pitch-blende from further stakings. That would not interfere in the least with the mineral development of the Northwest Territories.

As to claims already staked, it is agreed the holders should be treated generously. However, as the Government, through its Radium Commission, must carry on the necessary education, and regulate the distribution of radium so as to confine it to qualified users, it will probably be found that the Government will carry on the manufacture under the direction of the Department of Mines—a very efficient staff—or through the agency of some controlled private corporation, or perhaps under the direction of a permanent Canadian Radium Commission.

In this event the arbitrary price at the mines, which, for my immediate calculations, I put at $100 a ton—five times the value of the gold content of one ton of ore from the Lake Shore Mines, one of the greatest gold mines in the world—should prove an equitable, if not a too generous, allowance to the people who have already staked claims. Of course, this is vastly different from what we now hear about the values. There are twenty tons of this ore now in Ottawa. It will probably produce, if manufactured, two grams of radium. They talk about this shipment being worth $100,000; that is the Belgian wholesale price of two grams of manufactured radium. Surely we are not going to start in on this basis in Canada. It is unthinkable that we should allow the pitch-blende deposits of the Great Bear Lake to be developed on a basis which would enable Canadians to join with the Belgians as exploiters of suffering humanity.

In closing may I express the hope that I have made out a case for action, and that honourable gentlemen, after full discussion, may see fit to approve of this resolution, and in so doing serve notice to the world that we are determined to conserve and protect this great inheritance of the Canadian people for the service and welfare of mankind.

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

DESTRUCTIVE INSECT AND PEST BILL

REFERRED TO STANDING COMMITTEE

On the Order:

The House in Committee of the Whole on Bill 18, an Act to amend the Destructive Insect and Pest Act.—Right Hon. Mr. Meighen.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I have some information asked for by the honourable senator from Queen's (Hon. Mr. Sinclair), but I think it could be more satisfactorily given before the Committee on Agriculture and Forestry. I therefore move that this order be discharged, and that the Bill be referred to that committee.

Hon. Mr. HUGHES: Has the Senate a Committee on Agriculture?

Right Hon. Mr. MEIGHEN: It has a good one.

The motion was agreed to.

PATENT BILL

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 4, an Act to amend the Patent Act.

Hon. Mr. Daniel in the Chair.

Sections 1 to 5, inclusive, were agreed to.

On the preamble:

Hon. Mr. DANDURAND: Honourable gentlemen, I had the responsibility of placing before this Chamber some years ago the revision of the Patent Act, and at that time had to examine into the workings of the Department as to the application of the Act. Although I have practised at the Bar for a number of years, I have no technical knowledge of the practical effect of the Patent Act as between litigants. I have, however, read the statement made by the Secretary of State in the other House, where this Bill was referred to a special committee, and I desire to say that, so far as my light enables me to speak, I think these amendments are improvements on the old Act.

The preamble was agreed to.

The title was agreed to.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

PETROLEUM AND NAPHTHA INSPECTION BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 20, an Act to amend the Petroleum and Naphtha Inspection Act.

He said: Honourable gentlemen, this is a very technical Bill, but the effect of it is simple. It appears that there is a quality of petroleum produced in the Red Sand district of Alberta that is not of the weight required by the Act as it stands, but so close to it that it can be produced and used without danger. This Bill slightly modifies the weight provision of the Act to make possible the use of this petroleum.

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

CROWN DEBTS BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 25, an Act respecting debts due to the Crown.

He said: Honourable gentlemen, I should put on record the explanation of this Bill. It appears that, in contradistinction to the law as between individuals or companies, the State, if there is a debt owing to it, is not authorized to set off that debt against one owing by it, or against moneys payable by it. This has been the practice, but it has been called in question, and the opinion has been given that there is no authority for it. The Bill as originally introduced enabled this to be done even in respect of a debt owing to the Dominion by a province. That feature has been eliminated. The Bill provides that debts owing to the Dominion by a corporation, a municipality or an individual may be set off against amounts payable by the Crown to that corporation, municipality or individual.

Hon. Mr. DANDURAND: Honourable gentlemen, in following the progress of this Bill through the other House I noticed that, some protests having come from the provinces, the Bill was amended as indicated by the right honourable gentleman. I confess that if the Bill had come here in its original form, I would not have insisted upon the elimination of the provinces from its provisions.

Right Hon. Mr. MEIGHEN: Nor would I.

Hon. Mr. DANDURAND: I might have suggested that if a province notified the Dominion that the claim was one that it

intended to have settled by a board, or by the Supreme Court, the set-off should not be operative.

Right Hon. Mr. MEIGHEN: I am in agreement with the honourable gentleman. I think the Bill would be better if the amendment had not been made; but as we have it in its present form, it is probably well to pass it.

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

OPIUM AND NARCOTIC DRUG BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Right Hon. Mr. MEIGHEN moved the second reading of Bill 26, an Act to amend the Opium and Narcotic Drug Act, 1929.

He said: This Bill is somewhat important. It appears that under the auspices of the League of Nations there was a conference of fifty-seven countries, at which Canada's delegates were Dr. Riddel, Canadian representative at Geneva, and Col. Sharman, Chief of the Narcotic Division of the Department of Pensions and National Health. This conference took into consideration the control, limitation and manufacture of narcotic drugs and arrived at decisions which necessitated the adoption of certain legislation on the part of the countries. It transpired that Canada already had in force nearly all the requirements that the conference deemed wise. The principal thing still to be done, and to be effected by this Act, is to bring codeine under the import and export licence system in so far as its movement from one country to another is concerned, and at the same time to preserve its present complete freedom in Canada, under the Opium and Narcotic Drug Act. There are also certain improvements in definitions, and as well two minor changes, directly necessitated by the work of the conference. One of these changes is in section 8, and is designed to permit retail druggists to sell without prescriptions medicated preparations containing a specified small proportion of cannabis sativa, as they are already authorized to do in connection with similar medicated preparations containing a small specified proportion of opium or morphine. The other is a drafting change in section 20 to remove an existing misunderstanding with regard to the disposal of seized narcotics and paraphernalia for opium smoking.

Hon. Mr. DANDURAND: Honourable senators, I have followed very closely the work of the League of Nations on the control of opium and other narcotics. In the three years that Canada was a member of the Council of the League I had the responsibility of reporting to the Council on narcotics and opium. I may say that the League is very active in trying to cope with the universal drug evil. My last action at the Council was to move for the creation of a board of control, composed of eight or nine members, for the purpose of trying to keep track of the production, manufacture and distribution of narcotics. I do not know what activities have been carried on during the last twelve months. There is a very wide field in which to work, and although the facts with regard to the distribution of morphine are somewhat discouraging and the trade is difficult to cope with, the section of the League that is dealing with opium and narcotics is endeavouring to move towards practical ends. Observation is being maintained over the countries of manufacture, and more and more courage has been shown in pointedly denouncing some manufacturers. Some time ago I had in my hand a report in which certain manufacturers who had been illegally distributing noxious drugs were denounced by name—the first time that such a thing was ever done. One of those manufacturers was in Switzerland, another in France, and I think the third was in either Holland or Germany. Of course it is contended that the trade will never be restricted or controlled until the nations agree to limit their production. An inquiry was held in different countries, but at the last moment China refused to allow the investigation to be carried on within its borders. However, the League of Nations is doing its level best to reach satisfactory conclusions.

Hon. Mr. McMEANS moved that the debate be adjourned until Tuesday, April 19.

Right Hon. Mr. MEIGHEN: I might explain that I have just been advised there must first of all be a resolution adopting the provisions of the Geneva Convention.

The motion was agreed to, and the debate was adjourned.

EXCISE BILL

SECOND READING

Bill 27, an Act to amend the Excise Act.—Right Hon. Mr. Meighen.

YUKON QUARTZ MINING BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 30, an Act to amend the Yukon Quartz Mining Act.

He said: Honourable senators, this is a very simple Bill. It appears that in the Territories

quartz mining is administered under the Dominion Lands Act, which provides that regulations may be made thereunder by Order in Council; but in the Yukon quartz mining is administered under the provisions of the Yukon Quartz Mining Act. The regulations under this Act are embodied in legislation, and consequently can be altered only by legislation. This situation is too rigid. At the present time the value of all metals except gold is excessively low, so low as to be almost non-existent. Therefore the representation work required to be done by mining companies or individuals simply cannot be done, and a certain elasticity will have to be afforded to permit of fair dealing towards the holders of mineral claims. The Bill provides that regulations may be made, and it empowers the Governor in Council to grant under certain circumstances a moratorium in connection with representation work and thus avoid cancellation of claims.

Hon. Mr. DANDURAND: Can the right honourable gentleman tell us what the words "representation work" mean?

Right Hon. Mr. MEIGHEN: It is a phrase used in the department. It means the work that is required to be done each year, and the expenditures required to be made, by the holder of a mineral claim. I do not know why it is called "representation work."

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

PRIVATE BILL

SECOND READING

Hon. H. H. HORSEY moved the second reading of Bill 31, an Act respecting certain patents of Autographic Register Systems, Limited.

He said: Honourable senators, the object of this Bill, applied for by Autographic Register Systems, Limited, is to repeal a special Act covering two patents, which special Act became necessary because, through no fault of the company, these patents continued in use for more than one year before they were filed. However, on the same day that the special Act was passed, the 4th of June, 1921, the Patent Act was so amended as to permit these patents to be issued under it, and this was done. In order to avoid any confusion as to which Act covers these patents, the company is asking for the repeal of the special Act.

Right Hon. Mr. MEIGHEN: I have no objection to the second reading, although I cannot pretend to have any knowledge of the Bill. On the understanding that the measure will be referred to the Committee on Miscellaneous Private Bills, I am quite agreeable to the second reading being given now.

Hon. Mr. HORSEY: This Bill, of course, has passed through the other House.

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

REFERRED TO COMMITTEE

Hon. Mr. HORSEY moved that the Bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. Mr. GORDON moved the second reading of Bill 35, an Act respecting the Canadian Pacific Railway Company.

Hon. Mr. SHARPE: Explain.

Hon. Mr. GORDON: I was asked just a short time ago to move the second reading, in the absence of the sponsor of the Bill, the honourable gentleman from Alma (Hon. Mr. Ballantyne). I think the measure is self-explanatory. The purpose is to give authority to the company to issue more consolidated debenture stock.

Hon. Mr. McMEANS: Will the Bill go to the Railway Committee?

Hon. Mr. GORDON: That is agreeable.

Hon. Mr. DANDURAND: The honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) should be here to keep an eye on this Bill to authorize the issue of more debenture stock.

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

DIVORCE PETITIONS

ADOPTION OF REPORTS

Hon. Mr. McMEANS moved concurrence in the second to eighth reports of the Standing Committee on Divorce.

Hon. Mr. DANDURAND: Were all these divorce petitions unopposed?

Hon. Mr .McMEANS: Yes, all unopposed.

The motion was agreed to, on division.

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

THE SENATE

Friday, April 15, 1932.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill H1, an Act for the relief of Eva Corker Trill.

Bill I1, an Act for the relief of George Senkler Morgan.

Bill J1, an Act for the relief of Agnes May Jack Evans.

Bill K1, an Act for the relief of Mabel Constance Small Cossar.

Bill L1, an Act for the relief of Olive Pearl Beattie Watkins.

Bill M1, an Act for the relief of Assad Kalil Eddy, otherwise known as Joseph Canille.

PENSIONS ESTIMATES

INQUIRY

Hon. Mr. GRIESBACH inquired of the Government:

With respect to the Estimates, 1932-33, Vote No. 75 (Salaries and Contingent Expenses of the Board of Pension Commissioners for Canada), $451,284.

1. Under what main headings is this amount to be expended?

With respect to Vote No. 74 (Pensions European War—Naval, Militia and Air Forces after the War), $48,000,000.

1. What sum is it estimated will be spent upon pensions actually paid to pensioners?

2. What sum is the remainder, and under what main headings is it estimated it will be spent?

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

1. (Vote 75)

Personal services—	
Salaries—staff	$ 339,500
Salaries—insurance	10,800
Salaries—Commission counsel and staff	48,744
Communication service—	
Telephone, telegraph and postage	8,000
Miscellaneous expense	1,000
Professional and special service—	
Legal outside investigations	4,500
Materials and supplies—	
Stationery and office supplies	10,000
Transportation of persons—	
Transportation and travelling, staff	28,740
	$451,284

(Vote 74)—	
Pensions	$47,729,448
Burial grants	35,000
To provide for unforeseen items	235,552
	$48,000,000

1. $47,729,448.

2. $270,552.

Burial grants.

Unforeseen items.

PETROLEUM AND NAPHTHA INSPECTION BILL

THIRD READING

Bill 20, an Act to amend the Petroleum and Naphtha Inspection Act.—Right Hon. Mr. Meighen.

CROWN DEBTS BILL

THIRD READING

Bill 25, an Act respecting debts due to the Crown.—Right Hon. Mr. Meighen.

EXCISE BILL

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 27, an Act to amend the Excise Act.

Hon. Mr. McLennan in the Chair.

Sections 1 and 2 were agreed to.

On section 3—recovery of penalties:

Right Hon. Mr. GRAHAM: That is not new.

Section 3 was agreed to.

Sections 4 and 5 were agreed to.

On section 6—penalties belong to Crown:

Hon. Mr. DANDURAND: Has there been any representation from the provinces in regard to the division of fines?

Right Hon. Mr. MEIGHEN: I think not.

Section 6 was agreed to.

On section 7—when spirits may be entered for consumption:

Right Hon. Mr. GRAHAM: What is the significance of that?

Right Hon. Mr. MEIGHEN: It merely extends to retail druggists, registered, licensed or authorized, the privilege that heretofore has accrued only to universities and scientific research laboratories, of purchasing from distillers, under regulations to be made by the Minister, the goods to be used for the purposes mentioned. The explanation seems to be sufficient. I cannot add to it. It says:

> The restriction on the sale of unmatured spirits is intended to protect the public from the sale of unmatured spirits for beverage purposes, but freshly distilled spirits are as good as matured spirits for the purposes for which they are required by druggists and the existing requirement of at least two years' warehousing increases of necessity the price to the consumer of medicines, etc., without benefiting either the druggist or the distiller.

The purpose is quite clear.

Right Hon. Mr. GRAHAM: To my knowledge, retail druggists have complained considerably of the price of liquors. Maybe it covers that point.

Right Hon. Mr. MEIGHEN: Yes.

Right Hon. Mr. GRAHAM: As a matter of fact, they have smuggled large quantities of liquor into the country because, they complained, the price was too high. Perhaps this Bill will meet the objection to some extent.

Right Hon. Mr. MEIGHEN: By enabling them to get it from other sources.

Hon. Mr. BUREAU: Is smuggling still going on?

Right Hon. Mr. GRAHAM: I think so.

Right Hon. Mr. MEIGHEN: The word is out of the dictionary now.

Hon. Mr. DANIEL: I should like to ask the leader of the Government whether "two years' warehousing" means two years in Canada. Or might it include two years' warehousing in the country where the spirits are manufactured, and from which they are imported?

Right Hon. Mr. MEIGHEN: Yes, I think so; so long as the evidence is complete.

Right Hon. Mr. GRAHAM: So long as it is matured.

Section 7 was agreed to.

Sections 8 and 9 were agreed to.

On section 10—removal of tobacco in bond:

Right Hon. Mr. GRAHAM: The section governing the removal of tobacco in bond has also in the past caused considerable irritation. Will this repeal, without the substitution of another clause, cure what was complained of by the importers of tobacco, I wonder.

Right Hon. Mr. MEIGHEN: What was the complaint?

Right Hon. Mr. GRAHAM: The complaint was that there were irregularities, and that it was possible for one importer to secure benefits that another could not get, depending sometimes on the size of the business of the importer. All the growers of tobacco, particularly in southwestern Ontario, complained of the regulation which allowed this removal. If this amendment is intended to cure what they said was an evil, the change may be a good one.

Right Hon. Mr. MEIGHEN: It seems to go far enough. I have read over the debate —if it may be called that—on this subject in the Commons, and the only reference to this section is as follows:

> Sections 4 to 13 agreed to.

Fairly adequate explanations were given of some previous amendments, which already have been scrutinized by this Committee. I should think, from reading this clause as it stood before, and from the mere fact that it is repealed without any substitution, the difficulty must certainly be removed. One naturally questions whether there is an adequate safeguard now. The way it read before was this:

> No tobacco of any description when put up in packages containing less than five pounds, and no cigars when put up in packages containing less than twenty-five cigars each, shall be removed in bond from one warehouse to another, whether within the same or any other excise division: Provided, however, that such tobacco and cigars may be so removed under such regulations as may be made by the Minister when such tobacco or cigars are intended for shipment as ship's stores.

Apparently only the Minister could make regulations permitting the removal for certain purposes. Now the restraint is lifted, and, so far as this Bill goes, there is nothing at all to prevent the removal. So there can be no complaint on that score.

Right Hon. Mr. GRAHAM: If I remember correctly, the complaint was founded on the exercise of authority by the Minister; not that it was exercised irregularly by him, but that there was misrepresentation by those who wished to have the goods removed for purposes other than those named in the Act.

Right Hon. Mr. MEIGHEN: Other than for shipment as ship's stores?

Right Hon. Mr. GRAHAM: Yes.

Hon. Mr. GORDON: For my part, I think I would rather have the old regulation as it was. I do not see the necessity for any person removing such a small quantity.

Right Hon. Mr. MEIGHEN: There must be a necessity, or those complaints would not have arisen.

Hon. Mr. GORDON: But I was just wondering, and I should like to know, what reason there is for it. If there is nothing very urgent about the matter, I should be glad to see it left over.

Right Hon. Mr. MEIGHEN: I have no objection at all. In fact, I think that when bills come to this House with so little explanation, delay here might have a salutary effect. I move that the Committee rise and report progress.

Progress was reported.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill G1, an Act respecting Canadian and British Insurance Companies.

Right Hon. Mr. GRAHAM: Is that the third Insurance Bill?

Right Hon. Mr. MEIGHEN: The last.

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

On motion of Right Hon. Mr. Meighen, the Bill was referred to the Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, April 19, at 8 p.m.

THE SENATE

Tuesday, April 19, 1932.

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

Prayers and routine proceedings.

NARCOTIC DRUG CONVENTION

RESOLUTION OF APPROVAL

The Hon. the SPEAKER informed the Senate that the following message had been received from the House of Commons:

Resolved that a message be sent to the Senate informing their honours that this House has adopted a resolution approving the international convention for limiting the manufacture and regulating the distribution of narcotic drugs, Geneva, July 13, 1931, signed on behalf of Canada by the plenipotentiaries named therein, and requesting that their honours will unite with this House in the approval of the above mentioned convention.

Hon. Mr. GORDON.

Right Hon. Mr. MEIGHEN: Honourable senators will remember that the honourable senator from Winnipeg (Hon. Mr. McMeans) moved the adjournment of the debate on the second reading of a Bill dealing with the subject-matter of the message which has just come to us from the other House. It transpired that while the resolution ratifying the convention upon which the Bill was based had passed the Commons, it had not been transmitted to this House before the Bill was transmitted, though it should have been. Hence there was a miscarriage of the order of our procedure.

Little explanation is needed of the motion that I am about to make, other than that already given in relation to the Bill. I have, however, some fuller material bearing on the contents of the convention—material which has not, I think, been put on record in the other House. As previously explained, this convention was the last achievement in a long progress of endeavour to curtail the traffic in poisonous and deleterious drugs, and was, I think I may say, the first of that long series of efforts which sought to curtail the traffic at its source, namely, in the manufacture.

The convention goes into effect when signed by twenty-five countries, of whom four must be from the following: France, Germany, United Kingdom of Great Britain and Northern Ireland, Japan, Switzerland, Turkey and the United States of America. At present 44 of the 57 countries that participated have executed the convention. The Senate of the United States approved of the ratification on the 31st of March, and His Majesty's Government in the United Kingdom has announced its intention of ratifying the convention as soon as the requisite amendment to the Dangerous Drug Act has become law. Turkey alone, of the number of states of whom four are essential, has as yet not signed the convention. In case the signatures and the ratifications following signature are not in hand in sufficient number by the 13th of July of next year, the matter will have to be again brought to the attention of the Council of the League of Nations. Hence the importance of Canada ratifying the convention as promptly as possible.

I wish to place on record a synopsis of the purposes of the convention. It supplements and develops all earlier efforts, especially those that are embodied in the Hague Convention of the 23rd of January, 1912, and the Geneva Convention of the 19th of February, 1925, to each of which this country is a party. Its purposes are:

(1) The transmission to a permanent central board by each signatory power of annual advance estimates of its needs of all narcotic drugs for medical and scientific purposes.

(2) The checking of such estimates by a newly created international supervisory body, which may require any further information or details.

(3) The preparation by the supervisory body of estimates for any countries which have not submitted estimates.

(4) The transmission to governments of the estimates mentioned above, together with an account of any explanation given or required.

(5) Limitation of manufacture of narcotic drugs to the amount required for medical and scientific purposes.

(6) The checking by the permanent central board of the import and export returns of governments, which shall not permit exportation to any country after being notified by the permanent central board that the country has imported its estimated requirements.

(7) Prohibition of exports of more than five kilograms of any narcotic drug to any country not applying the import-certificate system until after authorization has been obtained from the permanent central board.

(8) The control of newly discovered narcotic drugs.

(9) Prohibition of manufacture of narcotic drugs of no medical or scientific value.

(10) Control of codeine, which has been the subject of long international disagreement. Codeine is a derivative of opium.

(11) The control by governments of any existing excess stocks.

(12) Prohibition of export of heroin, except on responsibility of the government of the importing country.

(13) Limitation of supplies of raw materials in factories.

(14) Destruction of confiscated drugs, or their conversion (under Government control) into non-narcotic substances, or their use for medical or scientific purposes by the Government or under its control, all confiscated diacetylmorphine (heroin) to be destroyed or converted.

(15) Labelling of containers of narcotic drugs.

(16) Accounting for all narcotic drugs used to manufacture preparations for which export certificates are not required.

(17) Establishment by governments of central narcotics administrations.

(18) Transmission by governments of annual reports and the exchange between signatories of information regarding illicit traffic, narcotics factories in operation and laws and regulations of each signatory.

When it is recalled that nothing has proven more difficult for organized civilization than the curtailment of this fearful drug traffic, it will be realized that we owe close attention to and intelligent criticism of all efforts designed to curtail still further the ravages of the drug habit. It is estimated that we now have in Canada 8,000 drug addicts. That is less than one in a thousand, and the numbers are not increasing. At all events, the best authorities, as submitted to me by the Department of Health, are to the effect that curtailment efforts of that department, which have been assisted by the co-operation of the provinces and municipalities, have been effective in preventing an extension of the habit. It is believed, indeed, that the ravages have been somewhat curtailed. The drugs covered by the convention are not manufactured in Canada, and when the convention is in operation, if the strict control provided for is actually made operative, then the importation into our country will be much more easily regulated in the future than it could be in the past.

I move:

Resolved that it is expedient that Parliament do approve of the international convention for limiting the manufacture and regulating the distribution of narcotic drugs, Geneva, July 13, 1931, signed on behalf of Canada by the plenipotentiaries named therein, and that this House do approve of the same.

Hon. R. DANDURAND: Honourable senators, I have not had before me the convention which has been submitted by my right honourable friend for approval by the Senate. A few days ago, when we were discussing a Bill based upon this convention, I stated that I had followed somewhat closely the work of the League of Nations in curbing the drug evil, but had no accurate knowledge of what had been done during the last twelve months or so. The convention which is now presented reminds me that it has required a period of years to bring certain countries to the point where they have been able to agree to control of the drug traffic, and there was a widespread complaint on the part of people who were keeping in close touch with the production and manufacture of these drugs, against the delay in seriously coping with the problem. Of course, it was necessary to win the cordial approval of the great powers at Geneva before any worthwhile attempt at control could be made. Everyone who is interested in restricting the drug traffic and the terrible evils that arise from it was elated to hear of this convention, which indicated that at last there would be co-operation in efforts at curtailment from countries that have hitherto been some-

what lukewarm in this matter. I think that now and henceforth better results may be obtained. Of course it is a very difficult problem. As I said last week, the opinion prevails throughout the world that the producing countries will have to accept very close control. The production will have to be limited, because so long as there is overproduction it will be very difficult to stop contraband distribution by various countries of the world. The ingenuity of the dealers in those drugs is extraordinary. Every year a report is printed showing their activities in transmitting those drugs from one country to another. In Canada they have been very active. The drugs come generally by ocean, the Pacific or the Atlantic, and there is still a rather large quantity entering our country, but large seizures are occasionally made.

I join with my right honourable friend in expressing the hope that gradually we shall eliminate the practice of the drug addict.

The motion was agreed to.

Right Hon. Mr. MEIGHEN moved:

That a message be sent to the House of Commons to acquaint that House that the Senate doth unite with the House of Commons in the approval of the international convention for limiting the manufacture and regulating the distribution of narcotic drugs, Geneva, July 13, 1931, signed on behalf of Canada by the plenipotentiaries named therein.

The motion was agreed to.

Right Hon. Mr. MEIGHEN: I may say that a copy of the convention is on the Table of the House.

THE TRANSPORTATION PROBLEM

ORDER IN COUNCIL APPOINTING COMMISSIONERS

Right Hon. Mr. MEIGHEN: I beg leave to lay on the Table copy of Order in Council P.C. 2910, dated November 20, 1931, appointing commissioners to inquire into the problem of transportation in Canada. This is in partial response to the motion of which notice has been given by the honourable senator from De Lanaudière (Hon. Mr. Casgrain).

TRADE AND COMMERCE OF CANADA

MOTION FOR REFERENCE TO COMMITTEE

Hon. J. S. McLENNAN rose in accordance with the following notice:

That he will call the attention of the Government to:

The advisability of placing before the people of Canada information in regard to the trade and commerce of the country at the present time.

The organization which the Government has for promoting this trade with foreign countries, and the steps being taken in preparation for the Economic Conference.

And will move that this matter be referred to the Standing Committee of this House on Commerce and Trade Relations.

He said: Honourable senators, although the subject which I intend to bring before you is that of trade and commerce, it is not my intention to burden my remarks with any series of statistics; nor am I self-confident enough to believe that on any one of the great phases of this complicated and far-reaching subject I can give you a complete exposition. I shall try to present only a skeleton, and shall leave my colleagues, with their knowledge, experience and force, to clothe it.

We all know that apart from the general problems of debts, reparations and poverty, which the Continent of Europe in particular has been afflicted with, we on this continent have suffered and are suffering from what I will call, in medical language, fever and ague, the contagion of which has been more virulent and more widespread than that of any previous period. We know that the first phase of the fever developed in 1925, and that in 1926, 1927 and 1928 the fever rose higher and higher, creating hallucinations and rosy optimism in the minds of people of all classes. One of the most remarkable features of the case was that people who would not be thought to know anything about such matters were talking glibly about securities and the certificates that represented them. There were visions of perpetual and increasing prosperity, progressing not by leaps and bounds, as in every other period within the memory of man, but in the smooth, continuous, unchecked flow of a stream. A stream, however, sometimes encounters obstructions, and in 1929, without any remarkable occurrence to precipitate events, the stream of prosperity was converted into rock-strewn rapids.

There was, without question, a continued, increasing prosperity for several years. Science was continually inventing and developing new utilities and luxuries, and people were feeling that they were able to buy those articles. The general standard of living was raised. But much of this prosperity was fictitious. We were like people at the gaming table thinking themselves enriched by the exchange of counters. The croupiers of our exchanges were giving four white chips for one red, and the recipients thought themselves four times better off than they were before.

Then, without any adequate reason that one could discern, the fever broke, and the period of chills, depression and nervousness

began. So at the present time, while there is a great deal to be thankful for, the enterprise of our people creeps along instead of showing its former vigorous and self-confident stride.

To put it in another way, along about 1927 and 1928 we became fully aware of the feast that had been spread for us, as a result of what Providence had done for this country in the way of natural riches and what the energy of our forebears had made available, and we sat down to a bounteous repast. The feast began with decent conviviality, but later on it became a debauch, and for a long time now we have been suffering from a "hang-over" that is too unpleasant to dwell upon.

This has come about in Canada, it seems to me, because the public have been caught up and carried away by the valuations of the exchanges and have not paid sufficient attention to real values. There is only one thing certain about every stock exchange transaction, namely, that two brokers each get a commission out of it. In the rise and fall of prices there is no increase or decrease in the actual value of the thing represented by the stock certificate; the real wealth behind it remains the same whether the price is forty or sixty, or whatever it may be.

When one looks into the situation one finds that those who took on responsibility in a financial way and have suffered loss where they had hoped for gain are in a condition, not of panic—we have not arrived at panic—but of the most trenchant and penetrating anxiety as to whether they will be able to discharge their responsibilities to their families, their businesses and their country. For this reason it occurred to me that the Senate Committee on Commerce and Trade Relations, of which I have the honour to be chairman, might be of use in the way of creating a sounder feeling by reason of the publicity which could be given to the expert information that it could secure, which information, I am convinced, would be satisfactory and encouraging. It is for this reason that I have brought this matter to the attention of the House and shall move the motion that stands in my name.

I am convinced that in essentials the country is sound. The great majority of our people are at work. They believe in Canada. There is evidence in one place or another of their surplus earnings. For example, take the amount of premiums paid for life insurance, and the fact that the deposits in our savings banks are increasing from month to month by millions of dollars. These are signs of the real soundness and wealth of this country. Money is being put into ultra-conservative investments, so to speak, instead of being used for the ordinary developments to which it is put in normal times. I do not think I am wrong in attributing part of the uneasiness of to-day, not to use a stronger term, to the fact that the "over-the-counter buyer," as he is called, the man who saves his money, and in periods of depression buys his two or three shares, or whatever number it may be, of sound stocks to put away, has almost ceased to exist. In fact, I am told that those who are organized to deal with that man are hunting for him.

Further, I would draw the attention of the House to the evidence from Great Britain. The Englishman has always been characterized as slow on the uptake, but nobody has ever accused him of being over-anxious or of getting panicky. Six months have elapsed since Great Britain, over a week-end, went off the gold standard. That was so sudden and so startling and the people of the country were so unprepared for it that the effects could not even be guessed. The London Observer, a paper of the first rank and of the greatest weight in London, in its issue of the 27th of March, which is the most recent to hand, reports as follows:

> Confidence in the future is the most marked feature on the stock exchange to-day. . .
>
> The gilt-edged section and other high-class investment stocks continue to be the principal centre of the business that is being done. . . .
>
> New issues of high-class investment stocks have been absorbing much attention recently.

Then there is an interesting list of bonds that have been put on the London market. They are almost exclusively Government bonds. The first bond mentioned is that of the Government of Mauritius. This bond, issued on January 16 at a price of 98½, is now 106; Uganda, which was issued on January 26 at 96, is now selling at 104; Central Electricity, which was issued on February 2 at 95, is now 101; and so on. Every item in this list is selling at a large premium.

Then there is a reference to the complaint that too many issues are given to large subscribers, and that small investors in Great Britain are not sufficiently cared for. This paper realizes the importance of cultivating this class of stable buyers.

To show that this recent development is not a flash in the pan, I read from an article in to-night's paper. It says:

> London again assuming the role of world banker. International capital seeking employment at profit flowing there.

When one considers trade and commerce at this moment one naturally and inevitably must think of the coming Imperial Economic

Conference and its great significance and importance to the English-speaking people of the world. Yes, this is accurate. The United States is almost as much interested as any of the Dominions. Two men of high distinction and wide experience, Mr. Winston Churchill and Sir Josiah Stamp, have used all their force and eloquence to impress upon the people of Canada the importance of this conference. But neither of them touched on the fact that we are to be the hosts, and that the way in which we handle matters coming up in this connection will have a great deal to do in establishing our prestige or otherwise; that we shall be judged thereby, and that therefore our temper, our competence and our knowledge, not only of obvious things, but of things of the most extraordinary complexity, are of the first importance. Interest in that conference is widespread throughout Canada. The press has referred constantly to the conference and has dilated upon the attitude of Canada and what Canada is doing. The interest that has been evinced and the anxiety shown are perfectly legitimate. They are signs that our people fully realize the magnitude of this most important event. It is, I believe, in accordance with the feeling prevailing not only in the Senate, but throughout the country, that I appeal to the leader of the Government in this House to give us at the earliest possible moment the fullest information available, without detriment to public business, as to what the Government is doing in the way of preparing for this great event.

I now make the motion of which I gave notice.

Hon. D. E. RILEY: Honourable gentlemen, I am quite in accord with the remarks of the honourable senator from Sydney (Hon. Mr. McLennan), particularly in regard to the necessity of preparing to present Canada's case properly at the coming Imperial Conference. Being a cattle man, I have in mind our trade in live cattle with Great Britain. As you all know, Great Britain to-day is the only market for our surplus cattle, and so many restrictions have been placed in the way of that trade that they really amount to a tariff.

In the British live stock market, Ireland is our principal competitor. That country ships cattle under much more favourable regulations than Canada does. I will read some of the restrictions that apply to Canadian cattle as compared with Irish cattle.

First, Canadian heifers must be slaughtered at the port of landing; Irish heifers may be licensed out as "stores." There is still an embargo on our female cattle.

Hon. Mr. McLENNAN.

Second, Canadian bullocks may be licensed out as "stores," but if put out in feed lots they must remain for twenty-eight days. Irish cattle, on the other hand, need be detained for only six days. So that you may understand the importance of that provision, it is necessary to say that our cattle on landing in Great Britain are feverish and more or less bruised. If we could put those cattle out in feed lots for ten days, until the fever left them and they cooled off, the meat would sell for much more than it does at present. But if we put them out at all we must put them out for twenty-eight days, and this involves an unnecessary expense. Irish cattle, as I have said, are detained for only six days.

Third, it is a condition of Canadian shipping that, in addition to the regular ship attendants, a veterinary surgeon must be in attendance on every shipment of over seventy-five head of cattle. That is another expense.

Fourth, the British regulations set out in minute detail specifications covering steamships for Canadian cattle, and include stipulations as to heavy fittings, the tying of cattle, and the allotment of four bullocks to the pen. If the animals are light weight, five may be tied in pens of a size suitable for four large bullocks. To-day the markets demand light animals, and the cost of transporting them is so great that we cannot ship them very profitably. On the other hand, Irish cattle may be shipped in compartments accommodating twenty head, and they may be untied. This is a vastly different proposition from Canadian shipping, so far as the cost of transportation is concerned. Under existing transportation conditions it is not practicable for us to ship light weight cattle, which command a better price. The carriage charges on light weight cattle are all out of proportion. Some arrangement must be made with steamship companies by which cattle weighing from four hundred to eight hundred pounds can be carried at a rate proportionate to that on the heavy cattle. Because of lack of suitable steamboat equipment, and the present British regulation, Canadian producers find themselves unable to send out young beef, which otherwise would pay them.

Fifth, in addition to these handicaps, under an order in operation from November 1, 1927, until April 1, 1929, and now revived, Canadian cattle cannot be carried on the weather deck, unless the deck is completely covered in to the satisfaction of the Ministry.

It is admitted that there is a difference between conditions affecting the shipment of cattle from the two countries, Ireland and

Canada, but the extra costs imposed on the Canadian business constitute an indirect tariff and are altogether unreasonable as between two Dominions. I understand that some of the restrictions are not being enforced at present; nevertheless they have not been rescinded.

As proof that our cattle are favourably looked upon by the Old Country trade, I should like to read an article that appeared in the Lethbridge Herald on the 13th of this month. The article contains statements by Mr. William R. Brown, of William Brown Limited, of Manchester and Birkenhead, the largest importers of Canadian cattle in Great Britain. Early this month he made a tour of the beef feeding area in Alberta, to see where the Canadian cattle that he handled last year were raised and the manner in which they were being treated. Last year Canada exported to Great Britain 26,000 head of cattle, and Mr. Brown's firm bought 14,000 of them. Here is the article:

"We can take many thousand more of the kind of cattle I saw to-day in feed lots in the Lethbridge and Raymond districts," was the statement made to the Herald by William R. Brown, of William Brown, Ltd., of Manchester and Birkenhead, largest importer of Canadian cattle in the British Isles, following a trip through the district on Tuesday with Wilbur McKenzie, manager of the Southern Alberta Co-op., selling agents for the Red Label Beef Association, and John Wilson, who is supervising the feeding operations in the district.

Mr. Brown came to Canada to see where the fine beef cattle his firm imported last year came from, and of course Alberta is getting the lion's share of his attention, with the irrigated districts around Lethbridge receiving a minute survey.

"Of 24,000 head of beef cattle imported last year, our firm brought over 14,000 head. We have been handling Canadian cattle for generations; we like them; we would like to be able to get more like we saw to-day," said Mr. Brown, who indicated that, instead of 24,000 head, he could dispose of 100,000 head if they were of the smaller sizes, well finished, and if they came to the English market between March 15 and July 15, at a time when Irish, Scottish and other cattle fitted in the British Isles are not coming to the market in numbers.

"Your cattle ship well, they dress out well, and they find a ready sale. We like stuff that is about 800 pounds live weight. The big stuff that we used to import, three and four year olds at 1,500 to 1,600 pounds, are not wanted any more. We want young stuff. But we must get them at a price which will allow us to compete with the chilled beef from the Argentine. Our people like the fresh-killed beef, and pay very considerably more for it, but the spread between the two brands must not be so great as to drive them to using more chilled products," said Mr. Brown.

So it is clear that the demand for our cattle in Great Britain would be very greatly increased if we could ship them there at more reasonable rates and if some of the restrictions that bear so heavily upon the Canadian producer were removed. I think that the Imperial Economic Conference would be an opportune occasion for threshing out those restrictions that are unfair to Canada, and for placing our position before the members of the British Government who will be present. I may say that the cattle associations of Western Canada are preparing a brief on this export question, and perhaps that brief will be supported by the findings of the committee of this House. I think that if some action could be taken at the Imperial Conference to improve cattle exporting conditions, a great benefit would be done to Canadian agriculture. Agriculture is the basic industry of this country and is the one that will put Canada on the road to prosperity again. And live stock is the backbone of agriculture.

I have much pleasure in seconding the motion.

Right Hon. Mr. MEIGHEN: Honourable senators, the substance of the motion contains a reference to the preparations now under way for the Imperial Conference, and the very interesting speech of the mover indicated that he, at least, would like some intimation as to the nature of the organization that is making ready for that great event. The topic is well worthy of the excellent way in which it has been presented, and also of the speech of the honourable senator from High River (Hon. Mr. Riley), who is so admirably qualified by experience for discussion of the special phase of the subject that he undertook. I will see that the attention of the chairman of the organization is called to the remarks of the honourable senator from High River, and I am quite certain that the special plea that he has made will be given every possible consideration, not only on the part of the committee which has the matter in hand, but on the part of the Government when the time comes for the conference itself. Great Britain, the principal other party to the negotiations, is a great importing country, and that class of her imports in which we feel we ought to share more largely is agricultural produce. Consequently, in the negotiations between the two countries—and the same is true, but to a lesser extent, with respect to the other Dominions—the agricultural products of Canada should be paramount, because on them is based our chief hope of participating more extensively in the British market. We ought to be ready to give all reasonable concessions within our power in order to secure a larger sale in Britain for the products of our farms.

I am quite certain that cattle form a very important part of those products, but I am not sure that I can agree with the honourable senator from High River that they are the most important of all. Perhaps one cannot measure the future wholly by the experience of the past, but such thinking as I have been able to give to the subject convinces me that while in the search for a market for our cattle and the attempt to have all unnecessary restraints upon their transport removed there is much to be hoped for—so much that no attention and no preparation can be too thorough—yet there is still more to be expected from another farm product. I refer to the bacon product of this Dominion. In bacon, as distinguished from grain products, Canada has normally very little surplus. This is unfortunate. We are, I understand, in a position to produce cheaper and better bacon than any country in the world, Denmark not excepted. We produce about six million hogs a year for a population of about ten millions, or normally enough for our own consumption, the variation above and below domestic consumption requirements being very small. I do not know what the production in Great Britain is now, but I read not long ago that in 1927 it reached only 3,880,000, or a little more than half our figure, and that for a population of about forty millions.

The British importations are from many countries, chiefly Denmark and Poland, and though Canada shared very largely in those importations under the special conditions created by the War, the market was unfortunately lost to this country by the irregularity of the supply, both in quantity and in quality. Conditions developed that resulted in unusual profits in other lines, so that this great staple line of industry on the farm was lamentably allowed to deteriorate and, as an export, to be almost wiped out. But when we see that only a fraction of the demands of the British market is supplied by local producers—for the consumption must be somewhere around 23,000,000 a year, as against a home supply of about 4,000,000—and that the shortage is made good by other countries, we surely ought to strive to bring about conditions under which we shall have an opportunity, at least, of sharing in that great market on a preferential basis as against foreign countries. If there were no British market for surplus bacon that we might produce over our own requirements, it would not be easy to see how very great advantage could be obtained by either preference or quota. But since we have no surplus, or such a small one that it is far less than sufficient to supply the demands of that market, there is an opening, a prospect for us to increase business by producing more bacon; and, given a reasonable attitude on each side, there ought to be results.

However, I am not seeking to diminish at all the importance of the special phase emphasized by the honourable senator from High River. I merely want to insist that live stock is not the whole of agriculture, nor is it certain that it is the first agricultural product in point of importance.

As to the organization which has been set up to prepare for the conference, I am not in a position to speak in very great detail, but I can say something. Under the supervision of the Cabinet and the committee of the Cabinet there are departmental committees at work. There are also inter-departmental organizations, each under an appropriate head and all co-ordinated under a single chairman. These inter-departmental committees have associated with them men of special knowledge entirely outside of official service, and they deal with many phases—I have seen the list and it certainly is long enough—of Imperial and world trade, including tariffs, transport, currency, exchange, financial arrangements and almost all those inter-allied subjects that have to be thoroughly understood before problems of inter-Imperial trade can be intelligently dealt with.

There is also at work a committee whose object it is to see that delegations are properly met and taken care of. And there is a very important organization whose function it will be to see that the machinery operates, that there is no impasse, that there is expedition in the attack upon and discharge of all the problems with which the conference will be faced.

While it is impossible to exaggerate the momentous nature of the event, it is easy to misappreciate it. It is of great importance. Canadians are looking forward to it with enthusiasm and high hopes, and in this respect our people are undoubtedly equalled, if not excelled, by those of the Old Land and of the other Dominions. The world is looking on. Success is not only hoped for, but confidently expected by each and all, and doubtless each country hopes to obtain more and to give less than what probably will be the ultimate result. But, so far as one can observe, the general spirit is the right one, the general attitude is a fair one, and consequently we in Canada, who sit around the centre of the great event, may well harbour eager and confident hope that the results will not disappoint us.

I have great pleasure in supporting the motion, and trust that the labours of the committee will do something to correlate the activities of all, and especially to bring to the attention of the responsible authorities such representations as have been referred to in the debate, and particularly those from agricultural communities as covered in the address of the honourable senator who has just sat down.

Hon. Mr. DANDURAND: Could the right honourable gentleman tell the Senate when all the reciprocity treaties that have been negotiated up to 1930 will have come to an end? I have a vague impression that they were all denounced within the time prescribed in those treaties, but I do not know whether they will all have ended by the middle of this year. This may not be a question that my right honourable friend is able to answer off-hand.

Right Hon. Mr. MEIGHEN: No, I am not able to answer as to the exact date of expiry of each of the treaties; nor would I say that all of them are doomed to expire. Some of them ought to be; at least I used to think so. But I will obtain the information the honourable senator asks for, and give it to the House at an early date.

Hon. JOHN LEWIS: Honourable members, we have heard a great deal about the possibility of the extension of markets in the Old Country for our products, and that is well; but we have heard very little about what we are willing to buy. Now, it is obvious that if Australia, South Africa, Canada and all the other Dominions go to that conference merely as a collection of selling agents, without expressing any willingness to buy, the conference will be a failure. Great Britain is evidently expecting a great deal from the enlargement of Dominion markets; so much so that among the more enthusiastic advocates of Imperial free trade there is a hope that in the course of time the British Empire may become entirely self-sufficient and Great Britain may have to depend very little on foreign trade. That hope, I think, is exaggerated, but at all events it is quite reasonable for the people in Great Britain to expect that in return for any advantages we may obtain in the British markets they should obtain some corresponding advantages in our markets; and we have to reconcile ourselves to the idea that we must give a real preference which will result in the purchase of a larger quantity of British goods in Canada.

I do not say that this subject has been entirely neglected. Possibly the committee of which the right honourable leader of the House speaks is paying attention to this particular phase, and perhaps he can give us some information on the point.

Right Hon. Mr. MEIGHEN: It will receive equal attention with the other side.

The motion was agreed to.

OPIUM AND NARCOTIC DRUG BILL

SECOND READING

The Senate resumed from April 14 consideration of the motion for the second reading of Bill 26, an Act to amend the Opium and Narcotic Drug Act, 1929.

Hon. Mr. McMEANS: Honourable gentlemen, after hearing the explanations given by the right honourable leader of this House I see no use in continuing the debate, and I have nothing further to say.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

YUKON QUARTZ MINING BILL

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 30, an Act to amend the Yukon Quartz Mining Act.

Hon. Mr. Webster in the Chair.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION

The Senate resumed from April 14 the adjourned debate on the motion of Hon. Senator McRae:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium procured from Canadian ores; and to that end should immediately appoint a Canadian Radium

Commission to investigate and recommend at the next session of Parliament the best methods to adopt to give effect to such control.

Hon. J. H. KING: Honourable senators, when the honourable member for Vancouver introduced his motion, I was impressed with the manner in which he gave the House the information he had acquired in regard to radium and its uses in the treatment of cancer. I will continue the debate for a few moments and extend the argument in favour of the resolution.

It is true that the statistics submitted from various countries do vary, and one would probably be inclined to think that we in Canada are most fortunate when we report that only 90 persons in 100,000 die from cancer, as compared with 145 persons in the state of Denmark. I think that variation is largely due to the more adequate facilities for diagnosis and the greater care taken in the registration of deaths in that country, in comparison with our own country. I think it will be found that cancer is fairly constant in all countries in its attack upon the human being.

Although a great deal of work has been done of recent years to try to ascertain the origin of cancer, and thus discover a preventive treatment, the etiology or causes are unknown. We do know this, however, that a long period of inflammatory irritation of tissue predisposes to cancer, and that as people advance in years they are more liable to the disease. Furthermore, we know that the disease is curable if it is recognized in the earlier stages, and that if it is not recognized, or is neglected, it becomes disseminated through the system until it reaches a stage where it is not curable by any treatment at present known to science.

The X-ray, which was discovered some years ago, has become a very important therapeutic agent in the treatment not only of cancer but of other diseases. In the earlier stages of our knowledge of cancer we were dependent almost entirely upon cauterization or operative surgery. Because of the nature of the disease, its tendency to spread from its original location to other organs through the various blood channels and the lymphatics, its treatment by surgery became so radical in character that the operations were wide and extensive, in some cases causing mutilation and loss of the functions of the organ affected. Many people were so much in terror of operations of that character that they preferred to disguise their symptoms and hide them, and their true condition became known only as the growth advanced and became incurable. It is hoped that by education, and the use of radium and the X-ray, this fear will be removed, and that many people, through the knowledge that they will obtain, will come earlier for treatment, and that through the better knowledge of our medical and nursing professions they will be saved.

The physiological effect of radium was discovered, more or less accidentally, in 1898. Professor Henri Becquerel was carrying a glass vial of barium, a radioactive salt, from Paris to London. After his arrival in London he discovered that he had received a burn about the size of the container, and that this burn took a long time to heal. This incident and the treatment of his condition were called to the attention of scientists. This salt was tested on other chronic skin diseases, and it was recognized that it had a physiological effect on tissue. From that has grown the use of radium in the treatment of cancer and certain skin diseases.

The countries of Europe were the first to realize the importance of this agent in the treatment of malignant conditions, and today you will find in those countries, under the auspices of the government, centres or institutes whose activities are strictly confined to the treatment of cancer. Probably one of the most outstanding institutes in Europe is that at Stockholm, Sweden, which is regarded as one of the first-class European clinics. The records of that clinic, where they use radium almost exclusively in their treatment, are extremely interesting. They show that in five thousand five hundred and some odd cases which have been treated they have had 38.5 per cent of five-year cures. The terms "five-year cure" is an old one used by the surgeon. The operative surgeon did not claim a cure for his patient until a period of five years had elapsed with no recurrence of the disease. That seems to be the basis adopted by our friends who are using radium.

It was only some six years ago that Great Britain really became interested in the radium treatment. Under the advisement of the Ministry of Health, a commission was appointed to enquire into the treatment of cancer in that country. That commission recommended that active measures should be taken to facilitate treatment and the proper control of the disease. In support of this report the Government set aside one hundred thousand pounds, and the public subscribed two hundred thousand pounds, and in 1929 a national radium trust and a radium commission were established by royal charter. The trust committee was formed to take care of the money collected from the public and received from the Government, and to invest it in radium. The commission was charged with the responsibility of arranging for the

custody of the radium secured by the trust, and for its distribution among and use in the centres of Great Britain. Under this commission some thirteen centres have been established in the larger towns in England, Scotland and Wales. In London there is not only a treatment centre, but a post-graduate school of radiotherapy, which assures a supply of competent men for other centres.

In 1930 the commission made a report to which, if I am permitted, I should like to refer. There is a feeling abroad that radium is the sure cure for cancer. That has not been the experience of the British commission. I will just read what they have to say in that regard:

> Radium is not yet established as a "cure" for cancer; while it holds out a good promise of beneficial results, and certainly of alleviation of suffering, it is at present a very dangerous weapon and one which, unless used with the greatest skill, care and precaution, may easily be productive of more harm than good.

Further on, under the heading of "The True Position," the report says:

> The true facts of the position, as known to the commission, may be summarized as follows. It has been proved for many years that radium has a powerful effect on various affections of the skin, and that rodent ulcer and cancer of the skin can usually be completely cured by its use. During the last few years the technique of radium therapy has been elaborated and greatly improved by the use of radium needles, or of "seeds" containing radium emanation (radon), which are buried in the tissues in or around the growth. Most of the work done in this country so far has been directed towards the treatment of cancer of the womb, the lower bowel, the breast, and the tongue and mouth cavity. It can be stated definitely that in the above-mentioned regions, as the result of long and hard work, of many trials and errors, a big step forward has been made.

Then again, as to the importance of early treatment:

> We must again emphasize the fact that the treatment of cancer, if it is to be successful, whether it takes the form of surgical excision, the cautery, radium, or X-rays, must be undertaken early, or before dissemination has occurred; and it must be reiterated that an essential part of the campaign against cancer consists in the education and intelligent co-operation of the public so that early diagnosis and prompt treatment may be secured.

I will not detain you much longer, but here is a section which I think may be of interest:

> It is perhaps desirable at this point to deal with two prevalent misconceptions. First, there is no proof whatever that cancer is either infectious or contagious. Secondly, there is no evidence that cancer is hereditary, except in one rare form of cancer of the eye. These fears, therefore, can both be dismissed.

Then again:

> It cannot too strongly be emphasized that in unskilled hands (i.e., in the hands of persons not fully trained in the best standards of technique), radium may be highly dangerous, both to the patients and to the operator.

I read these extracts from the commission's report because I think they are of great importance in our consideration of the radium problem as applied to Canada and Canadian conditions. The commissioners have distinctly set forth the advantages of radium as an agent in the treatment of cancer; they have suggested that it must be in the hands of competent operators; and they have pointed out that, if we are to succeed in combating this disease with any degree of success, we must have early diagnosis and an intelligent public who will realize the importance of early recognition of the disease.

It has been found difficult, as the commission states in its report, to secure officials who are properly qualified to carry on treatment with this agent. In Germany the Government permits classes of instruction in certain specified institutions. The courses extend over a period of eighteen months, at the end of which the student may take an examination, which is held under government supervision, and the standard of which is very high. If he succeeds in passing this examination he then is permitted to take six months' practical training in the use of radium and its application in the treatment. At the end of that period he will receive a State diploma showing that he is qualified to practise. I mention this only to show that the difficulty of bringing about in Canada the conditions that many of us would like to see is not merely that of securing radium, but involves the greater problem of securing a competent personnel to handle that agent.

In the United States, where there are larger centres of population and greater wealth than we have, the work has progressed probably more rapidly than it has in Canada. Two commissions have been formed, one for the control of cancer and the other for its treatment. The people of the United States find themselves in very much the same position that we are in: it is not competent for them to have central government control, because in that country matters pertaining to health come within the jurisdiction of the various states, as in this country they come within the jurisdiction of the provinces. But they have progressed, and in large centres in the United States to-day you will find clinics for the treatment of cancer, or bureaus where treatment with radium and other agencies is being carried on.

If one studies the history of radium one will realize that in practically all countries the Government has stood behind its use. This may be due to its excessive cost. As was explained to us a week ago by the honourable gentleman who introduced the resolution (Hon. Mr. McRae), one gram of radium, which is only 15·4 grains in weight, would cost $70,000 to-day. At one time it would have cost $100,000. This may have been one of the reasons why government aid was sought. But I think the governments of Europe early recognized that if this product was to be used as a therapeutic agent it must be used with the greatest possible care, and you will find in each country regulations controlling its therapeutic use, and confining it to those who are competent. In Canada and in the United States there has been no such control up to the present time. We have been fortunate, I think, in the men who have invested their money in quantities of radium; in each and every case, I think, they must have taken a course of instruction, for I know of no centre —in Canada, at least—where there has been any serious accident resulting from its use. But I think we have arrived at the point where, if we are to progress in the use of this agency, it will be necessary to secure government assistance not only to obtain the radium but to see that throughout the country centres are established where it will be properly controlled and handled.

In his remarks a few days ago my honourable friend (Hon. Mr. McRae) referred to the addresses delivered in the House of Commons in 1930. I remember them well. I happened to be Minister of Health at that time. Those speeches were made with the desire of inducing the Government of Canada to establish cancer centres throughout Canada, and to enter the field of supplying radium for treatment. The Government took the position that this was a matter that came entirely within the jurisdiction and control of the provinces, and did not accede to the request. But if we review the history of the past few years we shall find that in each and every province the matter has been given consideration by the Government; and in some cases, more particularly, I think, in the less populous provinces, by the medical profession. I think that if I am permitted to refer briefly to those activities in the different provinces, I can present an argument in favour of the resolution.

The British Columbia Medical Association have had a committee studying the treatment of cancer by radium therapy. More recently a committee of medical men of the city of Vancouver have been devoting their time to this problem, and two cancer clinics are now being operated, one at St. Paul's Hospital, Vancouver, and another at Jubilee Hospital, Victoria. There are some 311 miligrams of radium in the province, and I think it is all privately owned. To satisfy the requirements there should be 2 grams.

The Alberta Medical Association appointed a cancer committee last year, and the University Hospital, Edmonton, has a radium committee which has given considerable time to the study of the cancer problem. In Alberta there are some 333½ milligrams of radium available, and this also is privately owned. The total quantity required in the province is 2 grams.

In Saskatchewan the Government has been active and in 1930 created the Saskatchewan Cancer Commission. In that year there were within the province some 310 milligrams of radium, as against 2 grams needed. I am informed that the Government has recently purchased radium, and that clinics have been established at Regina and Saskatoon.

Manitoba in 1930 passed an Act for the establishment of a Cancer Relief Institute. I believe that clinics are established in the Winnipeg General Hospital and St. Boniface Hospital.

The Government of Ontario a year or more ago appointed a Cancer Commission under the chairmanship of Canon Cody. This commission travelled to important medical centres in Europe, Great Britain and the United States, and made extensive inquiries into the use of radium. In their report, which recently was tabled in the Legislature and will be available for public distribution, they recommend that the Provincial Government should proceed to organize three radium centres, one each in Toronto, London and Kingston, and that these should be operated in conjunction with, or close to, medical universities. After reading the report, and from information that I have secured elsewhere, I gather the intention is to proceed more or less along the lines that have been followed in Europe. Proximity to the medical universities would make available to the radium centres the services of professional men, and at the same time medical students would be able to take advantage of special opportunities for study in the cancer clinics.

The Province of Quebec is far in advance of all the other provinces. The Radium Institute of Montreal was established in 1922 through a generous contribution by the Provincial Government and financial assistance from the University of Montreal, and its activities have grown very rapidly. It can accommodate 120 patients a day. The sum

of $66,000 has been invested in apparatus alone, and the technical staff has been increased. In the Province of Quebec there are 2,223 milligrams of radium available for use, and the total needed is 3 grams. This is the only province that has seriously tackled the problem of treating cancer by radium, or of the use of radium as a therapeutic agent.

The Maritime Provinces have done very little. In the three of them there are about 325 milligrams of radium in use, all privately owned, as far as I know. Patients suffering from cancer are treated in the general hospitals. The requirements of those provinces, under a system of government aid and support, would be from 2½ to 3 grams.

I should like to refer briefly to one of the many interesting parts of the address delivered by the honourable gentleman from Vancouver (Hon. Mr. McRae) on Thursday last. He pointed out that radium, which is largely used as a therapeutic agent, has a very long life; that it can be used over sixteen hundred years without any appreciable deterioration; that one gram is sufficient for a cancer centre, and 16½ to 20 grams would be enough for the requirements of the medical profession all over Canada; and that sufficient radium could be produced in a short time to supply the requirements of the medical profession throughout the world. Dealing with the discovery of the pitch-blende ores in the Great Bear Lake section of our Northwest Territories, that part of our country which will probably remain under the jurisdiction of the Dominion Government, he suggested that it would be well that the Government should reserve the radium deposits in this area and make them available to humanity, for the treatment of one of the most serious diseases with which we have to deal.

I am in accord with the suggestion of my honourable friend. I assume that his statement with regard to costs is correct—that a gram of radium can be produced in Canada for $10,000, as against the price of $50,000 or more that is being asked by the Belgian syndicate. If we can produce at that comparatively low cost, then, I think, the Canadian Government has an opportunity of conferring a great boon upon humanity, and particularly upon those unfortunates who year after year are battling patiently with cancer. I am in favour of placing the production of radium in charge of a commission, but I should prefer a departmental committee, formed of competent officials from the Department of Mines, the Department of Health and the National Research Council, or else a combined commission and departmental committee. Such a body, under Government instructions, could be responsible for extracting sufficient ore to supply the provinces of Canada with all the radium required for therapeutic purposes, without charge, provided the provinces showed that they had arranged for the safe custody of the radium and for its use by competent persons only.

I should also be in favour of the extraction and distribution of a further amount of radium, sufficient to supply the needs of Great Britain and the other Dominions, and indeed of the whole world, at a price sufficient only to cover the cost of production and distribution. Of course, if we offered to supply other countries we should require the same assurance as to custody and use from them as from the provinces, so that there would be no abuses in connection with the administration of radium as a therapeutic agent. By acting in this manner Canada would undoubtedly make a great contribution to the welfare of mankind, but it would not be a greater contribution than that made by Lister, or Pasteur, or, in our own time, by Banting.

I have much pleasure in supporting the resolution. I trust that it will receive the endorsement of this honourable body and that the Government will see fit to give it favourable consideration and develop some plan whereby this wonderful therapeutic agent that we possess may be made available to the people not only of Canada and Great Britain, but of the whole world.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill H1, an Act for the relief of Eva Corker Trill.

Bill I1, an Act for the relief of George Senkler Morgan.

Bill J1, an Act for the relief of Agnes May Jack Evans.

Bill K1, an Act for the relief of Mabel Constance Small Cossar.

Bill L1, an Act for the relief of Olive Pearl Beattie Watkins.

Bill M1, an Act for the relief of Assad Kalil Eddy, otherwise known as Joseph Canille.

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

THE SENATE

Wednesday, April 20, 1932.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill N1, an Act for the relief of Georgina Linda McIndoe Howard.

Bill O1, an Act for the relief of Antonio Poliseno.

Bill P1, an Act for the relief of Dorothy Gertrude Silcock Wilson.

Bill Q1, an Act for the relief of Beulah Isobel Phillips Eakin.

Bill R1, an Act for the relief of George Seymour Dixon.

Bill S1, an Act for the relief of Audrey Meredith Mann Redpath.

Bill T1, an Act for the relief of Ethel Seigler Nissenson.

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Senator McRae:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium procured from Canadian ores; and to that end should immediately appoint a Canadian Radium Commission to investigate and recommend at the next session of Parliament the best methods to adopt to give effect to such control.

Hon. F. L. SCHAFFNER: Honourable senators, I desire first of all to congratulate the honourable member from Vancouver (Hon. Mr. McRae) upon the very able, instructive and important address he delivered in this House a few days ago. The radium question is of great national importance. Perhaps there is no more interesting story than that of the scientific research that resulted in the discovery of radium through the efforts of Madame Curie and her husband in 1896, after a study of radium compound. At first the only known source of supply of pitch-blende ore, from which radium is derived, was in Austria. It requires one ton of the richest pitch-blende ore to produce one gram of radium, which is present in the proportion of only one to several million parts of other metals. In 1904 the cost of one gram of radium was $100,000. We naturally ask why the stuff is so expensive. Well, for one thing, five tons of carnotite ore have to be treated in order to extract one gram of radium. For every gram of radium to be extracted it is necessary to use many tons of chemical, to heat the carnotite, one thousand tons of distilled water and one thousand tons of coal, or its equivalent in electrical energy. This gives us some idea of why the expense of producing even one gram of radium is so great.

In 1913 pitch-blende was discovered in the Belgian Congo, Africa. This ore contained a very high radium content as compared with the carnotite ore of Colorado or the pitch-blende of Austria. With the coming of the War research was largly discontinued, but after the War it was resumed. The pitch-blende of the Belgian Congo contained about four times as much radium as the carnotite of Colorado. The ore had to be carried sixteen hundred miles to the sea, and thence to Belgium; and about six months must elapse from the time the ore is mined before even a small quantity of radium can be produced. Even in the richest uranium compound only one part of radium is present to two or three million parts of other substances.

According to the Nineteenth Century Review there were probably few scientists living in 1895 who would have dared to predict that the last five years of the nineteenth century would bring forth discoveries of such far-reaching importance that they would strike at the very foundation of scientific belief. The discovery of the X-ray in 1895, by Professor Roentgen, revealed a new type of radiation, though its place in the spectrum was not fixed for another eighteen years. The discovery of Professor Roentgen was a direct incentive to Henri Becquerel to try to find out whether any substance in a state of nature would give out anything like the X-ray. Becquerel began a series of investigations into the uranium compound. In 1896 he made the amazing discovery that uranium itself emits some rays like the X-ray. This discovery was followed in 1899 by the discovery of Professor and Madame Curie of two new substances, one of which was radium. Radium is a metal, and has been prepared in a pure metallic state by Madame Curie.

For many years the production of radium was small, being restricted mainly to that of a few physical and chemical laboratories. With increasing demands, however, mainly due to its therapeutic use, the production of radium on a larger scale was undertaken. The first

source of supply was the pitch-blende, a mineral containing about sixty per cent by weight of uranium, of the mines of Czecho-Slovakia.

Most of the radium used during the War came from the carnotite deposits in Colorado, but it was of a very low grade. The value of the mineral ore containing radium depends on the percentage of uranium it contains, and the ore found in the Belgian Congo was richer than that of Colorado.

In 1921 the number of deaths from cancer in all the provinces of the Dominion was 4,826, or 75 per 100,000; in 1928 this number had increased to 6,470, or 92 per 100,000. In Quebec, in 1926 there were 7,614 deaths, and two years later, in 1928, there were 8,514. According to our statistics there has been a gradual increase in the number of cancerous cases, but whether that increase is real or whether it is due to more accurate methods of diagnosis is a difficult question to answer.

I should like to claim the attention of honourable members for a few moments as to the progress that has been made in the treatment of many deadly diseases other than cancer. I have statistics of tuberculosis. I will give only two years' figures. In 1921 the deaths numbered 4,784, or a rate of 75. In 1928 the deaths were 4,654, a rate of 66. Strange to say, I was not able to get statistics as to Quebec; but, having had some experience in the statistics of diseases in the different provinces, I have no hesitation in saying that the development of medical science in the Province of Quebec is at least not second to that of any other province of the Dominion.

Honourable gentlemen will notice that whereas tuberculosis was once considered by very eminent physicians to be the explanation of the large number of deaths in this country, its former place is occupied at the present day by cancer.

Now I want to refer for a moment to typhoid fever. It is said that during the South African War the number of deaths from typhoid was appalling; but during the Great War, owing to the fact that we knew the exact causation of typhoid, we were able to reduce to a minimum the death rate from that disease.

If honourable gentlemen will permit a personal application, I should like to refer briefly to my experience with typhoid fever during the late War. Sitting around me to-day I see several men who organized splendid battalions of soldiers and took them to a camp west of Brandon, called Camp Hughes. I had the honour of being the chief sanitary officer for that camp during the greater part of the summer of 1916. We had in that camp 30,000 men. One of the regulations was that every soldier who entered the camp should be vaccinated. Some honourable gentlemen present took their men to other camps in Western Canada, but I am sure that the honourable members who took their soldiers to Camp Hughes will bear me out in the statement that we had just one typhoid case there among the 30,000 men during the summer of 1916. That one case had developed the disease two days after his entrance to the camp; so it is very clear and certain that he did not contract the typhoid fever in Camp Hughes. The fact that there was only one case was due to the strict enforcement of the law, which was like the laws of the Medes and Persians, that no soldier could stay in Camp Hughes without being vaccinated for typhoid as soon as it was possible to get around to him.

Smallpox, another very deadly disease, one of the world scourges, has also been practically eliminated by vaccination. Diphtheria, which used to be fatal to children in this and other countries, has virtually been eliminated. During my practice, while I had no practice with radium, I had considerable experience in the use of antitoxin for the treatment of diphtheria in children, as I am sure other doctors in this House have had. I do not know whether my medical friends will consider the statement extravagant, but I am of the opinion that if diphtheria in children is diagnosed and attended to early enough, the antitoxin treatment will be successful in at least 95 per cent of the cases. Certainly that is proof of the great progress that has been made in scientific medical research.

Now let us refer for a moment to malaria and yellow fever. I do not know how many medical men here have had experience with those diseases, but we certainly had a horror of going to Central America and other places which were infested with malaria. But what has medical science done with regard to malaria and yellow fever? Those scourges have been brought under control by scientific medical research. We have only to recall the disastrous attempt of the French engineer De Lesseps to build the famous Panama Canal, in order to realize how his carefully prepared plans were frustrated by the prevalence of malaria and yellow fever. We all know that later on this great engineering project was carried to a successful completion by our American friends, because scientific research enabled them to adopt preventive measures to protect the workers from those deadly diseases.

What has been accomplished in the cases I have cited should urge us to make a really formidable attack on cancer, which to-day is the greatest menace to our national health.

In all those diseases I have mentioned, medical science was able to get at the cause. We found the causes of diphtheria, typhoid fever, malaria and yellow fever; and once the cause of a disease was discovered it was much easier to find a cure. But so far as cancer is concerned, I think I can state that we do not know its cause. Perhaps other honourable members can give further information on that point.

A great surgeon has said that ten cents' worth of radium may do a million dollars' worth of damage. I think it is well established that radium is a substance that should be employed by men of good training and experience, and it should be applied in sufficient quantities to do the work. It does seem, from my research during the last few days, that it is quite possible to do a great deal of damage by radium if we do not understand the quantity and the kind to use.

It might be said that up to the year 1930 there were two consequences of the high price of radium. As I said a little while ago, the selling price of radium was, at first, about $100,000 a gram. I am not sure what the present price is, but I have heard of figures as high as $70,000 and as low as $12,000. One result of the high cost is that the people of rich countries have a better chance of getting radium treatment than have those in poorer countries. But owing to the inadequate supply, even the richest countries are not able to get enough radium for their requirements. Professor R. B. Moore, Chief Chemist of the United States Bureau of Mines, has made a statement which is so serious that I hesitate to repeat it. This eminent man has said that more than half of the available radium supply is used for illuminating the faces of signs, clocks and watches, to the end that some people may be able to read a sign or see what time it is without the aid of a light at night. Some honourable members may have noticed not long ago a press dispatch recording the death of five or six girls who had worked in a factory where radium was applied to the faces of clocks and watches. The girls had died from poisoning, brought about in a way that I cannot explain. They may have been using brushes and wetting them in their mouths.

It is very important to note that although the term "radium burn" is often used, radium should not be looked upon as a cautery. There is, I think, an impression among the laity that radium acts as a cautery and burns cancer, thus protecting the surrounding tissue, but I think there is no authority for that theory. On the contrary, in attempting to effect a cure, anything approaching a burn should be avoided. I have in mind an instance in this city—and I know of a number of others—in which radium was applied to cancer and caused a burn almost as serious as the growth it was desired to cure. Broadly speaking, it may be said that in using radium treatments there are two things that obviously should be avoided, over-dosage and under-dosage. If an over-dose is given to tissues there is likely to be a development of necrosis, which is an exceedingly difficult condition to deal with. On the other hand, if parts of the malignant growth are under-dosed, there may be some temporary benefit, but the growth eventually will become active again. I think that even the laity can appreciate how important it is that radium should be handled only by qualified persons.

In Great Britain a big scheme of radium research was initiated by the Medical Research Council immediately after the War. Radium was put at the disposal of the Council by the Government and was lent to various institutes in the British Isles. The Council's published reports summarize the results that have been obtained from year to year, and they give additional proof that radium, when carefully administered, can be an extremely useful agent in the treatment of cancer. The opinion expressed in the report for the year 1928 is that radium should be looked upon at present as an agent for the treatment of localized cancer, and that the more limited the region affected, the more chance there is of success. This view is exemplified in the treatment of cancer of the womb. If a cancerous growth be so limited in extent as to be called operable, then it is most probable that in proper hands it can be entirely eradicated by means of radium. The Council decided—and I think few will doubt their wisdom—to concentrate the greater part of their radium supply in medical centres throughout the United Kingdom where medical schools exist. This plan will not only result in a concentration for purposes of treatment, but will facilitate the instruction of the rising generation of medical practitioners in radium therapy.

The law of supply and demand is as true for radium as for other commodities. I have already stated the three main countries where until very recently radium has been mined on an important scale, namely Czecho-Slovakia, the United States of America and the Belgian

Congo. The United States, on account of the low grade of its carnotite deposits, is unable to compete successfully as a source of supply with the Belgian Congo, which has such large deposits of pitch-blende ores. Czecho-Slovakia continues to be a producer. It is worth while mentioning that the price of Belgian radium is graded according to the wealth of the country that makes the purchase. Britain pays more than her continental neighbours, and America pays more than Britain. There is enough radium in the earth for the world's needs, if it can be paid for.

By the year 1914 some progress had been made in radium therapy. During the War years, however, there was a set-back, but the last decade has been a period of great activity and development. France is the home of radium therapy, and this is due in no small part to the systematic research that has been carried out in the Institut du Radium in Paris, organized by Professor Régaud. The definite advances that have been made in the past are ground for the belief that radium may be looked upon as a means whereby certain localized cancer growths can be removed as surely as, and generally with less danger than, by surgery. Surgery was until very recently, and probably it still is in some quarters, considered the only means for curing a cancer. As a result of my little experience—and I do not pretend to be an authority—I have concluded that generally it is necessary to have a combination of surgery and radium in order to attack cancers successfully.

One of the most important developments in the last five or six years has been the recognition of the significance of the time factor. It is certain that the effect of radiation upon a tumour depends not only upon the dose of radiation absorbed by the tumour, but also upon the time over which the radiation is spread. This is nowhere more clearly exemplified than in the treatment of cancer of the tongue. For many years such growths, often heavily infected with bacteria, were the despair of those who attempted to treat them by inserting one or two radium tubes containing perhaps as much as 50 milligrams of the element and leaving them in situ for twenty-four hours. This treatment often aggravated the local condition. The later method is to insert a number of small tubes containing only a milligram or two and allow them to remain for a week or ten days, and so great has been the improvement in results through this method that radium combined with surgery is to-day looked upon as the most suitable treatment for cancer of the tongue and buccal cavity.

An exceedingly important characteristic of radium is that it does its good work and remains in effect unspent, ready to do more. True, it is very expensive and difficult to obtain, but tubes or needles of radium may be inserted in the breast, or tubes may be used on the tongue, in the uterus or in other parts of the body, and remain unspent. That is to say, the same radium may be used over and over again almost indefinitely.

Hon. Mr. HUGHES: For how long?

Hon. Mr. SCHAFFNER: Do you mean how many times?

Hon. Mr. HUGHES: For how many years?

Hon. Mr. SCHAFFNER: I am not sure how many years, but as I understand the word "unspent" it means that radium cannot be used up.

Hon. Mr. HUGHES: I have read that it is effective for 1,700 years.

Hon. Mr. SCHAFFNER: Well, that would be no good to my honourable friend.

Hon. Mr. DANDURAND: We shall all be dead before that.

Right Hon. Mr. GRAHAM: I am not interested in the latter half of the period.

Hon. Mr. SCHAFFNER: The present technique of radium treatment for cancer of the breast may require that forty needles be buried around the breast for five days. Evidently we must have more radium, and we must have it as soon as possible. Radium is now an acknowledged agent in the treatment of localized cancer, and every year new methods are being devised for dealing with the more inaccessible varieties of growth, for example in the stomach, the esophagus, the brain, and so on.

It is unthinkable that Great Britain cannot really afford the radium it requires, but the administration of any quantity, say a gram per million of population, calls for a good deal of consideration in medical economics. The question is asked whether the present moment is the time for starting radium centres where treatment, research and the teaching of therapy can be carried out. Would it be better to supplement the resources of centres in Great Britain, or any other countries which have already earned a certain reputation, or to aim at putting the technique of radium therapy into the hands of the general practitioners of the country? I know many physicians who keep a supply of radium and carry it around with them when necessary, but I believe the general opinion in the medical profession to-day is that the best way of

coping with cancer is through the establishment of centres for radium treatment, for it is felt to be almost impossible for the general practitioner to become really efficient in the knowledge and application of radium. I have tried to stress the fact that it is possible to use radium to the great disadvantage of a patient. A medical student goes to medical school for only four or five years; he has many other things to occupy his attention; and I am of the opinion that, however much ability he may have, he cannot gain the necessary knowledge and experience to enable him to use radium to the best advantage of the patient or of the public at large.

Cancers generally show themselves in human beings who have reached the age of forty-five years, and they usually take the form of a tumour, increasing in size. It is sometimes said that a tumour destroys its own centres as it grows. That has not been my experience; whether or not that has been the experience of any other physician in this House I do not know. However, it is said that it destroys its own centres as it grows, the result being that it assumes the appearance of an ulcer. The growth of cancer is progressive, sometimes slow and sometimes rapid. Its spontaneous cure by the mere defensive power of organism is extraordinarily rare, if, indeed, such a thing happens at all.

Are the ravages of cancer increasing? I showed in the beginning of my remarks how medical science and research had been able to find cures for numerous diseases that at one time were deadly. This is not so with regard to cancer. In France, according to statistics, cancer caused 70 deaths per 100,000 inhabitants in 1906, 82 in 1918, and 88 in 1921. I judge that the rate is now over 100 per 100,000. From this you will see that there has been a gradual increase in the number of deaths from cancer, while, on the other hand, the number of deaths from tuberculosis, malaria or diphtheria is decreasing. Let us hope that the future will produce important curative, chemical and biological discoveries that will help in the fight against cancer, and let us realize the importance of encouraging activity in this direction.

The principal kinds of cancer which are frequently cured by X-ray treatment are those of the epidermic tissues—those occurring on the skin or the orifices of the skin, such as the mouth, and the neck of the womb. In competent hands, and in properly equipped establishments, cancer can be successfully treated, provided, of course, that it has not been allowed to go too far and is not attended with complications which interfere with the treatment. Cures are said to be effected more frequently and with fewer drawbacks by rays, especially radium, than by surgery. As I said a while ago, that contention is disputed. Personally I favour surgery and radium combined.

In European countries and in the United States the commonest form of the disease is cancer of the stomach, which constitutes about forty per cent of the total; next comes cancer of the breast, fourteen per cent, cancer of the intestines, eleven per cent, and cancer of the throat, nine per cent.

Whether the control and use of radium can be left to private charity, to financial interests, or to anyone other than the responsible authorities of the state, should be decided at once. One wonders what will happen in the future; whether the richest countries in the world will not try to buy all the radium that can be found, and whether in the interests of their own citizens, radium-producing countries will not have to control exportation. In France the Government provides radium for use at fifteen national centres. This is a sound principle.

The treatment of cancer by X-rays and radium has made great progress during the past ten or twelve years, and it seems likely that this progress will continue. There is reason to believe that experimental radiophysiology will provide us with a new biological knowledge, new ways of utilizing the rays, more powerful electrical apparatus and X-ray generators, and larger quantities of radium, by which we may be able to cure many varieties of cancer and at more advanced stages of the disease.

I can conceive of no higher objective for the Government of this country than the elimination of this scourge, and I think the federal and provincial governments and departments of health should co-operate to that end. If the Federal Department of Health has any function at all, surely this is a field in which it should exercise it.

Hon. Mr. LACASSE: Honourable members, I understand that there is to be a very important committee meeting this afternoon, and I therefore cheerfully abide by the wish of the right honourable leader of the House, and move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill H1, an Act for the relief of Eva Corker Trill.

Bill I1, an Act for the relief of George Senkler Morgan.

Bill J1, an Act for the relief of Agnes May Jack Evans.

Bill K1, an Act for the relief of Mabel Constance Small Cossar.

Bill L1, an Act for the relief of Olive Pearl Beattie Watkins.

Bill M1, an Act for the relief of Assad Kalil Eddy, otherwise known as Joseph Canille.

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

THE SENATE

Thursday, April 21, 1932.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill U1, an Act to incorporate the W. S. Newton Company.—Hon. Mr. McMeans.

SUSPENSION OF RULES

Hon. Mr. McMEANS moved:

That rules 24a and 119 be suspended in so far as they relate to this Bill.

He said: The object of this motion is to dispense with the seven days' delay between the second reading and the consideration of the Bill by the Committee on Banking and Commerce.

The motion was agreed to.

WHEAT SHIPMENTS FROM PORT CHURCHILL

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. How many bushels of wheat were shipped from Port Churchill to England?
2. What were the total disbursements by the Government in this venture?
3. Were these ships insured?
4. If so, for what amount?
5. What rate did they pay?
6. Or did Government guarantee the marine risk?
7. Was the wheat insured?
8. If so, what was the rate paid?

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

1. 544,769.
2. $2,570.
3. Yes.
4. £75,550.
5. Two per cent.
6. No.
7. Yes.
8. Approximately 2 per cent.

DUPLICATION IN CANADIAN RAILWAY SERVICES

MOTION AND DISCUSSION

Hon. J. P. B. CASGRAIN rose in accordance with the following notice:

That he will move:

1. That in the judgment of the Senate, in order to give immediate relief by eliminating some duplication in the service of the Canadian Railways, pending action by the commission presently investigating the Canadian railways, a committee composed of an equal number of present officials from the Canadian Pacific and the Canadian National Railways, be formed, and elect an umpire. Failing to agree in their choice, the Supreme Court of Canada shall appoint this umpire.
2. That a copy of the Order in Council appointing the present gentlemen investigating our railway problem be deposited on the Table of the Senate.
3. That he will call attention to railway conditions in Canada.

He said: Honourable senators, I shall not take up much time on this subject. I may say that my motion was suggested to me by a letter that I saw in one of the papers; I think it was the Montreal Gazette. It does not seem likely that the report of the Railway Commission will be presented in time to be dealt with at this session, which, according to all indications, may not last much longer. In the meantime the duplication in railway services is going on and is costing thousands and thousands of dollars. Both the large railway companies are running trains to and from the same cities, through practically the same territory, although there are not nearly enough passengers to fill the trains of one company alone. I do not know whether an expression of opinion by the Senate would have any influence towards eliminating this unnecessary duplication. I would remind honourable members that there would be no expense connected with the appointment of a committee such as I suggest, because all the members would be salaried employees of the railways.

The only item of cost would be the remuneration given to the umpire. Best results would be accomplished if the two railways could agree upon an umpire, for they probably would select a railroad man who would know how to deal with the situation.

The Railway Board should have attended to this matter a long time ago. I do not want to take up the time of the House in saying what I think about the Railway Board, but I want to point out that for some six months not one member of it was a lawyer who had ever practised before a court of justice in this country. Judge McKeown and Col. Thomas Vien, both of whom had resigned, were lawyers, and were very efficient commissioners. I know that Col. Vien was particularly efficient. He took a great deal of interest in the work of the Board and was an influential member. The remaining members of the Board, who had never practised law, rendered a judgment, which has been before the Privy Council in England. One of the commissioners, who I am told is a farmer, although he calls himself a merchant—I suppose, because he has sold grain—actually dilated to the exent of three closely typewritten foolscap pages on the argument that the Privy Council was wrong. Among the new appointees there is no lawyer from the Province of Quebec, although there is, I understand, a notary public. Well, I cannot throw any stones at the Government for that, because the Government of dear Sir Wilfrid Laurier appointed the Hon. Michel Esdras Bernier, who was a notary. But he did not take very much part in the discussion of the legal matters that came before the Board.

The subject-matter of this motion is not my own idea; I do not claim any credit for it, having read it in the Montreal Gazette; but the proposal is very simple, and its adoption would, I believe, immediately solve some of the problem involved in the duplication of railway services. That is all I have to say. I therefore propose the motion, seconded by the honourable senator from Saint John (Hon. Mr. Foster), who, I understand, would like to move the adjournment of the debate.

Hon. W. E. FOSTER: Honourable gentlemen, as I desire to take advantage of this motion to make some extended remarks on the diversion of the grain trade of Canada through American ports, I would ask the leave of the House to adjourn the debate until Tuesday next.

The debate was adjourned.

BEAUHARNOIS COMMITTEE'S REPORT

INQUIRY

Before the Orders of the Day:

Hon. Mr. GILLIS: I would ask the right honourable leader of the House when we may expect the report of the Beauharnois Committee. This committee has been sitting for more than two months, the evidence was all in two or three weeks ago, and the country and the House are very eager to know when the report will be laid before the House.

Right Hon. Mr. MEIGHEN: More authoritative information could come from the committee than from me. I do not know. I see news from the other House that its work is to be finished in a week's time. If such is the case—and from the source of the information one deems it authoritative, for the conclusion depends more on the Opposition than on the Government— I do not think we have much more time to spend.

Right Hon. Mr. GRAHAM: Honourable members, I agree with what the right honourable gentleman said the other day, when he intimated that the House of Commons could not adjourn the Senate. I would suggest that we ought to stay here until we conclude our business in an orderly way. I am opposed to the House of Commons rushing us in the last day or two. I do not say I have been innocent all my life, but I have a different viewpoint since I began to sit on committees of the Senate and to hear discussions in this House, where members do not make speeches unless they have something to say. If the Commons make fast progress they will be doing what they have not been doing for the last two weeks.

Hon. Mr. FORKE: I would call the attention of the right honourable member who has just taken his seat to the fact that if we are delayed it will be because of this committee that has taken two months to do its work, and has not completed it yet.

Right Hon. Mr. GRAHAM: All I have to say is that my honourable friend is not on that committee.

Hon. Mr. DONNELLY: I may say that the special committee referred to has had two sittings to-day, and has adjourned to meet at 10.30 to-morrow morning, and I think the majority of the members are eager to expedite the business as much as they can.

Right Hon. Mr. GRAHAM: Why the majority alone?

PRIVATE BILL

SECOND READING

Hon. G. V. WHITE moved the second reading of Bill 32, an Act respecting the Ottawa and New York Railway Company.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, this is a Bill from the Commons, I am quite sure from memory. I have had representations made against the Bill, but the last of the data filed I have not yet had time to read. However, I make no objection to the passing of the measure, without going farther than that, for the present, on the principle; the understanding being that it will go to the Committee on Railways, Telegraphs and Harbours.

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

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Senator McRae:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium procured from Canadian ores; and to that end should immediately appoint a Canadian Radium Commission to investigate and recommend at the next session of Parliament the best methods to adopt to give effect to such control.

Hon. J. J. HUGHES: Honourable senators, before the honourable member from Essex (Hon. Mr. Lacasse) proceeds with his speech I wish to offer an explanation. When the honourable member from Boissevain (Hon. Mr. Schaffner) was speaking yesterday he referred to the durability of radium, and I interposed a question, "For how many years could it be used?" He intimated that he thought it could be used indefinitely. I then remarked that I had read that this metal would retain its properties for about 1,700 years, and the laughter and comment with which my innocent statement was received led me to think that several members supposed I was making a joke. I was not. I read in a magazine—

Hon. Mr. CASGRAIN: We all read it.

Hon. Mr. HUGHES: If the honourable gentleman will just maintain peace for a moment, I shall have finished. I read in a magazine, British or American—I forget which —a few years ago, that some medical or scientific school had made a calculation showing that this particular commodity would retain its properties for about that number of years. When the Senate adjourned I took the opportunity of meeting one of the medical men of this House, and he told me that I was correct in making that statement. I believe the object of the writer of that article I read was to show that even if only a small amount of this commodity were obtained every year, or even every decade, because of the length of time it lasts, there would be a sufficient supply in the world in a reasonable time.

Hon. Mr. McMEANS: Why does not the honourable gentleman adjourn the debate, or wait until the other member finishes, if he is going to make a speech?

Hon. Mr. HUGHES: I merely wish to add that in the remark I made yesterday I had no intention of making a joke, and I had a fair basis for my statement.

Hon. G. LACASSE: Honourable gentlemen, when I adjourned the debate yesterday my intention was not to make a long speech now, and discuss at length a subject which has already been thoroughly dealt with by the three able and well-informed speakers who have preceded me. I was just wanting to emphasize a few of the points already touched upon by my honourable friends, and to draw the general conclusions which, to my mind, this debate seems to inspire.

The honourable senator who introduced this resolution on the formation of a Radium Commission (Hon. Mr. McRae) centered his remarks mostly around the producing and marketing of the precious metal.

The honourable gentleman who followed him (Hon. Mr. King), a member of the profession, made a very comprehensive exposé of the distribution of radium, its scientific application, and its use as a therapeutic agent to alleviate and sometimes to cure a limited number of diseases.

Then the honourable senator from Boissevain (Hon. Mr. Schaffner) gave us interesting statistics, pointing out that the effect of the administration of radium is, so far, not as reliable and conclusive as most people believe.

Now, honourable members, I do not wish to be wearisome, I repeat, either by holding or attempting to hold a clinic for this honourable House, most of whose members have serenely passed the age for taking up a new university course, or by unduly repeating what has already been said on the subject. I simply want to place myself on record as being in favour of this resolution asking for the appointment of a Canadian Radium Commission, provided such a move—

(1) will not be a step towards nationalization of mining development and exploitation;

(2) will not affect in any way, shape or form the rights and prerogatives of the various provinces of Canada;

(3) shall be directed mainly towards controlling exclusively the supply and distribution of radium according to a Dominion-wide and uniform plan, regulating, as time goes on, its exportation, and directing as much as possible of it towards medical centers, thereby helping the suffering of mankind rather than satisfying the demand of industry.

Hon. A. C. HARDY: Honourable gentlemen, we have heard during this debate almost exclusively from members of the medical profession. I think that, with the exception of the sponsor of the resolution, no one outside of that profession has spoken; therefore the discussion has been very largely confined to the disease of cancer. It is not my intention to touch upon that, needless to say. The only sentiment I could express in regard to that disease and the treatment of it by radium, is that it is our hope and prayer that those men who are devoting their lives to research in order to discover what radium may be able to do with cancer may be given grace and power to make more use of radium, and greater use as time goes on.

I want to say a few words about the economic side of the question. We know that in the last few years there has been an inclination in many countries, particularly in Canada, to pass everything over to the central government. We know that the Government of Canada, to say nothing of the provincial governments, is overloaded with anxieties and worries, with great deficits and great financial problems, which it must solve some way in order to bring us out of the present situation. I have no doubt that time will bring about a solution of many of these great questions, but meanwhile I do not think that problems involving what may be very large amounts of money should be thrown indiscriminately into the hands of the Federal Government or of any other government.

I will just touch for a very few moments on this question as I see it. The honourable gentleman from Vancouver (Hon. Mr. McRae) has spoken at some length of the expenses involved and the savings that might be effected in developing such a pitch-blende deposit as we have on the shores of Great Bear Lake. Amongst other things he said that this pitch-blende should be brought down in its raw state, at the rate of about $100 a ton for freight. I have before me a report of Mr. Spence, of the Department of Mines, who wrote a very excellent brochure on the occurrences of pitch-blende and silver ores at Great Bear Lake. He says:

> At the present value of radium, ore could easily meet the cost of shipment to rail, $400 per ton.

That is the shipment to rail alone.

> Improved transportation facilities, however, will have to be provided if serious production is to be attained.

I mention that merely to show how far we are from getting anything exact as to the cost of the development of this great body of pitch-blende.

The honourable senator from Vancouver said also that those who hold the claims, or developments, or semi-developments, up there, should be treated generously, and towards the end of his address he gave what I took to be his idea of generous treatment of the holders of those claims when he said that the twenty tons of pitch-blende now in Ottawa are valued at $100,000. I may say that there are some seven hundred claims staked in the Great Bear district. I do not know how many of those claims have been developed, or how far the development has gone—the information is all laid out in a report from the Mines Branch, which can be obtained by any honourable members who are interested—but if the twenty tons that we have down here are valued, even though in a generous way, at $100,000, what value is to be placed on these seven hundred claims? Taking into consideration the fact that these mines have very heavy deposits of silver, I have calculated that a value of $5,000 or $10,000 a claim might be very reasonable in the eyes of the would-be purchaser; but perhaps the value would be many times as great in the eyes of the owners. If you figure that up for seven hundred claims, the initial expenditure of the Government in taking over these claims, even without being generous, would run to many millions of dollars, and even before we began to produce or ship radium the scheme would be handicapped by the enormous overhead of many millions of dollars, to say nothing of the cost of production.

On the question of the cost of production the honourable senator has told us that, taking into consideration the by-products and their value, we should be able to produce radium at about $5,000 a gram. If I remember correctly, the honourable senator from Boissevain (Hon. Mr. Schaffner) stated yesterday that it takes one thousand tons of coal to produce a gram of radium. If I am wrong in that he will correct me. It

would seem to me, therefore, that we have right there a cost of $5,000. Without doubt, the very rich silver deposits in the pitchblende would go a very long way towards helping to pay the other expenses that might be involved.

I believe that the resolution of the honourable senator from Vancouver goes too far, in asking this House to express the opinion that the Government should declare its intention to control the production and distribution of all radium procured from Canadian sources. That means, I suppose—I cannot take any other meaning from it, but I stand open to correction—that the Government would at once declare its intention of taking over and controlling these pitchblende deposits. If the honourable senator had worded his resolution, "That in the opinion of this House the Government should appoint a Canadian Radium Commission to investigate, and to recommend at the next session of Parliament the best methods," etc., everyone could very easily agree; but for this House to go on record as declaring that the Government should at once throw itself into this immense development is, I think, going too far. If such a very important undertaking as the procuring of this wonderful commodity were a matter of only a few hundred thousand dollars, or even a million dollars, one would not, perhaps, object; but I believe that if it would run into many millions of dollars, as undoubtedly it would, we should be satisfied to declare that we are favourable to the appointment of a commission to investigate the matter, and should not be too hasty in asking to have the whole undertaking saddled on the shoulders of the Government.

Hon. C. MacARTHUR: Honourable members, from the time the honourable member from Vancouver (Hon. Mr. McRae) commenced to speak on this resolution until now, my interest in this amazing discovery has been steadily increasing. I first became acquainted with the treatment of cancer by radium some years ago, since which time I have closely followed the developments that have taken place. Perhaps this is because in my younger days, some thirty-five years ago, I had a great ambition to study medicine and to become a physician, or, perhaps, a wonderful surgeon. However, economic conditions intervened, and I went to the college of hard knocks instead, and eventually took up business as my vocation.

Yesterday, while listening to the honourable senator from Boissevain (Hon. Mr. Schaffner), time turned backwards in its flight, and as I looked at some of my colleagues opposite, and to my right and left, and noticed them in the arms of Morpheus, I too succumbed, and I had a dream. During my last conscious moments I heard the honourable senator from Boissevain speaking about typhoid fever, diphtheria and malaria. I was waiting for him to come to periostitis, in which I am particularly interested, but he refrained. In my dream I thought I was a practising physician in attendance at a medical convention, where they were holding a clinic, and I was waiting to hear of the application of this wonderful treatment to periostitis.

Right Hon. Mr. GRAHAM: What is it?

Hon. Mr. MacARTHUR: An infection, followed by inflammation of the bone.

To my mind the medical profession is perhaps the most honourable profession in the world to-day. It has great opportunities for helping mankind and doing good. In settlements where the population is sparse the family physician is not only the medical adviser of everybody, but frequently the counsellor and friend. This, perhaps, is one reason why doctors make such formidable opponents at elections.

I was thinking along somewhat similar lines with the honourable member for Leeds (Hon. Mr. Hardy), who spoke of the optimism obtaining in regard to the relatively low price of radium as announced by the honourable senator from Vancouver, and I was struck by the fact that the cost of coal would be a major factor in the cost of radium. It also occurred to me that while the cost of a thousand gallons of distilled water would be practically negligible, one hundred tons of chemical would cost a good deal of money. Taking $10,000 as possibly the minimum cost of a gram of radium in other countries, I should think that in this country, with the expenditure on labour, equipment and coal, or its equivalent in other units, to say nothing of overhead expenses—for chemists are not low-salaried men—a cost of $5,000 a gram would be pretty low.

The honourable member from Essex (Hon. Mr. Lacasse), a member of the medical profession, has dealt with the legislative side of this question. To my mind we are entirely losing sight of one feature. Why should we attempt to bail out a polluted stream? In my opinion we should endeavour to get at the source. In the United States there is an organization with some two thousand members, and having branches in every state, before which papers are presented and lectures given, and through which, by means of the radio and otherwise, there is disseminated a knowledge of preventive measures. I do not know whether or not there is a similar

organization in Canada. To my mind there should be, for it would help greatly in preventing this dread disease. An ounce of prevention is better than a pound of cure. I think we may be concentrating too much on the cure alone. I have heard one honourable gentleman go so far as to remark that the discovery of a very successful cure might have a tendency to make people careless.

In my opinion the governments, provincial as well as federal, should interest themselves in an organization that would encourage scientific and medical research. We all know of the wonderful results of the discovery by Pasteur in the treatment of rabies, and in the field of bacteriology; we are all aware of the discovery of Insulin by Banting, and of the anti-septic treatment introduced by Lister. Those men have been honoured, as they should be, but to my mind the scientist who can discover the cause of cancer will go down in history as the greatest benefactor in centuries of the human race. And once the cause of the disease is discovered a remedy should soon be found.

I noticed a few discrepancies in the remarks of the previous speakers in regard to the length of the effective life of radium, but, as was pointed out in reply to the honourable senator from King's (Hon. Mr. Hughes), the variations will not make much difference to the present generation or some generations to come.

I understand that radium was discovered in 1896 by Madame Curie and her husband, assisted by the chemist Debierne, whose work has not, perhaps, received the recognition that it deserved. We find that cancer research has been going on since 1850. From 1850 to 1860 it was carried on by noted scientists according to Virchow's theory of cellular pathology. Then, in 1880, arose the rival theory of Cohnheim. I believe that the discoveries of the earlier period are the basis of the research work that is being carried on to-day.

It is somewhat remarkable that the discovery of the X-ray by Professor Roentgen in 1895 should have been followed so closely by the discovery of radium. In many respects they have a similar effect. It is remarkable also that during thirty years only one and one-quarter pounds of radium have been produced in the whole world. It was known only in the form of a salt until 1910, when it was discovered in metallic form by Madame Curie, assisted by Debierne. To give you some idea of the remarkable energy of this metal, I may say that when it comes into contact with paper, it burns it; it also decomposes water, and oxidizes rapidly when exposed to the air. An idea of the colossal number of atoms that compose a gram of radium may be gained from the statement that despite the destruction of 37,000 millions of atoms per second, through disintegration, the actual loss of radium is about 0·04 per cent a year.

On the whole, I have much sympathy with the resolution that has been presented, but in part I agree with the honourable senator from Leeds (Hon. Mr. Hardy). Of one thing I am certain—that all honourable members unite in the hope that the ravages of cancer may be eliminated in the near future, as other dread diseases have been eradicated in the past.

Hon. T. J. BOURQUE: Honourable senators, as a medical man I am sure I am voicing the sentiment of my professional colleagues when I say that we appreciate very highly the complimentary remarks made by the last speaker in regard to the medical profession. I am sure that he is sincere in what he has said. I should not like to think for a moment that he would express such sentiments just because he happened at the present time to be under the care of a medical man.

I had not intended adding to the elaborate and comprehensive addresses of the previous speakers on this resolution, but owing to the importance of the subject, I may be permitted to say a word of two.

Let me congratulate my honourable friend from Vancouver upon having so ably brought to the attention of this honourable House and the people of Canada the importance and the value of radium. He and the honourable members who spoke after him on the subject have made very clear to us the business side of radium and the way in which this valuable substance is used for the relief of humanity. It is admitted that the treatment of cancer by radium is a method second to none in bringing about favourable results; yet we all know that in this respect it is still in its infancy.

When we think of what medical science was less than half a century ago, we realize the phenomenal progress it has made. No one is able to appreciate this so well as the medical practitioner. I graduated in medicine forty-three years ago, and since that time have observed many wonderful improvements in the methods of applying relief to sufferers.

If the curative qualities of radium have not yet been fully discovered, the explanation is probably to be found in the excessive price that has been set upon it. I have in my practice met with many cases of cancer that could have been treated successfully by the application of radium, but the expense was so great that the patients could not afford to take the treatment.

There is at times a tendency for governing bodies to attach little importance to resolutions of this nature, but I feel that this one will not be treated lightly. We know that we have in the Bear Lake district fairly large deposits of pitch-blende, from which radium is obtained. It is certainly of paramount importance that Canada should see that more radium is made available, and that it should thus give scientists fuller opportunity for experimenting and learning more about its healing powers. If these deposits can be developed and controlled by the Government, and if radium can be obtained in sufficient quantity to bring about a big reduction in price, the day may come when all over this country every cancer patient, however poor, will be able to receive radium treatment at the hands of specially qualified medical men, and thus to take advantage of benefits that now are available to only a comparatively small number of afflicted people.

In conclusion, let me emphasize that I am entirely in accord with the resolution before us.

Right Hon. Mr. MEIGHEN: I do not wish to have the motion carried at the present time, if honourable members do not object to my saying so. It would put the Senate on record as calling upon the Government to adopt a rather radical and very responsible line of policy.

Hon. Mr. HARDY: Hear, hear.

Right Hon. Mr. MEIGHEN: My own feelings are not very far apart, if they differ at all, from those expressed by the honourable senator from Leeds (Hon. Mr. Hardy). I would not ask the House to vote down the resolution, unless it were found impossible to amend it. I should like to adjourn the debate myself, if no other senator wishes to do so, in the hope that when the subject comes up again I may be able to state more explicitly what the attitude of the Government is towards the motion.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

BUSINESS OF THE SENATE

Right Hon. Mr. MEIGHEN: There is other business that could be taken up to-day, but if honourable members are agreeable, I should like the House to adjourn now. I asked the honourable senator from De Lanaudière (Hon. Mr. Casgrain) not to proceed with one of his motions, and he agreed. The reason for this is that the Banking and Commerce Committee, which is composed of a large number of members of the House, is exceedingly busy with a very important measure, on which it is desirous of doing some work this afternoon.

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

THE SENATE

Friday, April 22, 1932.

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

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

Hon. Mr. TANNER presented the fourth report of the Special Committee of the Senate appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate; and moved that this fourth report be taken into consideration on Wednesday next.

Right Hon. Mr. MEIGHEN: Honourable senators, the report is very long and would take most of the afternoon to read. As it will be printed, I do not see any value in having it read now. Of course, it may be read if any honourable senators wish it.

Hon. Mr. HUGHES: When will it be ready for distribution?

Right Hon. Mr. GRAHAM: Are we sure now that this report will be printed and distributed before Wednesday?

Hon. Mr. TANNER: Oh yes, certainly.

Right Hon. Mr. MEIGHEN: To-morrow, the Clerk says.

Right Hon. Mr. GRAHAM: I mean a considerable time before Wednesday. As a matter of fact, it is a very important report. It is voluminous, and when we come to discuss it we probably shall find that it and its lineal successors will prove very vital to the future rights of members of the Senate. I think the humblest member of this House ought to have full opportunity to read and re-read the report before it is open for discussion.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I cannot give notice formally, but for the information of the House I should say that there probably will be several amendments moved, one of which may be that the report be referred back to the committee and evidence taken to discover or establish the customary relationship between parties and campaign funds. I cannot say more until the report is discussed. My reason for rising is to make sure that the report will be printed and distributed—and the committee owes it to the House to have this done—not just a short time before the

senators get here next Wednesday, but in sufficient time to enable them to read and re-read the contents.

Hon. Mr. TANNER: I should like to assure the right honourable gentleman that the printing of the report and of all the documents in relation thereto is being speeded up. It is probable that the printed report will be available to-night. There will be no delay whatever in supplying honourable members of this House with copies of everything.

Hon. Mr. CASGRAIN: Perhaps the honourable gentleman could give us the conclusions.

Some Hon. SENATORS: No, no.

Hon. Mr. MacARTHUR: Honourable senators, may I ask the chairman of the committee whether the evening press will have this report in full?

Hon. Mr. TANNER: I do not know.

Hon. Mr. MacARTHUR: Has it been handed to the press yet?

Hon. Mr. TANNER: What harm would be done, anyway?

Right Hon. Mr. MEIGHEN: I think I should say a word before the motion is put. Certainly it would be most inappropriate so to hasten the consideration of the report as to prejudice the opportunity of honourable members to peruse it with care. I should not want to be a party to a proceeding of that kind. At the same time, the intimation given by the right honourable senator opposite (Right Hon. Mr. Graham) is that we had better get started soon or we may be here all summer.

Right Hon. Mr. GRAHAM: We might be worse employed.

Right Hon. Mr. MEIGHEN: Well, the right honourable gentleman can speak for himself as to that. I know he edits a fine paper.

Right Hon. Mr. GRAHAM: At long range.

Right Hon. Mr. MEIGHEN: It would appear to me that if the report is printed and distributed to-morrow morning—and I am assured by the Clerk of the House that it will be distributed here to-morrow morning—there should be sufficient time between then and Wednesday afternoon for honourable members to familiarize themselves with the documents. But if there is a strong feeling that longer time is necessary I should not want to insist on objecting to an extension.

Right Hon. Mr. GRAHAM: I think that would be perfectly satisfactory.

The motion was agreed to.

Right Hon. Mr. GRAHAM.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second and third times, and passed:

Bill N1, an Act for the relief of Georgina Linda McIndoe Howard.

Bill O1, an Act for the relief of Antonio Poliseno.

Bill P1, an Act for the relief of Dorothy Gertrude Silcock Wilson.

Bill Q1, an Act for the relief of Beulah Isobel Phillips Eakin.

Bill R1, an Act for the relief of George Seymour Dixon.

Bill S1, an Act for the relief of Audrey Meredith Mann Redpath.

Bill T1, an Act for the relief of Ethel Seigler Nissenson.

PRIVATE BILL

SECOND READING

Hon. Mr. McMEANS moved the second reading of Bill U1, an Act to incorporate the W. S. Newton Company.

Right Hon. Mr. GRAHAM: What is this Bill?

Right Hon. Mr. MEIGHEN: Honourable senators, I have just looked through the Bill, and it is not clear to me why this company should come and ask for a special Bill of incorporation, or why the application should not be made under the Companies Act, in the same way that others are.

Hon. Mr. McMEANS: I think there is one little feature that perhaps would not be covered by the Companies Act. This firm has been carrying on business as trustees, assignees in insolvency, and receivers, for some years. It sometimes happens that a trust company which has the administration of the estates of deceased persons goes into liquidation, and that this firm is appointed administrator of the company. Under this Bill it asks for power to carry on the administration of the estates of the deceased persons. In any event, the Bill will be referred to the Committee on Banking and Commerce, and if there is anything wrong with it, it can be threshed out there.

Right Hon. Mr. MEIGHEN: As to the explanation of the honourable senator, if the special purpose of the Bill is to enable this company to become the executor of estates now being administered by a trust company which has gone or may go into liquidation, the only remark I would make is that this

Parliament has no power to authorize it to act as such executor. It could be authorized only by the Legislature. This being so, the only extra power asked for would be beyond our jurisdiction. I have no objection to the Bill receiving the second reading, but I hope the committee will take this point into account.

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

ADJOURNMENT OF THE SENATE

Right Hon. Mr. MEIGHEN moved:

That when the Senate adjourns to-day it do stand adjourned until Tuesday next at 3 o'clock.

He said: In this connection I may say again that our purpose in adjourning early is to enable the Banking and Commerce Committee to proceed with the work it has in hand.

The motion was agreed to.

The Senate adjourned until Tuesday next at 3 p.m.

THE SENATE

Tuesday, April 26, 1932.

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

Prayers and routine proceedings.

NATIONAL PORTS SURVEY

PARTS OF REPORT

Right Hon. Mr. MEIGHEN laid on the Table a copy of parts I and II of Sir Alexander Gibb's report on National Ports Survey.

Hon. Mr. KING: Is the report to be printed?

Right Hon. Mr. MEIGHEN: I hope not, in these hard times. I am informed by the honourable gentleman from Inkerman (Hon. Smeaton White) that the matter is still to come before the Committee on Printing.

UNEMPLOYMENT AND COLONIZATION

DISCUSSION

Hon. G. LACASSE rose in accordance with the following notice:

That he will draw the attention of the Government to the importance of a return-to-the-land movement as a measure to alleviate such conditions as are prevailing in Canada to-day.

He said: Honourable senators, in view of my constant—and, I believe, successful—endeavour, ever since I have had the honour of sitting in this Chamber, to condense my remarks as much as possible and to be brief, I feel quite at ease in soliciting your patient attention this time and asking you to bear with me a little longer than usual. Furthermore, I am fully convinced that the subject I am about to treat, because of its great importance and timeliness, invites your most serious consideration.

I know my voice does not carry the authority that many other members of this House possess, but I have waited in vain, throughout the course of this session, to hear from them some pronouncement of interest with reference to the distressing problem of unemployment, which threatens more and more the social structure and the economic life of Canada. However, it may be quite proper that a man who resides in a district which is one of the most affected, and who every day comes into contact with the miseries of the people in the practice of his profession, should be the spokesman, so to say, of the poor and unfortunate citizens who are now having the worst time of their lives in keeping soul and body together.

In 1930 our troubles were only beginning and unemployment was, comparatively speaking, within reasonable limits. An eminent speaker, then travelling from one end of the country to the other, said repeatedly from many platforms and with all the emphasis at his command: "Conditions like these should not exist in Canada."

Hon. Mr. BUREAU: Hear, hear.

Hon. Mr. LACASSE: And he was right. The people of Canada listened to the forceful plea of that political leader and he was returned to power with a good working majority. He was given a free hand and proceeded immediately to redeem one of his most important promises, namely, to end unemployment in a very short time. Nearly two years have elapsed, and conditions are worse to-day than they ever were. It is estimated that instead of approximately 75,000 idle persons there are well over 300,000 who are without work and without bread at present.

May I be permitted here to quote from another honourable gentleman, who became Minister of Labour in the new administration (Hon. Mr. Robertson)? Speaking in this Chamber a few months before the last election, he referred to the so-called state of starvation then existing in the city of Montreal and to Lord Atholstan's soup-kitchens, and he pathetically asked himself:

—what is wrong, and why the conditions are as they are in this young country, with its still untapped natural resources, with its virile population, and with the opportunity it would afford

for every person to be employed and happy if proper policies, so far as governmental activities are concerned, were in existence. . . .

and so on and so forth.

Are not the natural resources of Canada still untapped? Has this vast Canadian country shrunk from its 358,162,190 acres of possible farmland since 1930? Not that I know of. Still, listen to what the newly-elected Mayor of Montreal, Hon. F. Rinfret, M.P., was saying in another place a week or so ago:

The difficulty is that we must find not only thousands but millions of dollars to look after the overcrowded army of unemployed. I am speaking now of my few weeks' experience in office in Montreal. The situation in that city —and I am afraid it is similar in many other cities—is perfectly appalling and is much more disquieting than I thought it could be before my election to the mayoralty. Every day, in the City Hall, we have armies of unemployed coming to us, men in the most destitute condition, men who have not worked for a number of months, men who cannot pay their rents, men who have no money left. The condition has become worse for this reason, that some months ago everybody had a little money left, or a friend or relatives who could help them, or some pieces of furniture that they could sell. To-day all these small resources have been exhausted, and if the situation does not immediately improve the army of unemployed will be greater next fall than it has been in the past. . . .

And just a few days ago His Worship, speaking at a banquet at the Club Saint-Denis, Montreal, repeated the same thing in another form, saying:

Public-spirited confidence must be lent the new administration so that it may battle successfully against problems which remain the most serious in the history of Montreal.

From what I have just read, and from what I happen to know personally, I feel justified in saying that present conditions, as regards unemployment, are almost desperate. One is inclined to repeat what a famous French journalist, Louis Veuillot, wrote about a century ago: "The world has reached a point where it must perish or revive"—without any further delay. We are facing a deadlock. The manufacturers and merchants say to the working men: "Buy our goods and we will give you work and money." The workmen reply: "Give us steady work and fair wages and we will buy your goods." The vicious circle is complete, and appears to be absolutely unbreakable. Nevertheless, and in spite of it all, I do believe that the Gordian knot can be loosened if we take the proper means to do it. Let us finish where we should have begun: let us turn to the land.

"Agriculture," says a great French economist, "with the help of some few sister crafts whose object is similarly the exploitation of the natural resources of land, air and water, is sufficient to give a nation a good measure of permanent prosperity." If this principle be true when applied to other nations, it should work out well in a country like Canada, which still has over thirty-five million acres of arable land in two alone of her nine provinces. I conclude, therefore, that a systematic back-to-the-land movement is the only solution of our problems at this stage of the crisis: first, because it is socially and economically sound; and secondly, because all the other means have been tried and have failed to effect a permanent cure.

When a person is weak and anaemic, and when his vital organs are threatened by the complications which usually accompany or follow the primary disease, the medical attendant prescribes life in the open and a prolonged sojourn in the country. Let us do the same in this case and send the overflow of the population which is crowding the slums and back lanes of our cities, to where life is healthier for mind, soul and body. We shall thereby adjust the abnormal distribution of our rural and urban elements—indeed, Canada, where agriculture is recognized as the basic industry, has only 40 per cent of her total population on the farm—and pursue more peacefully our national ideals, save our human capital and man-power, create domestic markets for our own industries, boost the business of our transportation systems and eventually bring back prosperity to our shores.

"The land is the real and only capital, because it is the most stable, the most immovable and the most durable: it is the anchor of salvation," says a respected authority. "Industry is the aeroplane which flies proudly above the clouds till it crashes to the ground; agriculture is the plough, which humbly digs its furrow, but never collapses," says another.

I said a moment ago that all the remedies so far used to alleviate our present ills have acted more or less as mild anodynes, to the extent of creating a craving for more; and it is true. The first move of the Government at the special session of 1930 was to vote twenty millions of dollars for relief work and public undertakings. The money was spent, Provincial Governments and municipalities were overburdened with additional taxes and debenture debts, and relief was just temporary. Tariff modifications towards higher protection were then resorted to, with the same unsatisfactory results. Again in the session of 1931 an ambitious program of public construction was launched, to the exent of the spending of a huge sum of money, and no permanent cure was effected. Thousands of people are still

hungry, and the public treasury is almost exhausted. The next step will be direct relief, which is the dole system under a different name. But a new ray of hope has pierced through the clouds of our broken illusions: the Imperial Conference. What will be the outcome of it? Nobody knows. Suppose that, in spite of the good and sincere intentions of the delegates, it meets with utter failure, what then? Would the Government, in such a case, embark upon a desperate policy of intensive immigration? I hope not. But the Acting Minister of Immigration has recently shown inclinations that are quite alarming: he has yielded to the pressure of the Ontario Government, which is inviting five hundred young immigrants from England to come into Canada, in spite of the fact that thousands of young Canadians are idle and depending on public charity for a living.

If the rules of this House would permit me to fully speak my mind, I would diagnose the case of those who are just now talking immigration as a case of insanity complex; and I feel that I am in splendid company in expressing such a view. Let me refer to a letter published in the Montreal Gazette of March 5, 1932, and written by the Right Reverend John C. Farthing, Bishop of Montreal. As I believe that every member in this House reads the excellent paper published by my honourable friend from Inkerman (Hon. Smeaton White), I will beg leave to put the letter on Hansard without reading it.

Young Immigrants Placed On Altar—Government's Proposal to Bring in 500 Boys Condemned by Bishop—To Save Organizations—Wreckage of Immigration Societies Feared—Wretched Plight of Hundreds of Youths Depicted.

Strong protest against the Federal Government's action in authorizing the bringing to Canada of 500 English boys "to be offered as sacrifices to keep together immigration organizations of various kinds," is embodied in a letter addressed to the Government recently by the Rt. Rev. John C. Farthing, Bishop of Montreal.

Hundreds of such boys already fill breadlines in many a Canadian city, the Bishop points out in a statement to The Gazette. He enjoins all Canadians to unite and enter an emphatic protest against what he terms "a most unwise and unjust action, and one which under existing circumstances will do a great wrong to defenceless lads.

Signed "John Montreal," the communication is as follows:

"An item appeared in a Montreal paper stating that the Federal Government and the Government of Ontario had arranged with certain organizations to bring 200 boys between 14 and 18 years of age into Canada during the immigration season. I wrote to both the Federal Government and the Government of the Province of Ontario, and I learned that the Government had authorized 500 boys to be brought into Canada during the present season, and that these boys are to be placed on farms, chiefly in Ontario, and that the organizations bringing them here are to be responsible for them. I have strongly protested to both Governments against any boys being brought to Canada this year.

"When one has seen hundreds of these boys in the bread line in Montreal during the past year, when one knows that a good number of them have been sent back to England to their own families by the generosity of private citizens, to say nothing of those who have been deported by the Government; and when one sees now a large number of these boys are depending upon public charity, one feels indignant indeed that 500 more should be brought out to share the fate of those who have come in the last few years. No doubt some of the boys brought out have been comfortable on farms, but there is no doubt either that many of those who have been brought out have left the farms in the West and in Ontario, and even some in Quebec, and that they have been drifting from place to place, depending upon the charity of the people. I cannot imagine a worse moral influence to which a boy could be subjected than to lead the life of a tramp, stealing rides on the railways from place to place, having no home, no one to be responsible for him, often-times falling in with the worst elements of our community.

"One is thankful for the efforts which are made in many cities to try to help these boys. If there are situations for 500 boys from the Old Country, why not give those places to our own Canadian boys and those Old Country boys who are out of employment here now? Why bring 500 boys between 14 and 18 years of age to face the conditions in Canada as they exist to-day? Many of them will gravitate into our larger cities and share the experiences of those drifters who have passed through during the past two or three years.

"It seems to me criminal to bring these boys out. I am told that it is necessary to bring them in order to avoid the danger of various immigration organizations becoming disbanded. These boys are then to be offered as sacrifices to keep together immigration organizations of various kinds. Surely it would be better to disband every organization rather than keep them together at the expense of 500 Old Country lads. There will be no difficulty in re-organizing immigration societies when the country revives and the time comes to encourage immigration; I appeal to Canadians of all classes to unite and enter an emphatic protest against what seems to me to be a most unwise and unjust action, and one which under existing circumstances will do a great wrong to defenceless lads."

Let me now, before concluding, set at rest the unwarranted fears of certain timid souls, and endeavour to deal, in a few words, with the objections which are raised here and there against a well-organized and Dominion-wide back-to-the-land movement.

Some will argue that such schemes have been undertaken in the past and met with very disappointing results; for instance the Kapuskasing venture. I have not the time to discuss all the possible causes of that Northern Ontario fiasco, but it may be that the men sent there to colonize were lacking either

the will or the ability to do it. At any rate a practically similar plan was carried out by the Quebec Government in the region of Lac St. Jean, and met with complete success. Six thousand families were established there in the course of a few months, and Premier Taschereau was convinced, from then on, that "a back-to-the-land movement is the only remedy."

Others will say that colonization is too expensive an experiment for times like these. Will those friends pretend that the spending of seventy million dollars per year to feed idle people indefinitely is more economical?

Then it might be objected that the farmers' plight is bad enough as it is, without more producers being added to their ranks. In reply to that, I will say that the one who goes on the land just now does not expect to become a millionaire in a fortnight, but at least he can produce enough to make a living, and in due course of time he will not only cease being a public charge on the community, but give back to society, in the form of products, taxes and new markets for industry, more than what society is giving him to-day.

There are other objections of a less serious nature, but I have not time to discuss them. Let me remind the Government, though, that among the principal recognized motives that lead to colonization are the two following ones: discontent, caused by political or economic conditions, and religion. And I do say, in all frankness, that on the one hand there is plenty of discontent in the country to-day; and on the other, the blood that runs in the veins of young Canada to-day is the same generous sap that fed the colony at its origin. English-speaking historians of authority, namely, Parkman and Bancroft, have paid the tribute of their admiration to the religious ideals and patriotic devotion of the early settlers of North America.

Now I want to be fair, and mention, in passing, the earnest efforts of certain provinces in connection with land development. I am not unaware that Quebec and Ontario, particularly, have already grasped the importance of the problem. They have granted all kinds of gratuities to the brave pioneers of the North; they have surveyed the land, built new roads, erected schools, given premiums, and even supplied unorganized districts with medical assistance and school facilities on wheels.

I wish to make a short mention here, also, of the commendable efforts of some municipalities, namely, Ottawa and Hawkesbury, towards transforming their vacant lots into gardens. The reviving of the old war-gardens of a decade and a half ago, not only on vacant lots, but also in unoccupied subdivided lands in the suburban areas of our large cities, should form a part of this back-to-the-land movement.

But it seems to me that the federal authorities should more deliberately and more earnestly come to the rescue and co-operate with all the provinces, and create a permanent body of public-spirited, unselfish, experienced and politically independent men—call it a Land Settlement Commission if you wish—that would deal with all the phases of this vast problem in a practical, intelligent, non-partisan and diligent manner.

Now, honourable gentlemen, I want to apologize for having taken so much of your time. I know that other questions of great importance will soon invite the careful consideration of this House; but it matters little to the poor fellow who is walking the street and wearing out the soles of his shoes, looking for a job that never comes, and who does not know where his next bite will come from—it matters little to him whether Mr. So-and-So will remain a member of the Senate or not. It does interest him, however, to know how long his family will be deprived of its legitimate share of sunshine and comfort in this proud Canada of ours. I shall therefore not desist from preaching the gospel of the land until I see in every city or town of any size Government booths where all those unfortunate men who through no fault of their own have been made human wrecks, and dumped on the wayside like discarded tools, will be invited to enlist for work in the woods or on the farm, provided they are fit, sound and willing.

After all, if we in Canada do deliberately believe that it is impracticable, and that it costs too much, to develop and exploit the large expanses of vacant land which Providence has been so good as to favour us with, let us be practical and let us turn into ready cash those dead assets. Let us enter into an international agreement and sell those lands to the highest bidder. Perhaps the Mikado or the Great Ruler of Italy would be interested in such an offer, as much as Uncle Sam was when he bought Alaska from Russia and Louisiana from France.

Any Canadian father who stands up and with the faith, love and devotion of a true patriot sings "O Canada, Terre de Nos Aïeux," does indeed revere, in himself, the sacred memory of the heroes of the past. But he also bears in mind that the land of his forefathers will be the land of his sons and daughters, and he cherishes the hope that the heritage of his descendants will not be a perpetual bondage of taxes, debts and mortgaged lands. In that spirit, therefore, I beg

the right honourable the leader of this House to transmit to his colleagues of the Government the suggestions expressed in this humble plea, which is the plea also of a large number of well-thinking, peace-minded and liberty-loving fellow-Canadians.

Hon. ROBERT FORKE: Honourable members of the Senate, I want to compliment the honourable senator who has just taken his seat, upon the eloquent address that he has delivered. In this respect I cannot hope to emulate him. I had some hesitation in rising to speak at all on this subject because of its very great importance, and my doubt as to whether I had anything worth while to offer to help in the solution of the problem.

Just as important as the cry "Back to the land" is, I suggest, the cry, "Keep them on the land." According to my little experience in colonization, the difficulty is not so much to get people on the land as to keep them there.

All our material possessions, our livelihood, the very existence of all living things, are dependent for their sustenance on Mother Earth. Agriculture has been the Cinderella of industry. Everyone readily admits its importance, and straightway forgets it. One never hears a public speech to-day but the speaker emphasizes the importance of agriculture and the fact that it is the basic industry of this Dominion, but very often the actions of the speakers belie their words. Ten years ago, when I came into the House of Commons, the subject of agriculture was taboo. To-day the situation is very different: agriculture has taken its proper place, so far as public attention is concerned.

I do not intend to say very much about the present depression. I do not know that I can add anything to what has already been said. The best and the greatest minds in this country have attempted some solution of the problem, but up to the present time nothing very definite has been accomplished. There have been different cries. We have adopted a policy of selfishness—of Sinn Fein. Speaking for myself, I believe that the erection of tariff walls and the adoption of a policy of isolation are the largest factors contributing towards our difficulties at the present time. This is purely a personal opinion, but one which I think I am entitled to hold.

To-day we have a world-wide problem of unemployment, and agriculture is virtually bankrupt. Many theories have been advanced as a solution of the farm financing problem, more especially in Western Canada. They include growing wheat, mixed farming, and, the latest, living off the land. I have here a short clipping from which I should like to read:

It could be deduced from the remarks of bank managers, political economists, and bond brokers that the remedy for Canada's current depression was hard work, more butter, mixed farming, less butter, vision and courage, hard work, revival of economic prosperity, less wheat, more confidence, good leadership, more wheat, hard work, faith and hard work.

These are some of the remedies that have been offered to relieve the situation.

If honourable members will allow me, I should like to give them an example of what mixed farming means in some of its branches. I have here a statement from the Canadian Co-operative Wool Growers, Limited, with reference to wool that I grew on my farm last year. I had over one hundred sheep, from which I got 880 pounds of wool. I shipped this wool to the Canadian Co-operative Wool Growers. The wool was sold at a gross price of $51.78, and after freight and all other expenses had been deducted I received the munificent sum of $17 for my 880 pounds of wool. But that is not the worst of it. I had paid a man $25 for shearing the sheep. I was $8 "in the hole" just because I had one hundred sheep and had taken the wool off their backs and sold it. So, after all, mixed farming, it seems to me, is not going to solve all our problems. I could give you a similar statement with regard to cattle, but I will pass on.

In connection with this cry of back to the land, I recall the time when Stefannson, who was going on an Arctic expedition, was preaching the doctrine of living off the land. He was even more optimistic than we are to-day, for he imagined that people could live off the land in the Arctic Circle. We know the end of the story—how it ended in tragedy and proved that he was mistaken.

Much could be said for putting unemployed people on the land in a temperate climate and a fertile region. But even that presents its difficulties. I have hesitated to say much about the scheme of moving the unemployed from the cities to the land. Could I see in the near future any other solution of the problem of giving employment to people who want work, I would not advise any large movement of this kind.

And here let me say a word about figures that have been given in another place in regard to people placed on the land. I have had some experience with the placing of people on the land by the railway companies. I have had figures showing that they had placed thousands of immigrants on farms, yet when we tried to hunt up those people we could not find them. No doubt the railway companies placed them on the land, but the difficulty was to keep them there afterwards.

I saw the other day a statement made by an official employed in taking single men from the cities out to the farms. He was asked: "How do you keep them there?" He replied: "Well, when I leave the farm I always shut the gate after me." That is about as far as any policy goes in keeping people on the farm. This problem requires something deeper than the making of broad statements about solving difficulties by placing people on the farm. We have to find markets to make it profitable to a man to live on the farm, and we have to improve farm life.

Perhaps it is not out of place for me to remark, with reference to the railway agreements that were in existence when I was Minister of Immigration, and as to which considerable has been said, that no families nor individuals were ever brought from Europe under an agreement that did not provide that they should be placed upon farms and should not become a burden on the cities. I know, and I think every honourable senator in this House knows, how that scheme failed, and why. The difficulty of keeping people on farms was almost insurmountable, and I am afraid it is just as great a problem to-day. As I said before, could I see any other solution for unemployment than to place people on the land, I would not support a movement such as this, because I know something of the difficulties surrounding it.

No family or no single individual ever came from the continent of Europe under an immigration plan except to go directly upon a farm. So something has been done in the past to place people on the land. We had a 3,000 Families Scheme for placing British immigrants on the land. The immigrants were selected with care and received help of all kinds towards making a start, but I am very sorry to say that only a very small percentage of them made good in the end. These are not pleasant things to contemplate, but they must be taken into consideration in any back-to-the-land scheme.

The back-to-the-land movement may be preferable to unemployment, but it is rather noticeable that those who have been most enthusiastic about it have been men without agricultural experience. I say this in all kindness, and without any intention of being sarcastic. The people in the city of Winnipeg who have been doing the most talking about returning people to the land have been the ministers, the doctors and the lawyers. I beg their pardon if I have said anything that seems to be rude. I do not blame those people for talking as they do, for they believe that they have the solution of the problem, but they are not as well able to appreciate the difficulties as are persons acquainted with agriculture.

If I understand the scheme that has been proposed—and what I have to say applies more particularly to the West—it is to provide a family with a house on a small plot of land consisting of a few acres, where they will grow their own vegetables; or, under a more ambitious plan, to place them on a larger acreage, furnish them with a cow, chickens, and a pig or two. But the cow will want pasture and winter feed, and the chickens and pigs will require feed and shelter, and these things cost money.

I saw in the Citizen the other day a letter in which an indignant householder, I think, in Ottawa, said that he did not understand what the farmers were complaining about; that they were getting twenty-five cents for two dozen of eggs, and they got them for nothing. That is the kind of ideas some of our city people have about farming. I do not blame them, because they do not know any better; but there is the trouble.

Even if the people do go back to the land they will have plenty of difficulties unless the land has been cultivated for at least a year. I do not know much about the soil in Eastern Canada, but in Western Canada you cannot start a garden on the prairie without a great deal of labour. It has to be cultivated and ploughed, and perhaps cropped once or twice, before it is suitable for garden purposes, and a man who does not know anything about that kind of work will not succeed. Whatever plan is followed, food will have to be provided for the family. This will cost money—perhaps much more money than is anticipated at the present time. But, with all the difficulties, perhaps it would be better to try such a plan than to have men loafing away the summer months in idleness.

I think something might be done in the way of collective farming. This is not Communism. If you send out inexperienced men and start them on small plots, nine out of ten will fail. Those who have no acquaintance with agriculture will not raise very much during the coming summer, and more than likely none of them will succeed in raising a very good crop the first year. I have thought that if, instead of men being sent out individually, a large acreage could be found not far from a city—I have Winnipeg in mind more particularly—the land could be subdivided into plots; the people would live close together, and an experienced agriculturist of good executive ability could be put in charge for the coming summer

to instruct these people and make them acquainted with agriculture and the growing of crops. Whatever plan is adopted, it will be difficult enough, but in view of the serious situation that we are in at the present time, I think the question is worthy of consideration.

Hon. Mr. GILLIS: The honourable gentleman should have tried that when he was Minister.

Hon. Mr. FORKE: The difficulties were not so acute at that time as they are now. I had enough disappointments when I was Minister without trying anything more. If I had not been Minister, and had not spent nearly four years trying to place people on farms, I might speak with greater freedom than I do now. Sometimes when we know more we say less, and perhaps we speak with greater effect. However, I believe this plan is worth trying. I do not believe in letting men rust out in idleness in the cities, losing their manhood and their independence. I would rather see some plan like this adopted than let things drift.

A little more than a year ago I had occasion to speak at Virden, Manitoba. Everyone was very optimistic; prosperity was just around the corner, and everyone seemed to think that everything was all right. I ventured to be a little more pessimistic, and made the statement that a year from that day conditions would not be any better—that perhaps they would be worse; and I was cold-shouldered by everybody. But I know who is right to-day. We are not going to have prosperity immediately. Where is it coming from? The price of materials has sunk so low that we are not likely to have prosperity for some time. Considering conditions in Western Canada, I say again that the problem is not so much one of getting people back to the land as of getting the people on the land to stay there.

Hon. Mr. GILLIS: We have had a good rain.

Hon. Mr. FORKE: I received a letter from home this morning, and I was delighted to know that they had had a day and a half of rain. I made out my income tax return recently, and I do not think it would be out of place for me to say that my operations last year cost me $1,956—and I have been credited with being a good farmer. It may be said that I do my farming at long range. That is true not only of me, but of hundreds or thousands of others.

What is the use of shutting our eyes to the facts? We have a great country, great natural resources. No better people exist than the people in Western Canada, and I believe that everything will come out right. But conditions will never right themselves, of their own accord, simply because we believe that some morning we shall wake up and find prosperity. We shall be prosperous again only if we take the means and find the opportunity to become prosperous.

Hon. W. A. BUCHANAN: Honourable senators, I should like to discuss the resolution from a little different standpoint from that taken by the honourable senator from Essex (Hon. Mr. Lacasse), though with relation to the unemployment problems in this country. I think there is too general a tendency to look upon the unemployment situation as temporary, something that will clear up once there is a revival in business conditions. For my own part, I think that that view is wrong. While an industrial revival would relieve unemployment to some extent, we are going to have unemployed people among us for many years to come, because of some conditions to which I should like to refer. In rising to speak on this question I have the hope that the Government may see fit to investigate the unemployment situation from an angle that I shall suggest.

We know that the mechanization of industry has developed rapidly. I doubt very much that that development will cease after the return of better times. As long as it continues men and women will be thrown out of work in various branches of industry and will have to seek occupations in other avenues. Nor is there a brighter prospect for that type of labour called rough labour, which has been employed in the construction of railways and of public works in the municipalities, the provinces and throughout the Dominion. Public works have been carried on so extensively during the past two years, as relief measures, that it seems to me there will be a comparatively small number of them for some years to come. For example, the municipalities have constructed waterworks, sewage systems, and roadways, and the provinces have built highways and utilized rough labour on various undertakings to an extent to which these things would not have been done but for the desire to provide relief. What opportunities will there be for that type of labour in the near future?

Then we must consider the fact that our cities and towns have been largely overbuilt with apartment houses, hotels and office buildings, so that for some years there are likely to be vacant premises in many of our larger centres. That indicates much less activity in the building trade than we have been accustomed to. I do not want to paint

too dark a picture; I simply desire to state the situation as it appears to me at present, and to give some consideration to the possibilities and probabilities of the future.

I suggest that there should be a study of the unemployed of the country. Such a study could be very easily carried on in every province through the employment offices where men come in to register for work. Why should these men not be asked to fill out a questionnaire, so that there may be a record of their lives, indicating where and at what they had worked in the first place, and any changes of employment or place of residence up to the time they were thrown out of work?

If we attempt to solve the situation by a back-to-the-land policy, then we should be careful to place on the land only those who have had some experience in farming. In my judgment it would be very foolish to try to make farmers out of people who had always previously lived in cities or towns. But there may be in Canada thousands of men who at one time worked on farms, who later drifted into the cities, where they obtained employment in factories or stores, and who now have nothing to do. If it is possible to make contact with a large number of those men, we may put into operation a back-to-the-land movement that may help to relieve the unemployment problems.

I very much doubt that a back-to-the-land policy would go far towards relieving the general situation throughout the country. The present condition of farming in Canada is such that there is not a very strong appeal for anyone to go back to the land. But it has occurred to me that much good might be done by encouraging men who have had experience in agriculture to take up small plots of land, sufficient to provide themselves and their families with food. I know of a number of cases where men who are earning a little money on jobs of various kinds are able to support their families by also cultivating small plots of land on the borders of cities. But these men know how to make the most out of the land, for they have had farming experience. Now, this seems to me a plan that should be encouraged, and serious consideration should be given to the question whether it can be extended throughout the country. It has the advantage of not destroying the independence of the men who are benefited by it.

I think the Government, or some department, or possibly a committee of this House, might very well investigate the entire unemployment problem from all its angles. We must realize that unemployment will be with us to a very considerable extent after the present stressful times have disappeared. This is a conclusion that I have reached after thinking over the matter for some time, and I feel that we ought to attempt to find some means of relieving conditions with which we shall have to contend for many years.

Right Hon. ARTHUR MEIGHEN: Honourable senators, the times through which we are passing are exceedingly stressful. Their unexampled difficulty and their equally unexampled universality indicate that the causes are deep-seated and more or less permanent, and that consequently the remedies are very far-reaching and difficult to apply. I have no very great optimism that much can be accomplished toward reviving conditions by proceeding along the line of the resolution, but that does not at all lead to the conclusion that the resolution is not worth while or that some application of its principles would not be beneficial.

I was very delighted to hear again, in this connection, the voice of the honourable senator from Brandon (Hon. Mr. Forke). It carried me back to more youthful times. I could not help but think of a period somewhat more than a decade ago, of the prices prevailing then for farm products and of the generally rather happy conditions under which agriculture, in common with other industries, was conducted at that time. And I recall well that that was the very period when he headed a powerful delegation in protest against the times, and the hard conditions under which they lived. I well remember also the word pictures of the Utopias, and of the Eldorados of agricultural prosperity, towards which his party were to lead the people of this country. I have a recollection of not only the paths that were to be travelled, but the leaders who were to bring us to the promised land. And especially I recall his own leader of that day looking across at the rest of us, in the old, discarded parties, begging us to get behind him that he might lead us to the uplands, where the air was pure and sweet. But I can only look across now and in spirit shake the hand of the honourable member from Brandon and congratulate him that he has lived through to this time, when the whole universe would rejoice if only the happy conditions against which he protested could be restored.

The back-to-the-land movement and the arguments in its support are, of course, not strange to our ears. I know some of the difficulties in the way of that movement, though not as intimately as does the honour-

able senator from Brandon or the honourable senator whose very practical address has just concluded. Farming, in the very best of times, is not an easy occupation and it is not one that leads to great wealth. At this time it is among the most difficult ways in which anyone can undertake to make a living. Sometimes when commodity values fall the incidence applies to the more primary products first and reaches the secondary products later. However that may be, the fall that we have experienced covers the whole range of products that are raised, and it is so pronounced and emphatic that it has put out of balance the relationship between debtor and creditor the world over. That something must be applied to that situation before anything in the way of a general alleviation can be hoped for, seems to me apparent. And we must look first towards a reconstruction of international debts, and secondly towards such an improved and more elastic currency system as will tend, not to restore the same relationship between different products as has always existed, for that is impossible, but to give something in the nature of stability to the general average of all commodity values. By the very light of reason this can be brought about, and it is an indictment against the brains of our race that we have been slow in doing something to approximate it. There is no fundamental reason why the level of the average or aggregate of commodity values of the world should vary drastically from year to year. It should be more or less stationary, allowing for such variation between the values of different articles as the law of demand and supply may compel.

But these are big things and beyond the scope of the resolution. In the meantime it is quite clear that we must address ourselves to local conditions. We are only one nation and we cannot do anything of a major character, towards a betterment of world conditions, save in co-operation with other nations. But we can apply local remedies, local alleviations, and it seems to me that the principle of the resolution is one. The honourable senator from Essex (Hon. Mr. Lacasse) will recall that in the Department of Immigration, under the present Minister, considerable has been done along the line of this back-to-the-land movement. The Minister has succeeded in bringing back to the country, to plots usually more or less small, but not always small, a rather large number of families—relatively few, of course, in proportion to the total of unemployed, but nevertheless a worthwhile number —and the results, as far as I have been able to learn from studying them, have been satisfactory; and they have been valuable not only in themselves, but also as demonstrating what can be accomplished in this way. I will go further and say that the Government has under consideration at the present time an extension of that policy, an extension which probably can be made more safely and more hopefully because of the experience that we have had under the Minister of Immigration. The basis of that extension is a co-operative contribution system, participated in by the municipalities, the provinces and the federal Administration. But the numbers that we can hope to have taken care of along this line are not relatively large; possibly we might look forward to benefiting some 5,000 or 10,000 families, or even more. This number, however, is large enough to make the scheme worth while.

It surely is well, even though the prices of farm products are low, that men for whom no work can be found, because of the period in which we are living, should at least be able to turn their hands to occupations that do not require very great study or experience, in order that they may produce enough, not for sale, but for the feeding of themselves and their families. This is the principle behind the back-to-the-land movement as now in effect, and it is the principle behind any extension which we may be able to make. I am personally glad that the honourable senator from Essex has brought the subject to our attention. We could not occupy our time better than in discussing it. I am in hopes that before another year passes round we shall be able to show the honourable gentleman results in the way of the practical application of his doctrine that will be gratifying not only to him, but to the entire House.

Hon. Mr. LACASSE: Honourable senators, a little while ago I had intended to take advantage of my privilege of closing the debate, but after the most sympathetic remarks of the right honourable leader of the House, I and all the people on behalf of whom I have had the honour of speaking this afternoon will keep on hoping.

PRIVATE BILL

THIRD READING

Bill 35, an Act respecting the Canadian Pacific Railway Company.—Hon. Mr. Ballantyne.

DUPLICATION IN CANADIAN RAILWAY SERVICES

MOTION AND DISCUSSION

The Senate resumed from April 21 the adjourned debate on the motion of the Hon. Mr. Casgrain:

That in the judgment of the Senate, in order to give immediate relief by eliminating some duplication in the service of the Canadian railways, pending action by the commission presently investigating Canadian railways, a committee composed of an equal number of present officials from the Canadian Pacific Railway Company and the Canadian National Railways, be formed, and elect an umpire. Failing to agree in their choice, the Supreme Court of Canada shall appoint this umpire.

Hon. W. E. FOSTER: Honourable gentlemen, you were good enough to grant me the privilege of moving the adjournment of the debate on this motion which is now before us for consideration. I must say that I am not altogether in favour of the motion, more particularly the first clause as it stands. Nevertheless, I became the seconder of the motion in order that I might take advantage of the opportunity presented by the motion to discuss a matter which I consider of very considerable importance, namely, the general situation with regard to the railways. I wish also to present to the members of this House and to the Government a situation which exists at present with regard to the diversion of a considerable quantity of Canada's products, more particularly grain, and to suggest such measures as would appear to be advisable so that that diversion should be changed from the route now taken, down the Great Lakes and through American connections to American ports. This freight should be handled over the Canadian railways, thereby giving traffic to our railways, which need it very badly at present, and down through our ports, which have been equipped to handle the business, and on which vast amounts of money have been spent and are still being spent. We should thereby handle a much larger quantity than that which under present circumstances we receive.

While other opportuuities for presenting our views on this important question of the railways, which is before us to-day, may have been available by reason of certain legislation that has been brought before this House for consideration at different times, more especially financial bills empowering the Government to borrow certain amounts of money from time to time to take care of the deficits of the Canadian National Railways, and for equipment and other purposes, yet there did not appear to be very much inclination on the part of honourable members, including myself, to criticize those measures unduly or discuss at any great length the problem of our railway business. Probably the ideas of other honourable members were like mine, and it was hoped that conditions would change to the extent and degree that the amounts asked for would be decreased from time to time, and perhaps eliminated with the return of better conditions, and that the balance might be on the right side. But, unfortunately, up to the present we have not seen that situation come to pass. Instead, we see growing deficits on the operation of our railways, running all the way perhaps from $500,000 or $600,000 per week up to $800,000 or $900,000 per week. I noticed in the press this morning the report that the gross earnings of the railways in Canada for the week ending April 21 reached a larger amount than usual. In the case of the Canadian National Railways the decrease in the revenue for the week ending April 21, as compared with the revenue for the corresponding period of last year, amounted to something more than $800,000, while in connection with the Canadian Pacific Railway it was over $700,000. So, instead of those requests for increased borrowing powers being reduced, the prospect is that they will be increased in the near future, for the reason I have stated.

This situation, honourable gentlemen, together with the large amount of money required from time to time, must impress us with the fact that the subject is one that in importance, from the financial point of view, is far above any other matter that has been brought to the attention of the members during this session.

I noticed in the press the other day that the Minister of Railways—a very thoughtful man, I am sure, and one who has had considerable experience in connection with the public affairs of this country—made the statement to a Conservative association, I think, before which he was speaking in Toronto last week, that the Canadian National Railways was the greatest problem that the country had to-day. In fact, I think the opinion is generally expressed that unless some measures of a comprehensive character in the way of relief, or suggestions along some comprehensive lines, are brought forward, the taxation, which is growing and becoming a considerable burden on the taxpayers of this country, must reach very much larger proportions than it does to-day, in order to take care of the railway deficit.

I do not think, therefore, that any of us need make any apology for bringing to the attention of this House and the country generally the situation as I see it, which I shall describe to the members of this House in my plain way.

Of course, some will say that we need not have very much fear; that we are borrowing the money we require from time to time, and that things will right themselves in due course.

I have heard it stated that prosperity is around the corner, but I think the street running towards that corner is much longer than any of us anticipated, and I have not yet heard many people say that they have met that gentleman named Prosperity; nor are they likely to meet him for the present, at all events, or to name the street on which he is likely to be found.

I spent the week-end in one of the large cities of Canada, and I met a financial friend of mine there. Naturally, on the topics of the day, I inquired of him what he thought in regard to the near future of the financial situation. He said to me, "Well, at the present time we are experiencing a 'slump' in the depression." That is as far as he would go in making any forecast of what the immediate future might bring forth.

True it is, honourable senators, that a commission has been appointed to go thoroughly into this very important question. That commission is composed of very prominent and capable men versed in the business of the country, some of them railway experts, who, I have no doubt, will be able in due time to bring forward some panacea, or something that will aid in the solving of this problem. I think there is somewhat of a disappointment in the country at large that, owing to the continued depression which is surrounding us, the commission is not going to report during the present session of Parliament. I am not offering any criticism in that regard, because, as I think we all appreciate, the question that is before this commission, which has been appointed on the suggestion, I think, of Sir Henry Thornton himself, is a problem with many angles which must be taken into consideration in order that there may be a report of such a character that the people of the country may place considerable confidence in it. The commissioners can be very readily excused, and no criticism should be offered for the delay in bringing down their report, which it is hoped will contain certain suggestions that may bring about some remedy; but, for the reasons which I have stated, I think that even though that report may be delayed, and even though the commission may be taking those matters into consideration at the present time, no harm can be done in discussing this question frankly and freely.

At one time, in a moment of weakness, I purchased a controlling interest in a small railway, and when I took charge of the affairs of that road I found that the same old principles which people must apply to their personal affairs, if they are to be successful, applied to that railway, just as they would to those large projects that we are discussing, which are uppermost in the minds of the people of Canada to-day, and as they would apply to any business proposition. I found that at the end of every week I was confronted with the unpleasant necessity of meeting the pay-roll, that every six months the interest on the bonds came due, and that from time to time other expenses had to be met.

I also acquired some inside information with regard to the making of freight rates and the mystery which sometimes surrounds the railway's application for and the granting of certain rates. Experience taught me that you could increase your rates beyond what the traffic could fairly bear, and that if you did so you might, as it were, kill the goose that laid the golden egg. Therefore I think that very careful consideration should be given to any suggestions, such as I have noticed in several newspapers, for an increase in rates in Canada under the present business conditions.

I also learned, in the operation of that small unit of railway, that where there was no water competition you could charge the same rate for moving goods a certain distance as you could charge for moving the same commodities twice that distance where water competition prevailed.

In discussing this matter it is not my intention to go into the ramifications of the capital structures of the two railways, even if I could do so. It is too much like a Chinese puzzle, as it were, for the ordinary layman to undertake. We do know, however, that we are called upon from time to time to vote large sums of money, more particularly for the Canadian National Railways. Last year there was a vote of some $68,000,000, if I remember correctly, to make up the deficiency between the revenue of the railway and the cost of operating it and meeting the interest on the debentures outstanding. At the end of the year there was found to be a shortage of some $11,000,000, and Parliament at this session has approved a Bill supplementing the $68,000,000. I presume that when the Railway Committee sitting in another place finishes its labours we shall be asked to pass further legislation conferring authority to borrow money.

We know that the liabilities of the Canadian National Railways to-day amount to a sum of about $2,600,000,000. Boiled down to something concrete, they are as follows:

Long term debt: Canadian National Railways: Funded debt, unmatured.. ..	$1,276,000,000
Dominion of Canada account: Loans from Dominion of Canada..	604,000,000
Interest on the above accrued, but unpaid..	354,000,000
Appropriations for Canadian Government Railways.. ..	405,000,000
A total of..	$2,640,000,000

From this total there must be subtracted the amount of $405,000,000, which is accounted for as the cost of the Canadian Government Railways, that is, the old Intercolonial and the Prince Edward Island Railway, which were constructed under the Confederation agreement, and I think about two hundred million dollars for that part which is known as the Transcontinental Railway, extending from Moncton to Winnipeg. Subtracting the $405,000,000, we find owing by the Canadian National Railways the respectable sum of about $2,200,000,000. The size of this amount is something that an ordinary mortal cannot comprehend.

Then we come to the Canadian Pacific Railway. In the statement which recently came into the hands of some of us we find that at the date of the last statement the liabilities of the Canadian Pacific Railway amounted, in round figures, to the sum of $1,000,000,000.

Such amounts are so large that it is almost impossible for one to conceive them; but somebody, somewhere in Canada or another part of the world, is interested in every dollar of these colossal amounts. Every Canadian citizen has a share in the Canadian National Railways, having acquired it at various times and in divers ways, but he certainly possesses no certificate of ownership; he does not own any parchment with a red seal designating part ownership in that railway. The people of Canada are still buying it, but on the instalment plan, to the extent of about $1,000,000 a week, or, calculated on the basis of a family of five, at the rate of fifty cents per week for each family in the country.

In the case of the Canadian Pacific Railway the statement received shows that fifty per cent of the common stock of the company is owned by the Canadian people, about thirty per cent by the people of Great Britain and other countries apart from the United States, and about twenty per cent by the people of the United States. Ordinary stock issued by that company, according to the statement, amounts to about $335,000,000, preferred stock to $137,000,000, and debenture stock to $300,000,000—a total of $772,000,000. In some cases the stock of the Canadian Pacific Railway was acquired in early days and has been handed down from generation to generation, sometimes in large amounts, sometimes in small ones, in the belief that it would provide income for future generations. We now find that owing to existing conditions, and other reasons which have been stated, including too much competition, the dividend has been cut in half; and if conditions continue as they are, I fear the total elimination of dividend payments.

Therefore I say, honourable gentlemen, that the Canadian people are interested in the success of both these railways, and that the success of each of these great properties is equally important. In my opinion neither one should be operated in any way that is detrimental to the other, but under present conditions both should be operated in such a way as to produce the largest amount of gross revenue for the two roads at the minimum cost of operation, either as joint or separate units.

I wonder whether figures like these will impress the people of Canada or whether the wise words of the Minister of Railways, uttered within the past month, that our present financial structure will be endangered if the present situation continues, will arouse the Canadian people to a realization of the seriousness of this problem. Or will some sort of special tax become necessary, as has been suggested by someone, or doubling the income tax and ear-marking it for railways, so that without resort to further borrowing the deficits of the railways may be paid in real money instead of by book-keeping entries, as at present? I do not imagine that any feeble words of mine will arouse anyone to the need of giving support to the railways rather than to other modes of transportation; or to the necessity of shipping our goods over Canadian railways and through Canadian ports; or to supporting sympathetically the curtailment of trains, as has been found necessary from time to time, or other operating reforms that may be proposed. I am convinced, however, that our people must make up their minds to accommodate the railways, for a time at least, instead of expecting the railways to accommodate them, as they have been doing in the past.

There is no denying that there has been some extravagance practised in connection with the operation of these railways, but it has not always been due, in my opinion, to the management. Sometimes the demands of the people have made necessary expenditures which are now criticized. There has been an era of palatial passenger equipment, new stations, uptown ticket offices, big rents, costly displays advertising world cruises, for those

with depleted incomes and the unemployed to gaze upon. These things, I say, have not always been the fault of the railway management. Apparently, in the years which have just gone by, everyone expected the railways to pay for their properties higher rents than anyone else paid, and it seems as though on every hand the standard of values surrounding the railway business generally had been on a higher plane than that existing in a general mercantile business.

On the other hand, I do not think too much criticism should be directed against the railway managements. As we travel around the country we hear criticism. We hear it in our legislative halls. It seems to be a popular thing to-day to hammer the managements of our railways for extravagance. Taking into account the demands of the people, and considering all the circumstances, we should be tolerant towards the managements of those two great systems. We have heard criticism in this House and elsewhere of the hotels which have been erected throughout Canada by the railway companies. While, perhaps, in the erection of those hotels there might have been a little better distribution, or an avoidance of duplication, I think it is well that we should bear in mind the fact that if those hotels had not been erected by the railways they probably would not have been erected at all. We should remember also that they have done a very great deal to encourage the tourist traffic, which is of such benefit to the people of Canada at the present time. The two greatest sources of wealth in Canada to-day are the grain trade and the tourist traffic. I noticed a statement issued the other day by the United States Commerce Department to the effect that during 1931 almost five million motor cars crossed into Canada from the United States, and that the wealth left in Canada as a result amounted to $188,000,000. Therefore, honourable gentlemen, you can see that the hotels have aided very materially in inducing American tourists to travel in Canada, and that the building of those hotels has brought considerable wealth to this country. It is a question, therefore, whether or not, in the long run, the money spent in erecting these hotels has not been well invested.

In my humble opinion, based upon what I have observed, the railways of Canada have been efficiently and effectively managed. Taking it all in all, and considering the enormous expenditures that have been made, I have never heard any charge that money has been misappropriated.

Mr. Beatty, the head of the Canadian Pacific Railway, is, I am sure you will agree, a man in whom the people of Canada have every confidence. We feel that he will eventually bring his great task to a successful conclusion. On the other hand, I am convinced in my own mind, and I give expression to it in this public place, that Sir Henry Thornton is entitled to considerable praise for the manner in which he has brought together that great mass of twisted steel, that conglomeration of railways that existed in Canada prior to their absorption into what I regard as one of the greatest railway systems in the world to-day.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman give us the year in which the Act was passed that brought them all together?

Hon. Mr. FOSTER: I have not that information.

Right Hon. Mr. MEIGHEN: It was a year and a half before Sir Henry Thornton came.

Hon. Mr. FOSTER: I am quite prepared to give to anyone who has managed the railways at any time since they were brought together, every credit for what has been accomplished. I have no desire to single out Sir Henry Thornton, the present manager of the Canadian National Railways.

I think that these gentlemen, Mr. Beatty and Sir Henry Thornton, who are mainly responsible for the conduct of these railways, are to a considerable extent the victims of circumstances. We certainly have too much railroad in Canada, but I do not think that those gentlemen can be held responsible for that to any great degree. During the course of the railway age the people demanded railways and pressed their demands upon the Government. It would appear that during that age every community thought that in order to be successful or to become prosperous it had to have railway communication. Conditions in the railway world have changed, as they have in other forms of business activity. First of all, there is the economic situation and the world depression. Tariff walls have been erected which have damned the stream of international trade. There has been a change of conditions in the lumber trade, and in the pulp and paper business, which were great sources of revenue. These things, and the diversion of a large amount of Canadian business through American ports, have resulted in a great decrease in railway earnings. These factors and others, which have brought about the situation that at present exists, were well dealt with in an editorial in the Montreal Gazette of, I think, January 3. As this is the second time this paper has been mentioned to-day,

it is apparent that we all look to it for information. This paper in an editorial hit the nail on the head, and presented the situation fairly. It said:

A Point Well Taken At Halifax

The Maritime Transportation Commission and the Halifax Board of Trade, in their joint representation to the Royal Commission on Transportation, have performed at least one important service by their action. In stressing the national need to divert certain Canadian freight traffic presently going abroad through United States ports from that route, and to develop all-Canadian shipping, directing as much of it as practicable through eastern ports, these two boards bring out a point which has almost been lost sight of in the discussion of Canada's transportation problems. It is that the Federal Government, as regards the railways, has been extraordinarily persistent in creating and increasing competition with the country's railways. The significance of the position is made plain in the concluding paragraph of the Maritimes' brief, just presented at Halifax.

The railways, it is pointed out, are exposed to a great deal of water competition on the Great Lakes-St. Lawrence system, where it is calculated that freight moved is subsidized indirectly to the extent of $2 a ton. Hence the railways are not only forced to meet the competition, but through taxation they contribute to the subsidizing of waterways. They are confronted with the same handicap in two ways —on the waterways and, through auto-trucks, on the highways. Inconsistency on the part of the Federal Government in encouraging waterways competition with its own railway lines and the Canadian Pacific Railway as freight carriers should be apparent, yet the Government is bent, or has been bent, upon further perpetrating the inconsistency, contrary to all needs, by enlarging on a colossal and costly scale an artificial waterways system. Representations of the Maritime Transportation Commission and the Halifax Board of Trade now before the Royal Commission on Transportation should result in this phase of the Canadian railway problem receiving more consideration than hitherto it has had.

If the railways have fallen down in any way, in my opinion it has been in their failure to recognize the growth of the motor bus and the motor truck system of transportation. The provincial governments that provide the right of way for this second system of transportation are receiving at the present time a very considerable amount in taxes from the railways, and they should be keenly interested in seeing to it, when this difficult problem is up for consideration, that the railways get at least an even break.

The immensity of the growth of the motor bus business has been reflected in the passenger earnings of the railways of this country for the past ten years. I find on looking into the matter that in 1920 there were 51,000,000 passengers carried on the Canadian railways. That number dwindled down to some 35,000,000 in 1930. So from 1920 to 1930, during a period of considerable prosperity, the passenger traffic on Canadian railways has decreased about thirty per cent. This decrease is largely due to the automobile and to the motor bus business, and has taken place in spite of the extraordinary inducements held out to the people of Canada to travel on the railways, which furnished palatial equipment, put on faster trains and gave a more frequent service. But they failed to stem the tide of decrease in travel by rail.

Now, honourable gentlemen, there are many angles of this situation which could be discussed. What is the answer to the problem? I would not, in my position, presume to give it. We have heard of a policy the principle of which is a good one, namely, "Amalgamation never; co-operation ever." I am sure that if conditions were different we could all agree with that idea. But who at the present time wants the Canadian National Railways with their liabilities, amounting to $2,000,000,000, or who wants the Canadian Pacific Railway with all that would be involved? As I view it, the bringing together of the balance sheets of these two systems under any proposed amalgamation would be next to impossible without a very large scaling down of amounts. On the other hand, "co-operation" does not always seem to be able to co-operate.

Amalgamation of management has been proposed. Any such suggestion as that would probably be opposed in various parts of the country, for political considerations in connection with these things are always with us, and such a step would undoubtedly be regarded as leading towards a future amalgamation of those two roads. I believe, nevertheless, that something along this line might be brought about in a moderate degree—amalgamation of management, in so far as it would relate to the management of traffic movement, with a view to co-ordination, based upon a policy that would have for its object the movement of all traffic from its point of origin to its destination by the shortest and cheapest route, irrespective of the line on which such traffic originated. We know there is traffic moved 700 miles over one line, whereas by the joint use of both lines it could reach its destination by being moved 400 miles; and there is other traffic moved over one line of railway for 400 miles when by an arrangement between the two roads it could reach its destination by being transferred to the line on which it did not originate, after a movement of only 200 miles. It can readily be seen that thousands of tons of freight are moved unnecessarily long distances at a very large waste of money.

Let me give an illustration. A carload of freight originates on one line of railway, by which, in order to reach its destination, it has to be hauled 400 miles. If after being carried by that line for 100 miles it is transferred to another line, at a junction point, the total distance is reduced by half. Suppose the rate is 20 cents per 100 pounds. Each railway receives 10 cents per 100 pounds; whereas if the freight were moved by the roundabout route for 400 miles the railway upon which it originated would get 10 cents per 100 pounds for the first 100 miles, but would haul the freight the remaining 300 miles for only 10 cents per 100 pounds, or three and one-third cents per 100 pounds per 100 miles, making an average rate received of only 5 cents per 100 miles. Under the co-operative plan each line would make a profit, but under competitive operation the originating line would make little or perhaps no profit on the long haul, and both lines would be prevented from joining in a profitable transaction.

Now, honourable senators, I desire to refer to another question which has been discussed in the press upon numerous occasions, namely, the diversion of a large proportion of Canada's grain crop to American Atlantic ports. In that connection may I quote a statement recently made by the United States Department of Agriculture? Discussing the shipment of Canadian wheat, the report says that a considerable quantity of Canadian wheat and flour is shipped through the north Atlantic ports of the United States, and that for the past six years an average of 49 per cent of Canada's total exports of wheat and flour so benefited United States railroads, grain elevators and shipping agencies. Surely such a statement is enough to make us, in railway language, stop, look and listen.

When I see so many of our railway men being daily laid off, car repairing plants idle, railway equipment standing unused on the sidings, longshoremen at our ports out of work, and the wheat exports of Saint John drop to a minimum of 3,000,000 bushels during the past winter—and perhaps I can claim some knowledge of the situation at Saint John, after having occupied the position of chairman of the Harbour Commission there for at least a short time—I do not think I need offer any apology for emphasizing the necessity of making some special effort to keep at least the produce of Canada, the result of Canadian labour, in Canadian channels, and to ship it through Canadian ports. I realize this is not a new question, nor is it one that can be easily solved in the present special circumstances.

I do not intend to go into an historical discussion of this matter, but, coming as I do from the Maritime Provinces, I must draw attention to the fact that the Confederation agreement with the Maritimes is not being lived up to at the present time. In section 66 of the London agreement, upon which the British North America Act was founded and out of which the union of the provinces emerged, it was declared:

> The communication with the North-western Territory and the improvements required for the development of the trade of the great west with the seaboard, are regarded by this conference as subjects of the highest importance to the Confederation.

The people of the Maritimes were naturally disappointed at the results that followed the construction of the Intercolonial Railroad under that agreement. Later the National Transcontinental Railway was built at a cost of more than $200,000,000 to provide a route from the West to the Atlantic seaboard. Under the statute authorizing its construction it was declared that the rates over that railway should not at any time be greater than those through United States ports. The use of this line has been destroyed and the statute violated by the development of the Great Lakes route with its American connections.

The fact that the Canadian all-rail route was not being developed to the extent it should be was brought to the attention of this honourable House in 1922, and a special committee was appointed to inquire into the causes of the diversion to United States seaports of Canadian western grain for export. The conclusions arrived at were as follows:

> Your committee feel that it is their duty to report that they recommend that the petition of the Quebec Board of Trade, as stated in the Memorial of that Board to the Railway Commission, dated February 3, 1921, be granted, and that the Government be advised:
>
> (1) To cause rates to be granted upon export grain over the Canadian National Railways to Quebec, Montreal, Halifax, Saint John and Vancouver, such as would develop trade through the above ports.

Following that, an Order in Council was passed by the Dominion Government on January 7, 1926, directing the Board of Railway Commissioners:

> Especially to inquire into the causes of Canadian grain and other products being routed or diverted to other than Canadian ports, and to take such effective action under the Railway Act, 1919, as the Board of Railway Commissioners for Canada may deem necessary to ensure, as far as possible, the routing of Canadian grain and other products through Canadian ports.

Under this Order in Council the Board of Railway Commissioners ordered that the rate on grain from Port Arthur and Fort William to Quebec be reduced from 34½ cents per 100 pounds to 18.34 cents. There it stopped, and the ports of Saint John and Halifax were deprived, and still are being deprived, of any advantage from the movement of grain over the Transcontinental Railway, by reason of the decision—and it was not a unanimous decision—of the Railway Board.

As honourable members know, the outlet for the Canadian grain crop moving east is at Fort William and Port Arthur, and from there the movement is by three routes: lake and canal, lake and rail, and all rail. But a large quantity of grain moves from Fort William by water to Buffalo and thence by rail to New York, while a considerable quantity also moves by water to Georgian Bay, thence by rail to the seaboard, to both Canadian and United States ports. The rates for these movements are as follows:

	Per 100 lbs. cts.
Lake rate to Buffalo..	3·60
Rail rate, Buffalo to New York..	15·17
Total..	18·77
Lake rate to Georgian Bay..	3·60
Rail rate, Saint John and Halifax..	15·17
Total..	18·77

But notice the difference in the rail rate from Fort William to Saint John and Halifax:

	Per 100 lbs. cts.
All-rail rate, Fort William to Saint John and Halifax..	35·50

One can readily understand why with an all-rail rate of 35.50 cents as against 18.77 cents by water and rail, very little traffic moves by all-rail.

As I have pointed out, the Railway Board granted a rate of 18.34 cents to Quebec, but a majority of the Board refused the application of Halifax for a rate of an additional one cent per 100 pounds. In other words, the Board refused a request that the all-rail rate from Fort William to Saint John and Halifax be made 19.34 cents and equalized with the water and rail rate now prevailing of 18.77 cents to New York, as well as with the water and rail rate to Saint John and Halifax. This matter is now before the Governor in Council on appeal, and a memorial has been presented bearing the signatures, I understand, of certain senators from the Eastern provinces and of a number of members of the House of Commons. I do trust that the Government will give due consideration to the fact set forth in a very comprehensive memorial. Perhaps some honourable member will place the contents of that memorial on Hansard in connection with the present discussion or at a later time.

Is it to be wondered at, honourable senators, that the eastern ports of Canada are asking for some remedy for the existing conditions? In the first seven months of the 1931-1932 crop year Canadian wheat exports to the United Kingdom were:

	Bushels
Via Canadian Atlantic ports..	11,028,272
Via United States ports.. ..	37,258,371

Naturally some objections have been raised to the granting of an equalized all-rail rate on grain over the Transcontinental Railway from Fort William and Port Arthur to Quebec, and to the request for a differential of one cent additional to the Maritime Provinces. These objections have been put forward by both railways. My opinion, which I think is shared by many people, is that nothing should be done to injure the Canadian Pacific Railway with relation to the movement of traffic over its own line from Georgian Bay to the port of Saint John. That railway was built at a time when there was not so much consideration given to the matter of grade. The Transcontinental was constructed at a later period and has a four-tenths of one per cent grade, going east; it was built for the specific purpose of handling the grain traffic. None of us would advocate, or attempt to bring about, anything detrimental to one railway as compared with the other, but surely there must be some way in which this question can be adjusted satisfactorily between the two railways.

It has been argued at considerable length before the Railway Board and other bodies that the proposed change in rate would disturb the existing basis of rates as between Fort William on the one hand and Duluth on the other. The fear is also expressed that United States railways would retaliate. I cannot see why they should. The proposed rate from Fort William to Halifax and Saint John of 19.34 cents per 100 pounds would not be any less than the lake and rail rate to New York and other American ports. We should simply be taking the traffic from lake boats and carrying it all rail to our Canadian ports. I say, let the American railways retaliate if they will. A desperate case, such as the need of more traffic for our railways, needs a desperate remedy.

Down in the Maritime Provinces we know what hostile action by the United States means. They kept out our cattle, our sheep, our potatoes and our fish, and now we observe from

newspaper dispatches that there is a movement on foot to increase the duties on rough lumber to $3 a thousand, and on dressed lumber to $5. When it is considered that in the Maritime Provinces we are mainly producers from natural resources of our country, it can be seen that such tariff action by the United States places us in an unfortunate position. Owing to the long rail haul to the Canadian centres of population, where the large manufacturing interests are established, we find that we are handicapped seriously and our economic condition is getting to be a very unenviable one.

Surely we could find a way to keep that which belongs to us on our own rails, and in our own channels, and ship it through our own ports. The statement is made in some quarters that such a proposal as this, put forward by the Halifax Board of Trade and the Transportation Commission of the Maritime Provinces, cannot be carried out—that there are certain objections in the way, which cannot be overcome. I know that the way of the reformer is always a hard one, but we have solved other difficulties, some of them just as apparently insolvable as this one.

After the British preferential tariff was introduced in Canada—I think it was in 1897—there was an agitation carried on, particularly in the Maritime Provinces, to have the preference made applicable only to goods that were imported into this country through Canadian ports. This proposal was discussed for many years, during which time it was contended by public speakers and in the press that if the proposal were adopted it would result in retaliation by the United States. But the honourable gentleman from Cumberland (Hon. Mr. Logan) kept hammering at the matter for many years, while he was a member in another place, and in the end the objective was accomplished. The result has been of great benefit to the ports of Canada, and we have seen no retaliation by the United States.

When the British West Indies Treaty was brought into being, a few years ago, I happened to be the chairman of the Harbour Commission of the city of Saint John. That agreement provided for a preference in connection with the importation of fruits. In that connection the honourable member from Cumberland (Hon. Mr. Logan) was very active, and much credit is due to him for his energy in bringing about that trade agreement. The ink on that treaty was hardly dry, and the signatures were hardly put to it, before a representative of the United Fruit Company, accompanied by one of the traffic managers of the Canadian Pacific Railway, came to Saint John and interviewed us in regard to accommodation for the United Fruit Company to make their terminal at that Canadian port. Prior to that time the United Fruit Company had handled and controlled a very large proportion of fruits of many varieties which found their way into Canada. In talking to the representative of the United Fruit Company I found that there were 4,000,000 bunches of bananas consumed in Canada every year, which meant a larger per capita consumption of bananas in Canada than in the United States. We made arrangements to give the United Fruit Company accommodation in the port of Saint John, and since that treaty was brought into force, which provided for a preferential rate on bananas, or the elimination of the duty on bananas coming into Canada, there can be seen at the port of Saint John carloads and trainloads of bananas being moved from that port over the Canadian Pacific Railway for distribution in Canada.

You will thus see, honourable gentlemen, that while objections are recorded against these reforms, we can sometimes accomplish much if we take strong measures, and adjust them as seems fair and right.

I saw the other day a statement in regard to the construction of additional grain elevator accommodation at Albany, which, as you know, is the head of tidewater in the State of New York. I think its capacity is to be 2,200,000 bushels. It was reported that certain Canadian interests intended to lease that elevator and operate it when it was constructed. That report as to operation was denied later in a newspaper interview. However, it demonstrates to us, as Canadian people, that the tendency is to construct works of a character which will tend further to a diversion of Canadian traffic through the Great Lakes, through the American connections at Buffalo, and along the American border of the Great Lakes.

Thus preparations for a further diversion of our trade go on, and the question is whether we in Canada will continue to provide aids to navigation, and are prepared to deepen our canals, and at the same time starve our railways of traffic.

Now, honourable gentlemen, I see that I have already taken up the attention of this House for too long a period. I understand, and know full well, that the members of this House are not very popular when they make long speeches; nevertheless, I feel that this discussion is in the interest of the Canadian people, the railways of Canada, the port workers, the coal miners, and all those connected with transportation. In my opinion

too much time cannot be spent in this discussion, not only with regard to the railways, but also with regard to the diversion of traffic, particularly as it affects the ports of the Maritime Provinces.

This question was at one time referred to the Railway Commission of Canada in order that they should make a thorough investigation as to whether or not a larger amount of Canadian traffic might be moved over Canadian territory. In a judgment handed down the Railway Commission gave a short, condensed statement of the situation regarding the export of Canadian grain by Canadian Atlantic ports. I do not intend to read all the recommendations, but I wish to draw attention to section 7, which says:

(7) The all-rail rates from the prairies to the seaboard are maintained at a level that excludes the grain traffic from the railways and therefore excludes it from the Canadian Atlantic ports beyond Montreal, which must depend upon railway service to share in that traffic.

No. 13 says:

(13) By using the rail haul from the prairies to the St. Lawrence ports in summer and to the Maritime ports in winter, the railways would earn the money that is now paid to United States vessels and railways; Canadian producers would be in reach of the world's markets throughout the year; the rush and congestion that now occurs in the fall season would be avoided; the producer would save paying for winter storage until he desired to sell; the railways could give continuous employment to their operating men, and while their profit on the haul per bushel would be less, their gross earnings would be greater and probably their net profit as well.

No. 14 says—and listen to this:

(14) Of the 4½ million tons of grain which left Canada at Fort William in the past crop season to be carried overseas through United States seaports, Canadian railways had hauled it an average distance of over 800 miles. United States carriers earned over 15 million dollars in taking it from Fort William to the seaboard. The question is—Can the railways which hauled the grain to Fort William afford to haul it 950 miles further for that amount of money? If not, Canada has several hundred million dollars' worth of railways on hand that are not fulfilling the purpose for which they were built. But if they can, and do, Canada, the greatest export producer of the commodity in greatest and most assured world demand, will have a leverage in world trade that should be of immense benefit to the country as a whole, as well as to the seaports, railways and farmers immediately concerned.

Honourable gentlemen, these are not words of mine; they are the words of men who made a thorough study of the questions involved, and, after obtaining much information, placed their views upon the records of the Railway Commission of Canada.

Hon. Mr. FOSTER.

Let me suggest to the right honourable leader of the Government that some plan or scheme be worked out—let it be what it may; let us call it the hard-times measure, if we wish—such a measure as will ensure the salvaging of this business for Canadian railways, and Canadian labour, who badly need it.

I am sure, honourable gentlemen, we all were pleased to notice in the press yesterday that a heavy rainfall had occurred in Western Canada, and that a large crop of grain is probable if conditions continue as they are at present. Let us pray that the harvest may be large and bountiful, and that the farmers of this country may receive a good price for their grain. But what will happen when that crop is gathered? It will be carried by Canadian railways, some of it westward to Vancouver, and some eastward down to Port Arthur and Fort William. Will a large quantity of that grain find its way down through the Great Lakes, through Buffalo, New York, Boston and Portland? Or will a "Canada First" policy, which is so popular with our Canadian people at the present time, be put into effect and more of this commodity than usual move through Canadian channels to Canadian ports?

Hon. H. J. LOGAN: Honourable gentlemen, I am not going to take up much of the time of this House, as I intend to move the adjournment of this debate; but before I do so I should like to refer to the report of Sir Alexander Gibb on the possibility of Halifax as a grain port. The general impression has gone abroad that Sir Alexander Gibb held out no hope for Halifax. That was not true. I have had the opportunity of reading his report. In Sir Alexander Gibb's reference to Halifax there is no reason for despair. He does point out certain difficulties which should be overcome. When I resume this debate I shall refer more particularly to those difficulties.

In the meantime, I think, certain things should be done to assist in this diversion of trade to Halifax and Saint John. First, I submit that the rates on the Canadian National Railways from Winnipeg to Maritime ports should be materially reduced; if necessary, even down to cost, or below cost. If it is wise for the Dominion of Canada to provide money for the despatch of coal from the Maritimes to Central Canada, would it not be equally wise for the Government to pay a percentage of the freight on wheat shipped out of Canada through Canadian ports? This line of railway, built many years ago, which I supported in the House of Commons, and

on which I made a very long speech, as I remember, was intended primarily to provide means for shipping goods from Canada through Canadian ports. There is no question about that. I will not go into the subject now. That plan should be carried out, if necessary, at a loss to this country, in order that we may build up, or help to build up, this East-and-West sentiment. It would mean the payment of large amounts of money to the railway men of Canada, besides what would be spent in Halifax and Saint John, and in the coal mines of Nova Scotia. The honourable member for Saint John (Hon. Mr. Foster) has just referred to the fact that $15,000,000 was spent in the United States in transporting a certain quantity of grain. This only shows the possibility of what should be done in Canada.

Secondly, I beg to suggest that we should lease the elevator facilities at Halifax to a private grain company or grain pool at a very reasonable rental for a term of years. There would then be an incentive to the shipper of grain to use that port. There was very little grain exported through Vancouver so long as the Government operated the elevators, but since the elevators have been leased to grain companies the exports from that port have grown enormously.

Sir Alexander Gibb in his report says:

> In the meantime, the possibility of closer identification of private interests with the Halifax grain route should be further explored, and the possibility should also be considered of transferring the operation of the elevator to grain interests in a position to bring in grain, or to the railways. Any such arrangement should be for a trial period only, on terms that would allow revision, if the system does not prove satisfactory.

Seventy-five to ninety per cent of the wheat passing through Vancouver elevators is the property of elevator companies.

Thirdly, I beg to recommend that when the Imperial Conference meets in Ottawa the British Government should be urged to confine the British preference on grain to that which is shipped out through Canadian ports.

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

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

THE SENATE

Wednesday, April 27, 1932.

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

Prayers and routine proceedings.

NATIONAL PORTS SURVEY

REPORT OF COMMITTEE ON PRINTING

Hon. SMEATON WHITE presented the second report of the Joint Committee of both Houses on the Printing of Parliament, and moved that, with the leave of the House, it be taken into consideration now.

He said: Honourable senators, the committee recommends the printing of Sir Alexander Gibb's report on the National Ports Survey. As there have been a great many inquiries for this report, it is the wish of the Minister and others that the printing be done as soon as possible.

Hon. Mr. HARDY: Honourable senators, for certain reasons I object to this report being adopted now. Let it be considered to-morrow or the next day.

Hon. Mr. WHITE: All right; to-morrow.

The Hon. the SPEAKER: It is moved that this report be taken into consideration to-morrow.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill W1, an Act for the relief of Gordon Alexander Cowan.

Bill X1, an Act for the relief of Ida Tarantour Waxman.

Bill Y1, an Act for the relief of Frances Helen Dawes Porteous.

Bill Z1, an Act for the relief of Minnie Jones Chandler.

Bill A2, an Act for the relief of Elizabeth Irene Woolnough.

Bill B2, an Act for the relief of Ellery Sanford Johnston.

Bill C2, an Act for the relief of Farla Goldman Rother.

PRIVATE BILL

FIRST READING

Bill 46, an Act to incorporate the Lake of the Woods International Bridge Company. —Hon. G. V. White.

SECOND READING

Hon. G. V. WHITE moved the second reading of the Bill.

He said: Honourable members, with the consent of the Senate I would ask that this Bill be read a second time now.

Right Hon. Mr. GRAHAM: I suppose that if it is read a second time it will go to committee.

Hon. G. V. WHITE: That is the idea.

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

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

Hon. Mr. TANNER moved concurrence in the Fourth Report of the Special Committee appointed for the purpose of taking into consideration the report of a Special Committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate.

Hon. P. POIRIER: Honourable members of the Senate, before this matter is taken up, I beg leave, by way of privilege, to make a pertinent statement. The rumor is circulating in Ottawa, and afar, and it has come to my hearing, that we are making this investigation at the command of someone outside the Senate, and that even the verdict that we are about to render—for we are now sitting in a judicial capacity—is dictated to us. I state most emphatically, and honourable members sitting on both sides of the Chamber will confirm my statement, that no political body, nor any individual, has ever dictated to us or attempted to do so. The committee we have appointed, like the wife of Caesar, is above suspicion. Its integrity is more impenetrable to undue influences than granite, and its honesty of purpose is like adamant. The Senate would not tolerate for one moment, from whomsoever it might come, any attempt at dictation. We have the good name of this honourable House to uphold, and we will uphold it. We have also its independence to assert and maintain, and to that also we will attend. Honourable members, this is a domestic affair which we are able, nay, are determined to clear up in strict justice to the Senate, and in a spirit of equity to all parties concerned.

Hon. J. MURDOCK: Honourable gentlemen, I am quite sure we all wish that what the honourable gentleman has just stated were the real facts of this case, but I should like to know how that squares up with a statement that I understood was made in another place some weeks ago, in which it was indicated that the highly respected and distinguished leader on the other side of the House was placed there for the purpose of making three vacancies in the Senate.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. STANFIELD: I rise to a point of order.

Hon. Mr. MURDOCK: You are going to listen to what I have to say, I hope.

Some Hon. SENATORS: Go ahead.

The Hon. the SPEAKER: Order! What is the point of order?

Hon. Mr. STANFIELD: There is no motion before the House.

The Hon. the SPEAKER: The motion has been put.

Hon. Mr. MURDOCK: Honourable senators have heard from our very highly respected and distinguished friend (Hon. Mr. Poirier) a statement that does not line up at all with my understanding, which I believe to be right, and I feel quite sure that there are many other members on this side of the House who hold the same views that I do. The assertion was made, so we are told—and I think the records will speak for themselves—that our highly respected and distinguished friend opposite (Right Hon. Mr. Meighen) was placed in the position of leader of the Senate—where we are glad to see him—for the express purpose of making three vacancies on this side of the House. Now let us have the facts.

Hon. Mr. LAIRD: No such statement was ever made.

Hon. Mr. MURDOCK: All right, then, let us get the record, and let it speak for itself.

Hon. Mr. LAIRD: Produce it.

Right Hon. Mr. MEIGHEN: Honourable senators, it is most unfortunate that anything in the way of recrimination on this or any other subject should arise now. This is distinctly out of order, being a reference to statements alleged to have been made in the other Chamber this session. It is for the purpose of declaring such a reference out of order that our rule exists.

Hon. C. E. TANNER: Honourable members, I must confess that I was entertaining a very sincere hope that this most important matter would be considered by this honourable House in a dispassionate manner. I am sorry to observe so early in these proceedings such a display of heat, so unusual in this Chamber. I can assure my honourable friend who has just spoken (Hon. Mr. Murdock) that there is no such heat on this side of the House. I can assure him that so far as we on this side of the House are concerned, we are performing a duty that is most painful to every one of us, a duty that we would gladly avoid, one that we did not court,

one for which we are not responsible in any way. But that duty having come to us, and come to honourable gentlemen opposite—

Hon. Mr. MURDOCK: From whom?

Hon. Mr. TANNER: That duty having come to this House, not merely to one side or the other, I want to say, honourable members, that I feel we had a right to expect that every honourable senator would be jealous of the honour and integrity of this House, and, instead of injecting heat and partisan feeling so early into the proceedings, would be ready to wait and deal with this as we are accustomed to deal with all matters in the Senate, in a cool, dispassionate and reasonable way.

I have said that so far as I am concerned—and I am sure I speak for every honourable member on this side of the House—there is no malice, and we should be glad indeed if this matter had never come before us. Who brought it to us? If there is entanglement or trouble for honourable members of this House, who created that trouble? Did any honourable member on this side of the House, or any of my honourable friends opposite, create it? The men themselves are responsible for it. I want honourable members not to forget this salient and underlying fact, that the honourable gentlemen who are in these difficulties are themselves the men who created the difficulties. And is it to be said of us as members of the Senate of Canada that when such problems come before us, and when the honour of this House is at stake, we shall either shirk our responsibility or divide on party lines? I confess that I am amazed to think that honourable members opposite who are experienced in public affairs would pursue such a course. They are men who have spent many years in public life, and amongst them are numbered honourable members who have taken high place in the State, who have been members of the King's Privy Council for Canada. Surely the honour and integrity of the Senate of Canada will appeal to men of that stature in public life. If men who have held those high positions are not moved by such an appeal, then I am sorry indeed for the condition of this House. We had the honour of having on our committee three honourable senators who are members of the King's Privy Council for Canada. We have some in this House who are even higher—who are members of the King's Privy Council for Great Britain. Will any honourable member suggest that in the Mother Country a matter like this would not be dealt with quickly, and without the injection of partisanship? I venture to say that it would be disposed of in as many hours as it has taken us days to deal with it.

When I came here this afternoon I had intended saying that I came not to make a partisan speech, but to discuss in a cool and dispassionate manner the matters of the report, hoping that I should be appealing to the cool, unbiased and fair judgment of every honourable member of this House.

I said a moment ago that we are not responsible for this affair. How is it here? It is not one for which the political party to which I belong is responsible. It originated in the House of Commons at the instance, not of a Conservative, but of an independent member who represents a Western constituency; and when he laid his charges before the House of Commons the Government and the Opposition unitedly decided that in the interest of the whole country the matter should be investigated. So this matter did not originate in one party or the other, but came about as I have just mentioned. After being carefully and fully investigated and considered by the House of Commons, it was submitted to our House. There was no direct proceeding in the House of Commons against any honourable member of this House, but in the course of the investigation it transpired that certain honourable members of this House were related to circumstances and events which suggested that the Senate should take cognizance of the matters and deal with them. Accordingly the report of the committee of the Commons came to us.

Shall we deal with it, or are we to take refuge behind partisan feelings and prejudices? Are we to deal with it in the spirit of true Canadians holding high positions in this country, responsible to the people for the integrity and honour of Parliament, or are we to skulk behind political differences and say, "Oh, it is a party matter"? It is my sincere hope, and I now renew the expression of that hope, that honourable members will not adopt any partisan attitude, but will take the whole subject into their fair and honest consideration. If there is wrong, let us say that there is wrong. If there is nothing wrong, and if honourable members can show us that there is nothing wrong, every honourable member on this side of the House will, I am sure, join with them, and will be glad to come to such a conclusion.

Now, honourable members, I desire, in a few preliminary remarks, to call your attention to this fact, that all the circumstances with which we have to deal in this matter arise out of, or circle around, one of the greatest resources of this country. Every-

thing turns back to that noble river, the St. Lawrence, about which much has been written and spoken. It has a history, and it has been the means of great development in this country. It has marvellous potential advantages, illimitable I might say. It is the property of the people, and to them belong the first rights in regard to that great artery of the country. I submit with all confidence that if there is any duty devolving upon this Parliament, it is our duty to safeguard and protect every interest, every right, every possible advantage belonging to the people in respect to that great asset of Canada. Millions of dollars have been expended by the Canadian people in endeavouring to improve that great waterway, to make it a wonderful means for the development of this country; and, though much has been done, a great deal more will be done. The thing has its international relationships too. We have, as I say, spent many millions of dollars; we have had scores of engineers investigating, gathering information, preparing reports—all for whom? Not for speculators, not for men who have a desire to make money out of the people's assets, but for this Parliament and this country. It is well known that these reports have to come before Parliament, before the Senate and the House of Commons, and that there shall be no dealings with regard to that great natural resource of this country unless the Senate and the House of Commons say the word.

I point out to honourable members that the difficulties facing us to-day are based upon and have grown out of that great artery of the country because certain individuals, men of enterprise, who are to be commended at times, have, as some of us at any rate see, endeavoured to invade the rights of the people with regard to that great asset, have endeavoured to appropriate to themselves the benefits and advantages which rightly belong to the people of the country and which it is the duty of Parliament to defend against any special inroads.

An Hon. SENATOR: Even by the Provincial Government?

Hon. Mr. TANNER: I repeat, honourable members, that Parliament is the custodian of this and other great public assets. There could be no other custodian. Parliament is the supreme and deciding authority with regard to all such matters; and Parliament includes the Senate and the House of Commons. In this honourable Chamber we assert, and rightly assert, that with one exception we have all the rights and all the responsibilities—for if we have all the rights we must have the responsibilities; we cannot accept the one without the other—that the House of Commons enjoys in connection with the administration of public affairs. I am sure that no honourable member on either side of this House will question my statement that here in Parliament resides the sum of authority with regard to all the matters over which Canada has jurisdiction. I know that some people allow themselves to be carried away by the notion that a cabinet, a government or a departmental official is the authority in this country. If such people have business with a departmental official or with a cabinet they can at times divest themselves of any idea that Parliament has anything to do with the matter. That is an entirely erroneous attitude. A government is nothing but the executive of Parliament. A departmental official is nothing but the servant of Parliament. These people in cabinets and in departmental offices do what we tell them to do. They can do nothing more; they must do nothing less. So when people who have any dealings with regard to public interests say, "All we have to do is to go to a departmental official—we do not have to go to Parliament," they forget the fact that the authority and the power reside in Parliament. What we say in Parliament, in the Senate, in the House of Commons, settles all such matters.

If there were any doubt as to the accuracy of this contention, the situation existing to-day would furnish conclusive proof. Many things were done by a cabinet and by departmental officials in connection with the Beauharnois project, but when a member of the House of Commons stood up in his place and said, "I want to know what has been done, and I want Parliament, in the exercise of its right, to discharge its duty in safeguarding the public interest," Parliament at once took action. Every man who has business with a cabinet or departmental official should bear in mind the fact that everything that is said and done may the next day or at any future time become a subject of discussion and action in either House of the Parliament of Canada.

Every member of this honourable House—and it is a high honour to be a member—or of the House of Commons, is a trustee of the country's interest, and as such is personally responsible. We cannot divest ourselves of that responsibility except in one way, and that is by sending in our resignations. So long as we remain here, so long as we go on administering the affairs of the country, we—

that is, every man or woman who is a member of the Senate or the House of Commons—must regard ourselves as trustees holding the power and authority to which I have alluded, bound in duty and honour to protect, safeguard and promote the interest of the people of this country, and each of us is bound to see to it that he never allows his own personal interest in any manner, shape or form to cause him to deviate from the path of duty which undoubtedly lies before him as a public trustee and administrator of the country. Honourable members cannot avoid this responsibility. We come into this House voluntarily; many of us come very gladly. No one is taken by the throat and dragged in. The moment we step through that door we are not the same men that we were before.

Right Hon. Mr. GRAHAM: That is true, quite likely.

Hon. Mr. TANNER: Before we came to this House we were plain citizens, free to engage in enterprises here and there, but the minute we crossed the threshold of either House of Parliament we took upon our shoulders responsibilities that we did not have before, and among them is the responsibility of seeing to it that the high honour and the standard of integrity of this Chamber are never sullied or degraded. If we do not want to live up to that standard we have a very easy alternative. We came in voluntarily and we can go out voluntarily; no hand will stay us.

Now, honourable members, I want to call attention briefly to a few facts in regard to this Beauharnois project, as it is called. The facts, of course, are set out in the report before the House. I want to remind honourable members that when the project was initiated it came into being through what are called syndicates, that is, unincorporated associations of promoters. The first syndicate was formed in 1927, the second syndicate a year or so afterwards, and a year or more later there was incorporated what is known as the Beauharnois Power Corporation, Limited, with a number—I do not know just how many—of subsidiary companies.

Some honourable members may ask why these syndicates were formed. Let us look at the first one. It was composed of 5,000 so-called part interests, or units, valued at $100 each. The money, I presume, was found by the subscribers, the members of the syndicate. Well, it happened that two honourable members of this House became interested, one directly and the other indirectly, in the shares of that first syndicate. One was a subscriber for 800 part interests, or units, and another became the owner of 800 part interests, or units. But the full price of $100 per part interest was not paid by these honourable gentlemen; instead they acquired the units at $37.50 each. Mr. Sweezey and one or two other persons were favoured with units at that price.

After the business had proceeded a while that syndicate was dissolved and each member was given twice as many units in the second syndicate. For instance, the man who had 800 units in the first syndicate found himself the owner of 1,600 units in the second, and had the option of subscribing for 1,600 more units at $100 a unit in the second syndicate. The increase from 800 to 1,600 units apparently occurred overnight. I suppose this is what is called high finance. It may be justifiable and defensible where people are dealing with private interests, but honourable senators will remember that this shuffling of syndicates related to one of the greatest of our public assets, the St. Lawrence river, its waterways and its potential treasure-house of electric power.

As I have already said, after this doubling-up of units in the second syndicate the Beauharnois Power Corporation, Limited, was formed. What happened then? In 1929, when it was organized, there was passed at a meeting a resolution to issue bonds to the public, if you please; $30,000,000 worth of bonds to a guileless and confiding public. Out of that $30,000,000 there were to go, first, into the pockets of the Dominion Securities Corporation and Newman, Sweezey and Company, who I presume are called underwriters, $3,000,000 worth of bonds. The next slice to come out of those proceeds, when the public had furnished the money, was $4,750,000, which was to be handed over to the subscribers of the first and second syndicates. Out of that $4,750,000, it is on record in the report before this House to-day, those subscribers in the syndicates, before the concern had made one dollar or had earned one five-cent piece by actual operation, were permitted to put into their pockets the tidy little profit in cash of $2,189,000. If that was not a gold mine, at least we should have to go a long way to discover anything to parallel it for the quick making of profits. We were told before the committee that this is a usual thing on St. James Street.

Hon. Mr. BEIQUE: Or in Toronto.

Hon. Mr. TANNER: I am not going to say a word against St. James Street or Wall Street. I presume they carry on their business in their own way. A great many of us know

to our sorrow that they do carry on business in that way. As a friend of mine in Nova Scotia expressed it, when we think we are in on the ground floor we find that St. James Street has put somebody down in the cellar, with prior rights over the bonds and securities that St. James Street has handed out to us and we have bought in good faith. What I want to say about that remark is this: it may be all very well in St. James Street, but the Senate of Canada is not St. James Street. God help this country if we are going to consider that what may be justified in St. James Street can be applied and justified in the Senate of Canada. If that is so, there can be little hope for the survival of the Senate. There may be hope for the survival of St. James Street.

Now, of this $2,189,000, one honourable member of this House put into his pocket in cash $445,475 and walked away with 108,000 class A shares of the Beauharnois Power Corporation, Limited. That cash profit was not out of the earnings of a company, but out of the proceeds of the bonds, bonds which had been floated in this country and which, perhaps, honourable members of this House sought, believing them to be good securities without any water in them.

Another honourable member of this House walked off with $529,600 of cash profit and 10,040 class A shares. Here was all this profit, springing up from the ground, as it were, without any effort on the part of these gentlemen, and without any effort on the part of the corporation. Talk about your shell and pea games, honourable members! The shell and pea game is a baby enterprise in comparison with the syndicate performances of the Beauharnois Power Corporation.

I reminded you a few moments ago, honourable members, that this matter came down to us from the House of Commons, and I am saying what every honourable member of this House knows, when I repeat that it came before the House of Commons on the motion of an independent member, and that a committee composed of men of the three political persuasions in that House heard the evidence and adjudicated upon it; and it is a fact beyond controversy that the report of the committee of the House of Commons which came to us was adopted unanimously by that committee. It went into the House of Commons and was considered and discussed by a few honourable members of that House.

Hon. Mr. KING: May I interrupt the honourable gentleman? I think his statement is not correct. Exception was taken to that report by one member of the committee.

Hon. Mr. TANNER.

Hon. Mr. TANNER: My honourable friend must remember that we have to discuss these things. I quite realize that it is not usual, but we were directed by the Senate to consider a report of the House of Commons, and we did consider it, and we are required by this Senate to report upon it.

Right Hon. Mr. GRAHAM: May I explain, please?

Hon. Mr. DONNELLY: The honourable gentleman (Hon. Mr. Tanner) does not understand.

Right Hon. Mr. GRAHAM: My honourable friend did not understand the remark of the honourable member from Kootenay East (Hon. Mr. King). He was calling attention to the fact, as he remembered it, that exception was taken to the report by at least one member of the committee.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman tell me where it appears?

Right Hon. Mr. GRAHAM: I do not know anything about it.

Hon. Mr. TANNER: The official record is in the hands of the right honourable leader of the House. The official minutes of the committee show positively that there was no division or no vote in the committee on the report. I know that in the House one honourable member of the committee did say something of that sort. That is correct. But the record is against him. At any rate, the report went to the House of Commons. What happened there? Without a division the report was adopted. I know that Hansard says it was "Carried on division," but we are all familiar enough with the proceedings of Parliament to know that when there is a serious division there is always a vote. There was no vote taken in the House of Commons on the report of the committee. To sum up, I merely point out to honourable members of this House that the report came to us last year with the unanimous endorsation of the people's representatives in the House of Commons.

In corroboration of this I am going to call attention to some remarks made on that occasion by the leader of the Liberal Party in Canada. I take it for granted that the leader of the Liberal Party, who to-day is the same man, speaks with authority. I presume that when he deals with a matter of this kind he speaks for his supporters inside Parliament and outside of Parliament; therefore I am going to remind honourable members of what that honourable gentleman said publicly in regard to the report in question.

This is one paragraph of his address:

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 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.

Again he said:

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.

Again he speaks:

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 to-day 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.

I am reading these extracts, not for the purpose of reproaching honourable members of this House or anybody else, but in order to bring back to the minds of honourable senators the conditions that existed when the report was presented to the House of Commons and came down to us. That was an echo of public sentiment. Never mind about the humiliation. That is the confession of the leader of a great party that things had been done which should not have been done by public men.

The report came to us and we considered it. We appointed a small committee to discuss what had better be done with it. I happened to be a member of that committee. We were all impressed with the seriousness, the gravity of the situation, and we brought in a written suggestion which was placed in the hands of the then leader of the House, and on the first day of August that memorandum was put into the records of the Senate. I have a copy of it in my hand.

The Senate proceeded to the consideration of the communication from the Honourable the Speaker of the House of Commons, to the Honourable the Speaker of the Senate, transmitting the Fourth Report of the Select Committee of the House of Commons, appointed to investigate the Beauharnois Power Project.

The Honourable Senator Willoughby, seconded by the Honourable Senator Dandurand, moved that—

Whereas on the 31st day of July of this year, the House of Commons adopted the Final Report, dated July 28, 1931, of a Special Committee appointed by it to investigate the Beauharnois Power Project:

and—

Whereas a copy of the said Report has, by order of the House of Commons, been transmitted to the Senate for its information:

and—

Whereas this Honourable House has been deeply perturbed by the condemnation levelled by the said Report against certain Senators and is keenly conscious of its duty to act in the matter, fully and without delay:

and—

Whereas imminent prorogation precludes immediate action by the Senate, as it is the constitutional right of a Senator to be heard by his colleagues in his own defence before any punitive or other action be taken:

and—

Whereas the constitution does not permit of effective penalties being applied to the Senators implicated should they fail to justify themselves, as under the British North America Act a member of the Senate may be disqualified from sitting in Parliament only upon one of the following grounds:—

(a) lack of property qualifications;

(b) failure to reside in the Province which he represents;

(c) bankruptcy;

(d) conviction of treason, felony or any infamous crime.

Therefore be it resolved that in the opinion of this House:

(1) A Special Committee of the Senate should be appointed within the first week of the next Session of Parliament to deal with the conduct and actions of the Senators above referred to, as set out in the said Report;

(2) The Parliament of Canada, at its next Session, should so amend the Independence of Parliament Act as to provide effective penalties against any member who may be found guilty of dishonourable conduct.

The question being put on the said motion, it was—

Resolved in the affirmative.

There was moved by the honourable leader of this House (Hon. Mr. Willoughby), seconded by the honourable leader on the other side of the House (Hon. Mr. Dandurand), and carried by the unanimous vote of the honourable members of this House, a resolution which bears on its face an acceptance of the condemnation in the report of the House of Commons.

Hon. Mr. DANDURAND: Accepting the condemnation?

Right Hon. Mr. GRAHAM: No, not at all.

Hon. Mr. DANDURAND: I beg the honourable gentleman's pardon.

Hon. Mr. TANNER: The document is there to speak for itself. I am not reading anything into it that is not there.

Right Hon. Mr. GRAHAM: The honourable gentleman is interpreting it wrongly.

Hon. Mr. TANNER: My right honourable friend can put any construction on it that he likes.

Right Hon. Mr. GRAHAM: We object to that.

Hon. Mr. TANNER: I may be right, he may be wrong; he may be wrong, I may be right.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. TANNER: But I call my honourable friend's attention to this pertinent and conclusive fact, that the second clause of this resolution declares that there should be an amendment to the law to prevent any such dishonourable conduct, which is an absolute admission that in the judgment of this House there had been dishonourable conduct.

Some Hon. SENATORS: No, no.

Hon. Mr. DANDURAND: My honourable friend forgets that last session the honourable gentleman from De Salaberry (Hon. Mr. Béique) and myself moved a resolution to amend our rules so as to render more difficult any interference in Government matters by members of this Chamber.

Hon. Mr. TANNER: That is another subject altogether. I am now dealing with this resolution. My honourable friends cannot draw attention away from this by referring to the other unfortunate circumstance, which they palliated when they should not have done so. This, as I say, is a positive admission on the part of this House. I hope this honourable House is not going to repudiate what it did only a year ago. It is a positive admission, a confession that such conduct as was referred to in the House of Commons report called for an amendment of the law to prevent the repetition of such conduct by any member of either this House or the other.

Now it may be said, and probably will be said—I have heard it—that before that resolution was passed in this House we had only a couple of days to consider it. Of course, if we were only people in the primary schools we might make that excuse; but honourable members who sit in these seats have been long in public life, they are full of knowledge of public affairs, they know how to deal with matters of this kind quickly and effectually. In this Senate we have to work rapidly. We rather boast of our ability to work much more rapidly and in a short time much more effectually than honourable members of the other House. Everybody knew about the circumstances. When the matter came to us we knew all about it, and our judgment was formed before that resolution was passed; so, in my opinion, it is no argument to say that we were hastened. We did not have to wait, because the mind of every member was evidently made up before the resolution was adopted.

That resolution has been followed by the action taken at this session. When the Senate met this year the intention of the resolution of last year was immediately put into action. A special committee of the Senate was appointed. I need not read the official references. By special and unanimous vote in this Chamber the report of the House of Commons committee was referred to our special committee, which met as stated in the report now before us. The evidence adduced before the House of Commons was considered, other witnesses were called before the special committee of the Senate, counsel were heard on behalf of the honourable members of the Senate who were named in the House of Commons report, and at the conclusion of the matter, as shown by the report now before us for consideration, our committee came to the conclusion that the findings of the House of Commons were justified and that the evidence adduced before the Commons and before the special committee of the Senate fully supported those findings.

Right Hon. Mr. GRAHAM: It was not unanimous.

Hon. Mr. TANNER: Of course, I am aware that the special committee of the Senate was not unanimous in this regard, but it is not for me, in presenting the report, to mention that fact. I understand that by constitutional usage I am not quite in order even in mentioning it. It is the fact, nevertheless, and I presume it will be fully disclosed to this House before the proceedings are ended.

Now, I am not going to take up time this afternoon in rehearsing the whole of the proceedings upon which this report is based, but I am going to look, as briefly as I can, at the answers which have been made by the respective senators.

First we have the answer of Senator McDougald set out at page 140 of the proceedings of the Senate special committee. His answer is also set out more at length, but substantially in the same terms, in the brief which was handed in by his counsel, and which is published. I am going to deal briefly with those answers. I take first the reply made by Senator McDougald in relation to the Sterling Industrial Corporation. One of his statements—I have gathered them together—

is that the Sterling application was dormant until 1928. The other—I am summarizing it—is that when, in 1928, the report of what is called the National Advisory Committee was handed in to the Government, he gave no further consideration to the Sterling Industrial Corporation; he had dismissed it from his mind. The third point he raises is that he was in England when the sale of the Sterling Industrial Corporation to the Beauharnois Corporation was concluded.

Now I will deal first, and very briefly, with the last point. These are his words:

> The sale of the Sterling Company, which was effected on the 18th of December, 1928, was concluded when I was in England, though it had previously been considered.

I ask myself, why does Senator McDougald introduce that statement into these proceedings—that he was in England? What is the object of it? Does he desire us to think that it was done behind his back? That he did not know? That he had nothing to do with it? That is the only idea that comes to me.

The fact of the matter is that on the evidence of Senator McDougald himself, on the evidence of Mr. Sweezey, on the evidence of Mr. Henry, Senator McDougald settled the terms of the sale of the Sterling Industrial Corporation to the Beauharnois Corporation, arranged that the 2,000 part interests of Beauharnois were to be given for the Sterling Industrial Corporation, and then, having settled all those matters, turned them over to his representative Mr. Ebbs, Senator Haydon's partner, who with other officers or employees in the Haydon office was in charge of the Sterling Corporation, and left it to them to prepare the documents and close the deal. I say that a statement giving this House to understand that the deal was closed when Senator McDougald was in England is not a candid statement. He closed the deal, left it in the hands of his subordinates, and then went to England.

With regard to this Sterling Industrial Corporation being dormant, I want to state some facts very briefly. In justice to Senator McDougald I would remind the House that when, in 1923, he first went into that enterprise with Mr. Henry he was not a member of the Senate of Canada. He did not become a member of the Senate until June of 1926, although he says himself that he was nearly a senator in 1925, having been called, but, owing to the dissolution of Parliament, not yet having been sworn in in this House. He was then holding a high position in the service of the country: he was Chairman of the Board of Harbour Commissioners of Montreal. He engaged Mr. R. A. C. Henry, who was also in the service of the country, holding a very high and responsible position in the Canadian National Railways. He made a bargain with Mr. Henry in 1923 that Mr. Henry should carry on investigations looking to the development of power on the St. Lawrence river, and that he, Dr. McDougald, would supply money to the extent of $10,000.

In 1924, after consultation, they concluded to incorporate the Sterling Industrial Corporation, and in July of that year, through the services of Senator Haydon's firm, that company was incorporated and was officered by the employees in the offices of Senator Haydon's firm, Mr. Henry or Dr. McDougald not appearing in the directorate at all.

Right Hon. Mr. GRAHAM: The usual practice.

Hon. Mr. TANNER: In the same year, 1924, in July, applications were filed with the Department of Railways and Canals and the Department of Public Works for the diversion of 30,000 cubic feet per second of water for development of power in the Soulanges district. The report points out this fact—and there is no question about the correctness of it—in regard to the Soulanges section:

> 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.

That is where Dr. McDougald and Mr. Henry, a public official of this country, filed private claims, for their own personal advantage, against this great natural resource of the country. Senator McDougald, in his evidence before the House of Commons committee and the committee of this House, if I may summarize, endeavoured to impress this statement, that when, in May, 1924, he became a member of that very important body known as the National Advisory Committee he took no further interest in the Sterling Industrial Corporation. But what are the facts? He was supplying the money. Henry was doing the work. Dr. McDougald —until 1926, afterwards Senator McDougald —did not need to bother his head about the matter, because that very competent man, Henry, was carrying on the investigation. But Senator McDougald knew all the time that his applications for the diversion of water in the Soulanges section of the river were on file, that they were prior claims, and that, though he might forget all about the facts of the situation, the prior claims remained there to be called up any time that he and Mr. Henry desired. In the meantime, not-

withstanding what Senator McDougald has said, it is clear from the evidence of Mr. Henry and the evidence of Senator McDougald that Mr. Henry all through the period from 1924 until 1928 was in constant communication with Senator McDougald when he became a senator, or with Dr. McDougald before he became a senator, in regard to the Sterling Industrial Corporation; that Henry informed him of the moves and inquiries he was making and the negotiations he was carrying on, and that Senator McDougald was consulted. If I cared to take up the time I could give the House the pages which show conclusively that he knew everything that Henry was doing.

If he desired that he should not be complicated with the Sterling Industrial Corporation while he was discharging his responsible duties as a member of the National Advisory Committee, which had to take into consideration the national and the international aspects of the St. Lawrence river, why did Senator McDougald not withdraw himself entirely from the Sterling Industrial Corporation? Why did he not cease to hold, what he himself admitted he had all the time—a beneficial ownership in it? He did no such thing. While Henry was doing the work, from 1924 to 1928, who was supplying the money for carrying it on? Dr. McDougald—Senator McDougald. He had given Henry a credit of $10,000. Did he withdraw that credit? He never withdrew it. Therefore the assertion that he forgot it, that he dismissed it from his mind, cannot be accepted. If any honourable member of this House desired to cut himself clear of any entanglement of that kind his course would be simple. In this case all that was necessary was a transfer of Senator McDougald's whole beneficial interest over to Henry, or the sale of it to some other person. He retained his interest, and when the National Advisory Committee had made its report all he had to do was to stretch out his hand, grasp the prior claims and make his money out of them. But he has told the committee—and I do not intend to state anything that is not on the record before the House—that he dismissed the matter from his mind because the National Advisory Committee had reported in favour of the development of the north side of the river, whereas the Sterling Industrial Corporation was looking to the development of the south side of the river. Now, the members of the National Advisory Committee made a majority report and a dissenting report.

Right Hon. Mr. GRAHAM: They could do that.

Hon. Mr. TANNER: Senator McDougald concurred in the majority report; two members of the Committee, Mr. Beaudry Leman and Mr. Adelard Turgeon, dissented. The majority report was made on January 11, 1928, and laid before Parliament on April 17, 1928. I want to call the attention of honourable members to the fact that this report advised Parliament and the Government not to proceed with the development of the St. Lawrence river, as a public undertaking, at that time. The reason they gave for making that recommendation was that the financial condition of the country, with the heavy war debts, railway obligations, and so on, were such as to make it unwise, in their opinion, to proceed with the work. So the members of the Board who wrote the majority report said to the Government, "Although we recommend the development of the north side of the river, don't go ahead with it now, because the country cannot afford the expenditure." But immediately below that they said—I am paraphrasing; any honourable member can read the report for himself: "We advise you that the development of the Quebec section, of that part of the river within the boundaries of the Province of Quebec, should be proceeded with; and we advise you further that it can be proceeded with and will not cost the country a dollar, because after a little time is allowed it will be found that there are private interests who will undertake that development if you let them have the electric power." There was the situation. Yet Senator McDougald said he forgot about Sterling because the majority of the Advisory Committee said the development should be on the north side of the river. But the majority also said: "Don't go on with the north side at all. Don't make a move. You have not the money." And then they said: "Get along with this Quebec section. Turn it over to private interests. We know them; we can put our hands on them—we can point them out to you. Let them take the profit out of the power development in the Quebec section, and they will build you the canal for nothing."

There was not very much in that to scare Senator McDougald, with his Sterling Industrial Corporation, out of the race. In fact it did not scare him. He stayed right there and held on to the Sterling Industrial Corporation. What do we find him doing next? We find him jumping into the Beauharnois Corporation itself. In May he buys into the Beauharnois Corporation, which is concerned with the whole flow of the river, so that if the development is proceeded with there is neither north nor south side to worry about.

Once he lands himself inside the confines of the Beauharnois Corporation he looks around and says to his partner, Mr. Henry, "This is a good time to realize on those prior claims we put in in 1924 for the Sterling Industrial Corporation." They put their heads together and they agreed that $50,000—translated, so Mr. Henry says, into 2,000 part interests in the Beauharnois Corporation—would be a fair price for the Sterling Industrial Corporation and its prior rights, which Senator McDougald would have us believe were of no value at all a little while before that. He says he had forgotten about them. As a matter of fact, he had put the stupendous sum of about $3,500 into the Sterling Industrial Corporation, while Mr. Henry had spent about $5,000 and done a lot of work. When they came to assess the value of the Sterling they concluded it was worth 2,000 part interests in the Beauharnois. Mr. Sweezey agreed to that valuation, because he wanted Senator McDougald in the Beauharnois Corporation. For that thing which Senator McDougald says had no particular value he and Mr. R. A. C. Henry picked up $300,000 in cash and 80,000 class A shares of the Beauharnois Corporation; or $150,000 and 40,000 class A shares went to each of them for something that Senator McDougald says he dismissed altogether from his mind in the early part of 1928.

It is singular how tenacious he was. We find that he saw to it that the whole 2,000 part interests were put in his own name or the name of his nominee, Mr. Ebbs. Mr. Henry did not get an acknowledgment of his share in the Corporation until he was going to the hospital in August, 1929. On the 1st of that month he said, "I think you had better give me something to show that I am entitled to half of those 2,000 shares." On that date, for the first time, Senator McDougald acknowledged in writing that Mr. Henry owned one-half of the $300,000 and the 80,000 shares.

Now, honourable senators, I have stated the simple, unassailable facts, leaving out a lot of details, as set out in the evidence that is before the House. May I add that when Senator McDougald was in the Sterling Industrial Corporation and in May acquired an interest in the Beauharnois Corporation, he had a double chance. He had then secured his position. Beauharnois was based on ownership of the power by the province, while Sterling was based on ownership of power by the Dominion. Whatever came or whatever went, he was in an unassailable position, for he was certain to have an interest in any development that took place in the river by private interests.

Hon. Mr. FORKE: But he never got the authority. The Order in Council was never passed.

Hon. Mr. TANNER: What Order in Council?

Hon. Mr. FORKE: For the Sterling Industrial Corporation. It never got the right.

Hon. Mr. TANNER: It did not need to be passed. Why should he have an Order in Council passed when he got $300,000? That is what he was after. When my honourable friend was a member of the Government there certainly were enough Orders in Council passed giving away rights to the natural resources of this country, Orders in Council which my honourable friend cannot justify and of which he should be ashamed to-day.

Hon. Mr. FORKE: No, no.

Some Hon. SENATORS: Order, order.

Hon. Mr. LACASSE: Be dispassionate.

Hon. Mr. FORKE: It is a great speech for the prosecution.

Hon. Mr. TANNER: Now I just want to point out the attitude that Senator McDougald took in regard to the sale of the Sterling Industrial Corporation, keeping in mind the small value that he had placed on it for a considerable period of time. May I read from a statement made by Senator McDougald in this House on July 16, 1931, as reported at page 435 of the Debates:

> Evidence has been made in connection with the sale of the assets of the Sterling Company with the apparent purpose of showing that Senator McDougald made undue profits in the matter, to the detriment of the Beauharnois Company. Mr. Sweezey, on behalf of the Beauharnois Company, was the buyer and agreed to the price suggested by Mr. Henry for reasons which he considered good and sufficient; and as a matter of fact Mr. Sweezey showed good judgment in purchasing such assets, as he thereby acquired for his company:
>
> (1) Mr. Henry's technical engineering knowledge and experience; (2) Senator McDougald's assistance as a person able to furnish capital when required, and (3) particularly the removal of the obstacle that stood in the path of the company by reason of the prior application—

Hon. Mr. FORKE: Yes, the application.

Hon. Mr. TANNER:

> —of the Sterling Company for the diversion of waters, etc., which prior rights, had same been acquired by other inimical interests, might have prevented his company from proceeding in the carrying out of his plans.

Hon. Mr. FORKE: Exactly.

Hon. Mr. TANNER: So there was no question about the thing in the end. Senator McDougald must have regarded this as a valuable asset all the time. And I point out to honourable members that according to the statement I have read Senator McDougald was selling for his own benefit and the benefit of R. A. C. Henry the engineering skill of a public official, and to my mind that was not decent on the part of the senator, that public official being in a high position, well paid by this country. That official, while still in the service of the country, was taken into partnership, and worked on the side in partnership, with Senator McDougald. Then Senator McDougald turned around and coolly sold to the Beauharnois Corporation that engineering skill which belonged to the country.

Before the Senate committee Senator McDougald took exception to the findings of the House of Commons committee in reference to his speech of April 19, 1928, in this House. On that date he rose to a question of privilege and objected to statements that appeared in the Toronto Globe and the Toronto Mail. The Globe statement, which I have before me, suggested that while he was a member of the National Advisory Committee he was reputed to be interested in the Beauharnois Power Corporation. The Toronto Mail charged that while he was a member of the National Advisory Committee he was interested in power schemes, but no particular power schemes were mentioned. It said:

> These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them.

There is the definite distinction. The Globe said, "You are in Beauharnois." The Mail said, "You are interested in power schemes which would develop by private interests the power of the river."

Senator McDougald, as I say, rose to a question of privilege. He denied absolutely that he was so interested in the Beauharnois Corporation, and then, in reference to the Mail's imputation about power schemes, he made this statement:

> Speaking for myself, I want to make a further positive and absolute denial of the implications and suspicions of the Mail and Empire.

Now, I am not going to dwell on that. It is the simple truth that when he made that statement he may not have been interested in Beauharnois, but he was a part owner of the Sterling Industrial Corporation, which within four months gave him a profit of $150,000 in cash and 40,000 shares of the Beauharnois Corporation. There is no getting away from that fact. I say that when, in April, he made that statement he must have known perfectly well that he was interested in power schemes; he knew perfectly well that he was part owner of the Sterling Industrial Corporation, and the evidence goes to show that he was then on the eve of getting into Beauharnois. He had a wide outlook and a wide grasp, and his interests in that regard were piling up one after another; and I say to honourable members that when Senator McDougald made that statement denying the implications, he made before this House a statement that was not true.

Now I come to the next point in his answer, which is an explanation of his statement made in this House on May 20, 1931. On that date, as appears in Hansard at page 127, he made a statement which is familiar, I am sure, to honourable members of this House, reaffirming what he said in April, 1928, and adding to it this statement:

> In this House I stated at the time that I had no interest in the Beauharnois Power Company nor in the syndicate. That was absolutely true and correct. I may say at once that up to that time 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.

It is established by incontrovertible evidence that he actually bought and paid for—I put it as strongly as possible in his own favour—the 800 Sifton units of the first syndicate on the 18th day of May, 1928; that the whole transaction, according to Senator McDougald's professional and business man, was put through in twenty minutes, $46,000 in Victory Bonds being paid at the time the transaction was closed. On the 18th day of May, 1928, he became owner of those 800 units. On May 20, 1931, to which date I have just previously referred, rising to a question of privilege, he said:

> Some six months later, in October, 1928, I took an interest in the Beauharnois syndicate.

That statement is either true or not true. What is his explanation as given in evidence before the Senate committee? Honourable members will find his statement on page 142:

> As regards that portion of the second statement in which I declared that "it was not until six months later, in October, 1928, I took an interest in the Beauharnois syndicate,"

while it is true that the initial transaction was on the 18th of May, 1928, it was only on the 2nd of October, 1928, that I appointed my own personal nominee, Mr. John Ebbs, to represent me in the matter. Further, it should be remembered that I was speaking in 1931 of events which had taken place over three years before, and that there was no possible reason for me to deceive the Senate as regards these dates. Nothing occurred between the 18th of May, 1928, and the 2nd of October, 1928, to affect the matter in any way.

That is his answer. The committee did not regard that as a sufficient answer. I submit to honourable members that it is no answer. He speaks of "the initial transaction." What initial transaction? The final transaction took place on the 18th of May; it was no initial transaction. The initial transactions took place some time earlier than the 18th of May, for Mr. Sifton was in communication with Senator McDougald early in March, at the end of March, on the 18th of April, and subsequently in April. That was the initial period. The 18th of May was the date when the contract was signed and sealed, the money was paid and the deal was closed.

Right Hon. Mr. GRAHAM: No. He still owed $144,000.

Hon. Mr. TANNER: That is the evidence. My right honourable friend shakes his head. He cannot shake the evidence out of the printed page.

Right Hon. Mr. GRAHAM: I do not have to.

Hon. Mr. TANNER: There it is. It was the 18th of May when the money was put down in Victory bonds. So Senator McDougald says, and so his representative says.

A little while ago, in speaking about the Sterling Industrial Corporation, I read that he said the sale was closed when he was in England. The evidence shows that it was closed when he was here, and that he was the man who closed it. On another date in 1931 he told the Senate that it was the end of May when he bought the Sifton interests. One minute it is the 18th of May, another minute it is in October of 1928. Now, if Senator McDougald were an innocent man, unacquainted with business affairs, not a man trained in big business, a man of wide experience, I could understand his being a little hazy about the handing over of the $46,000; but I should think that the payment of that amount in Victory bonds would impress itself upon his memory far more than would the formal matter of having Mr. Moyer transfer those shares to the name of Mr. Ebbs. That is all that took place in October. When those shares which Mr. Moyer had been holding for Mr. Sifton were turned over to Mr. Ebbs, he became the trustee for Senator McDougald. So again I submit with all confidence that the evidence is conclusive that Senator McDougald must have known that he had closed the deal on the 18th of May, and that when he made the statement in the Senate that he became the owner only in October of 1928 he was not disclosing the whole truth.

The next answer that we find in the statement submitted by Senator McDougald relates to the proceedings of the special committee of the Senate appointed in 1928 to consider the development of the St. Lawrence river for the purpose of navigation and the development of power. I want to place on record the order of reference of that committee, which was appointed on April 20, 1928. In passing I may say that I have some knowledge of that committee, having had the honour of presiding over it. This is the order of reference:

> That a special committee of the Senate be appointed 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 objects; and that the committee be empowered to send for persons, papers and records, to examine witnesses under oath if deemed necessary—

etc. That committee went to work, and I believe its members were very well satisfied that they had gathered together a great deal of useful information on both aspects of the reference. Senator McDougald, in his answer, complains very bitterly of the findings of the House of Commons committee in relation to his conduct as a member of the special committee to which I have referred, and in the matter of his bringing his partner, Mr. Henry, before that committee to give evidence.

That special committee of the Senate held meetings in May and June. On the 29th of May, Senator McDougald, who was a member of the committee, appeared before the committee with two witnesses, the Manager and the Assistant Manager of the Port of Montreal. He made an address to the committee, which will be found on page 138 of the committee's proceedings. He told the special committee that the National Advisory Committee had recommended the development of the Quebec section, and he endeavoured to impress upon our committee the fact that the development of the Quebec section should be carried on, and that it could be carried on. To use his own words:

> First, there will be no cost to the Federal Government; the International Section will be built by the United States Government, and the National Section at the expense of power.

Then, on page 140, he impressed this still further, in these words:

I want you to note that specially, because the Advisory Board felt that power and navigation should not be divorced.

Honourable members will find, if they study Senator McDougald's evidence, that he went so far as to say before our committee the other day, that he had not read the order of reference and did not think this committee of 1928 had anything to do with the development of electric power; that he thought it was appointed only to consider navigation. The order of reference shows that he was wrong, and it is assuming a good deal to think that an intelligent man like Senator McDougald, who sat as a member of the committee, had never read the order of reference. However, there are his own words, spoken to that special committee, in which he stressed the very matter of power. I well remember the time when he spoke those words.

How is it possible for him to come at this time and say, "Oh, that 1928 committee had nothing to do except to consider navigation," when he himself, as shown by what I have just read, stressed the development of power and argued to the committee that the Quebec section could be developed for power purposes without the cost of a dollar to the country?

The crucial point of the whole business at this stage is that he brought Mr. Henry, who was then his partner in the Sterling Industrial Corporation, and part owner, and put him on the stand and subjected him to questions which had been prepared in writing. The trend of those questions was this: to have Mr. Henry prove that it would be a profitable undertaking, a wise national undertaking and a wise business undertaking, to proceed quickly with the development of the St. Lawrence river for navigation and power purposes. He had by his National Advisory Committee report shut off the question of the public undertaking by the Government, and on the other side he had told the Government, "Get along and get the Quebec section done by private interests." Then he brought Mr. Henry, his partner, before the committee of 1928 to prove that it would be a good thing to hurry up with the development. And there he was himself, a part owner of the Sterling Industrial Corporation, and part owner now—because he had acquired the Sifton interests—of the Beauharnois Corporation; armed on both sides in respect to power, whether the province owned it or the Dominion owned it. He and Mr. Henry put their heads together to do what? To convince Parliament—for this thing had to come to Parliament—and to convince this Senate that it would be a good thing for Parliament to endorse the proposition which he and Mr. Henry were ready to carry out for their own private gain. In other words—I am not exaggerating a bit—they were there before that committee to promote their private interests. There is no other conclusion. He did this without disclosing the fact that he was interested in power development and in corporations which were seeking to make money out of that power development, and which did make money in its initial stages, as I pointed out a little while ago—the very substantial profit of $2,189,000 cash, of which he got $445,000.

And he finds fault with the House of Commons for censuring him for doing that. Suppose there were twenty-five members of this Senate interested in that matter. Suppose every member of that committee had been a shareholder in Beauharnois, or a shareholder in the Sterling Industrial Corporation. What a pretty mockery that would be of the honour and dignity of the Senate of Canada! What a fine performance that would be to report to the people of Canada! If one member could hold such shares, twenty-five could do it with as much justification as one. If one can undertake before committees and before the Senate to promote his own private advantages, and so direct public undertakings that hundreds of thousands of dollars, or millions, will pour into his pockets, what a fine spectacle the Senate of Canada will be! As I said a moment ago, if one can do it, who will deny the right of every honourable member of this House to make what money he can out of such gambles or speculations in the great natural resources of this country?

We have a rule of this House which anticipates such conduct on the part of a senator —Rule 84. I will read it.

No senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, in the inquiry to be entrusted to any select committee, shall sit on such committee.

Senator McDougald sat on that committee. He called his witnesses in order to promote his and their private business, and he disclosed nothing, either to the committee or to the Senate. When he was asked before the House of Commons if he did not think that he should have disclosed his interest, his answer was, "It was none of their business." None of their business! Well, honourable members, I am bound to say that as chairman of that committee I knew nothing about his interest until

the disclosures of last year, but I certainly should have been astounded if I had known. I am sure every honourable member on that committee would have been amazed to learn that this gentleman, Senator McDougald, and Mr. Henry, who we thought were busy promoting the public interest, were endeavouring to promote their own private interests.

I am satisfied that the conclusions of the House of Commons committee in regard to the matter are fully and completely justified by the facts disclosed in the evidence.

There is in the answer of Senator McDougald another statement, which I do not need to dwell upon, namely, his statement that he put dollar for dollar into the second syndicate. It is true he was not in the first syndicate; that is, he was not known to be in the first syndicate; his name did not appear on the list; but he purchased the Sifton shares, which were held by Mr. Moyer for Mr. Sifton, and he had the benefit of the preference price of $37.50, whereas all except three others had to pay $100. So, while he was not in the first syndicate, he got all the advantages which would have followed if he had been an actual subscriber in the first syndicate.

Now I come to his answer in regard to the Sifton interests. He resents the statement in the report that there was an insolvable mystery; and here again we observe him in that slipshod language of his. I am reading from his statement in the evidence before this committee, page 143. He says that he agreed to buy on the 18th. Now, why does he say that? As a business man why cannot he be exact and say, "I bought on the 18th"?—for that is the fact. Then he says there was no insolvable mystery. The whole thing was full of mystery. There were 800 shares, or part interests, standing in the name of L. Clare Moyer in the first syndicate. Mr. Moyer says that he was holding them for Winfield B. Sifton, who died in June, 1928. Mr. Moyer says that he was taken to New York by Mr. Sifton in the latter part of March, 1928; that Mr. Sifton gave him $15,000 in thousand-dollar Dominion notes, and that that money was placed in Mr. Moyer's name in the Bank of Nova Scotia agency on Wall Street. Then Mr. Moyer wrote a cheque against that in his own name; subscribed for those 800 units, and wrote a cheque to pay for them. Mr. Sifton, he says, did not want to be known in the matter at all. Later, on the 17th of May, Mr. Moyer got another $15,000 in some mysterious way. It came to him in the form of a bank draft; he did not know who sent it. He put that into the Wall Street bank too; then he drew another cheque in his own name and paid the other $15,000. That is, they had to pay $30,000 for the 800 units. Then there were the 1,600 additional units which subscribers to the first units had the right to subscribe for at $100 each, and on May 23 Mr. Moyer got another bank draft from somebody and put that into the Standard Bank at Ottawa; then he issued his own cheque to pay the first instalment on the 1,600 new shares. Senator McDougald says that on the 18th of May he bought and paid for those shares; that is, five days before the last payment was made by Moyer; in fact, the same day that Mr. Moyer issued his cheque for the second instalment of the first 800 shares.

It is no wonder that people say: "Why all this secrecy? Why lug Moyer away over to New York and shove $15,000 in bank notes into his hands? Somebody wanted to be covered up; somebody was resolved there should be no trace. And why those bank drafts if the thing was all straight and above board?"

Senator McDougald decides to buy on the 18th of May. He says to Mr. Moyer: "You hold these shares. I don't want to be known in this thing at all. I don't want anybody to know that I am buying the Sifton interests, or that I am interested in Beauharnois." And he gives two reasons: one is that he did not want any of his friends to know, for fear they might—

Hon. Mr. COPP: Will my honourable friend pardon me? Did I understand him to say that Senator McDougald told Mr. Moyer that?

Hon. Mr. TANNER: Told him what?

Hon. Mr. COPP: The honourable gentleman quoted something a moment ago to the effect that Senator McDougald had said to Moyer that he was to hold those shares for a certain time. I draw my honourable friend's attention to the fact that he is mistaken.

Hon. Mr. TANNER: It may be a mistake in names, but the fact is that Sifton told Moyer to hold those shares until Senator McDougald notified him.

Hon. Mr. COPP: My honourable friend said Senator McDougald said that. It was Mr. Sifton.

Hon. Mr. TANNER: But Sifton told Senator McDougald of the conversation between himself and Moyer. Senator McDougald knew that Moyer was holding them—he must have known. As I said a moment ago, they remained in the name of Mr. Moyer. Senator McDougald gave two reasons. He said, "This was a gamble; I considered it a gamble."

Again he said, "I did not want any of my friends to know that I was in that, because they might put their money in, and I did not want them to lose anything." Now, he cannot say it was a gamble—that is, if the record is right—because in this House on the 20th of May, 1931, he made the statement which I gave to this House a few moments ago. He said:

I may say at once that up to that time—

that is, up to April, when he made his previous statement in the Senate—

—up to that time I had been invited on many occasions to become a member of the syndicate, but had always declined. After that date—

that is, after April 18, 1928—

—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.

The inevitable presumption is that before he purchased from Mr. Sifton he had all that inquiry made, and that he knew he was not going into a gamble, but was going into a sure thing; and if accidents had not happened, and Mr. Gardiner had not made a noise in the House of Commons, it likely would have been a sure thing.

Then he says his second ground is, "I did not want my friends to know." The answer to that is plain and conclusive. This syndicate membership was not listed on the Stock Exchange; it was not being handled by brokers; it was a private association launched by Mr. Sweezey and his committee of management. The public knew nothing about it. If the senator had gone in and bought those shares they would have been entered in the syndicate books, he could have given his cheque, and the public would not have known, unless he told them, because it was exactly like the private business of any firm that is doing business in this country.

So his answer is ineffective in both respects. Then there is the further point about this mysterious affair, namely, that when Senator McDougald was giving his evidence before the committee of the House of Commons and was asked how much money he paid on the 18th of May, 1928, to Sifton, he said $30,000. He was asked:

Q. How did you pay it?—A. It was paid in Victory bonds.

Q. Did you pay the $16,000, the first instalment on the additional 1,600 shares?—A. No.

Q. Why didn't you?—A. I was not prepared to take on that commitment at that time.

And he reiterated that evidence before the House of Commons committee. What does he say when he comes before the Senate committee? He says, "I paid $46,000 in Victory bonds on the 18th of May." Now, it is a question of credibility between Senator McDougald and Senator McDougald.

Hon. Mr. DANDURAND: I think the honourable gentleman is in error. There is no statement of Dr. McDougald that he paid $46,000 on the 18th of May. On the contrary, Mr. Barnard and Mr. Banks paid a few days afterwards.

Hon. Mr. TANNER: He paid it through his agents.

Hon. Mr. DANDURAND: But not on the 18th of May.

Hon. Mr. McMEANS: That is his evidence.

Right Hon. Mr. MEIGHEN: Yes, the 18th of May.

Hon. Mr. TANNER: When did he pay it, then?

Hon. Mr. DANDURAND: Towards the end of May, I think, according to the evidence.

Hon. Mr. TANNER: No. And the honourable gentleman does not need to think about it. If he has anything to say he should read the evidence; we have had too much thinking about this.

Hon. Mr. DANDURAND: Will the honourable gentleman read the evidence?

Hon. Mr. TANNER: I have read it many times. There are too many slipshod statements; that is the trouble in this matter. Does my honourable friend say that the deal was not closed and the money not paid on the 18th of May?

Hon. Mr. DANDURAND: Part of the $46,000 that my honourable friend speaks of was paid afterwards.

Hon. Mr. McMEANS: No, no.

Hon. Mr. TANNER: There is no such evidence as that.

Hon. Mr. DANDURAND: Yes. The $30,000 was paid under the agreement of the 18th of May and the $16,000 was paid by Mr. Moyer on the 23rd of May.

Hon. Mr. TANNER: Even though we allow a leeway of a day or two to please my honourable friend, the main point is that Senator McDougald stated before the Senate committee that when the deal was closed a payment of $46,000 was made in bonds that carried a premium of probably 10 per cent. And my honourable friend will not dispute

the statement that when Senator McDougald gave his evidence before the House of Commons committee he distinctly and positively said that all he paid was $30,000 in Victory bonds; that he refused to take on the further commitment for $16,000; that he subsequently did take it on, but he did not make the subscription; that Moyer subscribed for the additional $16,000 and subsequently the senator provided the money. I am pointing out these things simply to show how unreliable—that may sound like a harsh word to use, but it is supported by the evidence—how unreliable the evidence of Senator McDougald in these matters is. And I ask honourable members, how can they accept his statements against other evidence, which supports the findings against him?

The committee came to the conclusion, and I say rightly so, that wholly unnecessary secrecy and mystery surrounded that transaction. I do not want to make any suggestions, but I am satisfied that not one-half of the history of that transaction has been related. It may be that we should be greatly surprised if the dead were alive and we knew just where that history would lead us. Furthermore, there is a very strong presumption—though for the support of this report no such presumption is needed—that Sifton never owned those shares at all; that he was simply a go-between dealing with Sweezey and some unknown person. Sweezey was anxious to get into the syndicate—

Right Hon. Mr. GRAHAM: Sweezey?

Hon. Mr. TANNER: Sifton was anxious. But it is clear to me that Sweezey never took those shares on for himself—

Right Hon. Mr. GRAHAM: Do you mean Sifton? It would be a crime if Senator McDougald made that mistake.

Hon. Mr. TANNER: —that Sifton never took them on for himself, but he took them on for some undisclosed principal, and that they eventually fell into the hands of Senator McDougald.

The statements made by Senator McDougald are the whole case presented to this House in answer to the evidence upon which the committees of the Senate and the House of Commons came to the conclusions which are stated in the report now before us. The only other matter by way of answer is contained in the argument of counsel, to the effect that Senator McDougald committed no offence against the Independence of Parliament Act. I do not need to deal with that question at all, because it did not come before the committee. We were not called upon to sit in judgment upon the three senators under the Independence of Parliament Act; our duty was simply to ascertain whether the findings of the House of Commons committee were founded upon evidence. It was not for us to decide whether these gentlemen violated any law, and we have not so decided. That matter is wholly for the Senate, in the consideration of the circumstances after this report is dealt with.

I have endeavoured to present all the grounds of defence, as they may be called, contained in the statements made by Senator McDougald before the Senate committee, as well as those contained in the brief filed with the committee by his counsel.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. Mr. TANNER: Honourable members, I am proposing now, for a little while, to take up the case of Senator Haydon. Two principal matters concerning him came before the committee, one in relation to retaining fees, and the other relating to campaign funds. I may say at once that I am not one who is under the impression that elections are won without the use of some money. In fact, I know that in these days a good deal of money is needed at election time, because there are many expenditures of a legitimate character that have to be met. Probably the competition between political parties has increased these expenditures unduly. But there are campaign funds and campaign funds. Away back in the seventies the people revolted and compelled a Government of this country to resign because it had received for campaign purposes an amount that, compared with the sums referred to to-day, was a mere bagatelle—

Right Hon. Mr. GRAHAM: And the Government was put back at the first opportunity.

Hon. Mr. TANNER:—and another Government was elected in its place. I am referring to what is commonly known as the Pacific Railway Scandal, in which something like $250,000 of campaign funds, I believe, was involved. It was the Government of John A. Macdonald that was forced to resign, and when the election came on shortly afterwards a Liberal Government under Alexander Mackenzie was returned with a tremendous majority. I mention that merely to show what the people, sometimes, at any rate, think about the matter of campaign

funds. The crux of the matter on that occasion was not the amount of money given, but the charge made against the Government that its friends had received the money on the understanding that the people who furnished it would be given a contract to build the railway.

In the case before us the amount involved, according to the admission of Senator Haydon, was between $700,000 and $800,000; the report of the House of Commons puts it at about $500,000. If honourable members examine the evidence given by Senator Haydon before the Senate committee they will see that he fixes the amount at between $700,000 and $800,000 —and he ought to know. As I see the matter, the crux of the situation is this. He knew all about the Beauharnois Corporation and the syndicates. He had been in close association with them from 1928 onwards. He knew Mr. Sweezey; he knew Mr. Sweezey's associates. He was the trusted friend of the Government then in power. The leader of that Government, as honourable members know, speaks of him in the highest terms. On July 30, 1931, the leader of that Government made this statement:

> 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.

I submit to honourable members that that statement of Premier King is the key to the whole situation. Senator Haydon was his close friend, his close political ally; he was the organizer of the party, and was known to have looked after such matters as are referred to in that paragraph. That was not a direct command, but it was a very trenchant indirect command to Senator Haydon to see what could be done in reference to campaign funds. Then we find the sequel: the money was procured. It came from Mr. Sweezey, Senator Haydon says, and Mr. Sweezey says he contributed it.

Now, Senator Haydon knew that Mr. Sweezey was the Beauharnois syndicate—that the one represented the other. Mr. Sweezey was the head and front, the organizer, the creator of the Beauharnois enterprise, and Senator Haydon in his evidence says, "I did not get any money from the Beauharnois Company, I got it from Mr. Sweezey." Well, whatever is to be said about Senator Haydon in that regard, he is not quite as innocent or quite as void of knowledge as he would have us believe. He must have known that Mr. Sweezey represented, or was acting for, the Beauharnois syndicate. It is impossible to believe that he could have had any other understanding, and there is no question that he knew very well, when Mr. Sweezey gave him the money, that he was receiving the money of the Beauharnois syndicate or the Beauharnois Company.

I point out to honourable members that if one reads the evidence of Senator Haydon, as found on page 192 of the printed report, one cannot help coming to the conclusion that the story there related by Senator Haydon is a most improbable one. I mention that because I think we have a right to take into account his credibility as a witness. Upon reading that evidence one would inevitably come to the conclusion that one day, or on several days, Mr. Sweezey walked in upon Senator Haydon, and, without saying anything, planked down on his desk a certain quantity of Victory bonds—maybe $50,000, $100,000 or $200,000; that nothing was said to him by Senator Haydon, and he walked out again. That is a fair résumé of the evidence given by Senator Haydon. He says that nothing was said, and that there was no undertaking nor promise—no favours were asked and none promised.

Is that reasonable? Is it common sense? Here is Mr. Sweezey, with a great undertaking on his hands—a $75,000,000 proposition —depending on the Government of the day, I will not say for favours, but for action. In 1930 the project was not nearly concluded. An Order in Council had been obtained in March, 1929, but that Order in Council was subject to a great many conditions. The Beauharnois Company looked forward to using the whole flow of the river. It had only a third, so far as the Dominion Government was concerned —40,000 cubic feet of water per second. It had an application at Quebec for 30,000 cubic feet more. It would have to come to Ottawa for approval and confirmation of that, and, as I say, there were many more conditions that it had to fulfil. Mr. Sweezey, wise man in his day, in respect to his undertaking, wanted to make friends of the mammon of unrighteousness; so he walked in and, as Senator Haydon says, he put down his money, and walked out; came back again and put down more money and walked out; and never asked for anything. Now, honourable gentlemen, that is too much to ask us to believe unless there was a very

cogent previous understanding and the whole thing was staged. Perhaps it was that way.

Honourable members who have looked over the report now before the House may have noticed the reference to certain matters that were unsettled. Here are a few of them, which appear on page xvi of the House of Commons report. There is a complaint that the work which had been carried on by the Beauharnois syndicate was not in accordance with the plans referred to in the Order in Council P.C. 422, in three important matters; that the remedial works shown on the original plan were not approved either by Order in Council or by the Minister; that the Hungry Bay dyke had been breached and a substitute feeder for the old St. Louis feeder had been dug on the south side of the proposed canal by the syndicate, and that this was done wholly without governmental authority. Certain important questions had been raised as to the Government's authority under the Navigable Waters Protection Act to pass the Order in Council P.C. 422; as to whether powers given by the Act to the Government could be delegated to a Minister or to any one; as to whether the Government could approve of plans to be submitted after the Order in Council was passed; and as to whether the Government could approve of plans after the work had been done, or partly done. It is pointed out that the work of construction by the syndicate was proceeding on plans which had not received the approval of the Government or the Minister of Public Works; that the application to the Government by the syndicate of July 29, 1929, for a conveyance to it of 9,064 feet of the Hungry Bay dyke, opposite lands of the syndicate, was unsettled and pending before the Government; that there was ambiguity in the Order in Council P.C. 422, which should be corrected; that the plans did not provide for control of water at the entrance to the proposed canal, and that there should be such control.

All these matters—important matters—were pending at the time of the inquiry in 1931. They were pending at the time of the elections of 1930, and we can imagine conclusive reasons why Mr. Sweezey might feel it incumbent upon him to have the Government of the day friendly towards his undertaking. Senator Haydon had been indirectly commissioned to see to it that election funds should be provided; and we find Senator Haydon and Mr. Sweezey coming together to the tune of between $700,000 and $800,000, part of which went to Senator Raymond for the elections in the Province of Quebec.

I want to point out that Mr. Sweezey tells a very different story. He says that those honourable members of the Senate went to him and told him that they were the men to whom he was to pay election funds. Mr. Sweezey says, further, that they demanded the money from him. He uses the word "demand."

Hon. Mr. BUREAU: Who were they?

Hon. Mr. TANNER: That is the word he uses; I am not putting any word into his mouth. Then he says that he continued to pay. He did not pay up all at once. He paid part to Senator Raymond directly; he paid the larger part of it to Senator Haydon. He says that he continued to pay until he had no more, and then he stopped.

The question in regard to these campaign funds, as I see it, and as I have said already, is not whether a political party should have money for carrying on elections. That is legitimate enough under certain circumstances. The question is whether or not it is fitting for an honourable member of this Senate or of Parliament, knowing the position of a corporation like the Beauharnois, to place himself under obligations by accepting from it political funds. No matter whether anything is said or not, the political party that receives money under such circumstances undoubtedly feels itself under obligations to the corporation that makes the contribution.

Now I want to take up the other aspect of the matter in respect to Senator Haydon; that is, the question whether certain amounts that were agreed upon, that Mr. Sweezey says were to be paid to the law firm of which Senator Haydon was a member—then McGiverin, Haydon and Ebbs—whether those moneys were to be paid on the understanding by Senator Haydon's firm that they were to be contingent on the passing of an Order in Council by the Dominion Government in approval of the Beauharnois syndicate's application filed on January 17, 1928.

The syndicate had acquired the ownership of what is known as the Beauharnois Light, Heat and Power Corporation, which was incorporated in 1902 under an Act passed by the Quebec Legislature. When, in 1927, Mr. Sweezey organized his first syndicate, he purchased from the Roberts, owners of the Beauharnois Light, Heat and Power Corporation, all the shares of that company, and the Beauharnois Light, Heat and Power Corporation became part and parcel of the Beauharnois project as we understand it. The Beauharnois Light, Heat and Power Corporation obtained

a lease of hydraulic power in the Quebec section of the St. Lawrence river from the Government of Quebec on June 23, 1928. That lease enured to what we call the Beauharnois project. It gave it all the Quebec Province rights in regard to power development, with leave to divert 40,000 cubic feet per second of the water of the river. But it was subject to a condition that approval of that lease, in so far as navigation was concerned, should be obtained from the Dominion Government within one year from June 23, 1928. So the situation was this, in the late part of 1928: Mr. Sweezey and his associates in the Beauharnois syndicate had until June, 1929, to obtain approval by the Dominion Government of their proposition. They had their application in, as I say, in January of 1928, asking the Dominion Government to approve of their site and plans and of the diversion of 40,000 cubic feet of water per second.

In the late part of 1928 Mr. Sweezey found himself facing a great army of opponents, composed of groups of capitalists and others. He had a bitter fight on his hands and he was in the position that if he did not obtain the Dominion Government's approval his whole enterprise would fall to the ground, all his efforts would prove to have been in vain and there would be, so far as he was concerned, no Beauharnois project at all. Mr. Sweezey's evidence in this regard is very plain and cogent. He points out that powerful interests were fighting. In his evidence before the House of Commons committee he said:

> We could not start before we got approval at Ottawa. . . . Just what I could never find out. It was the hardest thing to find out what the difficulty was. I met nobody who could give me anything definite on it.

We have in corroboration of Mr. Sweezey a statement by Mr. Geoffrion, at page 28 of the evidence given before the Senate committee. He pointed out that the Canada Steamships, among others, was fighting. Mr. Griffith, Secretary of the Beauharnois Syndicate, points out, at page 75 of the evidence, the steady and consistent propaganda against the enterprise. Senator McDougald stated before the Senate committee, as reported at page 125 of the evidence, that there was opposition to the enterprise from every quarter. So there is abundant proof of the two facts, that the whole life of the Beauharnois project depended absolutely on approval by the Dominion Government of the application filed in January, 1928, and that Mr. Sweezey and his associates were faced with the bitterest fight on the part of opponents who wanted to defeat him and destroy the Beauharnois project.

Mr. Sweezey employed a number of lawyers. Mr. Geoffrion, an eminent counsel of the Province of Quebec and one of the best known lawyers in the Dominion, was handling the proposition for the syndicate. We have his statement of account for services done in Quebec, for getting the charter amended and necessary Orders in Council put through down there. Also we have his statement of account for services at Ottawa, when he came here to help to get the Order in Council from the Dominion Government. In his evidence he told us that he was attending to the legal work. But Mr. Sweezey did not need lawyers, because there was no legal work to be done until his proposition was set up and was ready to go to work. If the Order in Council had not been passed the proposition would have gone to dust and ashes.

Mr. Sweezey told us what he wanted. He said he wanted men of influence with the Government of the day, not lawyers. And he is corroborated by other witnesses. Mr. Griffith, Secretary of the Syndicate, informed us that he was instructed to employ lawyers. What for? Not for legal work, but to get what we call P.C. 422—that is the Order in Council about which we heard so much—passed and approved by the Dominion Government. In Ottawa he employed Colonel Thompson's law firm, and a whole army of other lawyers, including Mr. Greene, Mr. Pugsley, and Mr. Moyer. But they were not employed for legal work. According to the evidence of Mr. Griffith, definite and positive, the object was to work up a favourable atmosphere in Ottawa. Take the statement of account by Colonel Thompson's firm. It itemizes interviews with Senator So-and-so, with Mr. So-and-so, Member of Parliament, with Honourable So-and-so, Cabinet Minister, with a score of people, all for the purpose, as Mr. Griffith says, of creating a favourable atmosphere; that is to say, of letting the Government know that friends of the Government were in favour of the granting of the Beauharnois syndicate's request. Mr. Griffith was asked how many lawyers he was authorized to employ. His answer was that he was told to employ as many as would be useful for the purpose.

Mr. Griffith made another aspect of the matter very clear. He was asked for the terms upon which these counsel were employed, and he said, in substance—I am stating it in substance correctly; the evidence is before honourable members—that all persons connected with the enterprise, engineers, financial men, lawyers—he specified them all, not by name but by classes—were employed upon the one basis, namely that, in effect,

"If we succeeded in getting our enterprise through, their fees and emoluments would be larger than if we failed." That was a very reasonable proposition, because the syndicate at that stage did not have a very full exchequer, but if the syndicate were set on its feet, if the Dominion Government approved of the application, then it would be prepared for business and prepared to pay the men whom it employed more liberal fees than it otherwise would.

Now, it happens that Senator Haydon is a lawyer. He was associated, as honourable members know, with the late Mr. McGiverin, and with Mr. Ebbs. It was a well known fact—there was no secret about it—that Senator Haydon was one of the most influential men in the Liberal Party. The Prime Minister of the late Government paid high tribute to him, and spoke of him as one of the closest, if not the closest, of his political and personal friends and allies. And it is a fact known of all men that by his tremendous sacrifices of time Senator Haydon had earned the right to be regarded as one of the chief and most influential counsellors of that Government. So it was not at all surprising, when Mr. Sweezey and his associates were looking for men who could influence the Government, who could persuade the Government to listen favourably to an application, that they should turn in the day of their distress—for they had only a few months within which to work before all would be lost—to so eminent and so influential a man as Senator Haydon.

Senator McDougald comes into the limelight in this connection, and we can see a reason why he should. He was tremendously interested in having that Order in Council passed at that time. The contract that was signed for the sale of the Sterling Industrial Corporation contained a stipulation that he and Mr. Henry were to be given those 2,000 part interests in the Beauharnois Syndicate only if this very Order in Council were passed by the Dominion Government. So he was in precisely the same precarious and uncertain position with regard to his pet company, the Sterling Industrial Corporation, that Mr. Sweezey was in with regard to the Beauharnois project.

One who is not acquainted with these interesting proceedings would ordinarily expect that if Mr. Sweezey wanted to employ Senator Haydon and his firm for legal work he would walk down to Senator Haydon's office and make his own arrangements. I have had a little bit of experience in legal work and I think I may safely appeal to the knowledge of honourable gentlemen of the legal profession when I say that usually, at any rate, it is the professional man who fixes his own fees, or that at least the fees are decided upon by him and his client. But, curiously enough, according to the evidence of Senator Haydon himself, it was not he who suggested the $50,000 retainer. Nor was it his partner, Mr. McGiverin, nor Mr. Sweezey. It was Senator McDougald who suggested $50,000 as a proper retainer for the firm, in December, 1928. I was puzzled to understand why he should have intervened, until I saw the motive. He is an astute politician too. He was on very friendly terms with the Government of the day. He had been honoured by an appointment as head of the Harbour Board of Montreal. He had been honoured also by appointment to that very important organization, the National Advisory Committee. He was a very diligent supporter of the Government. And he was much interested in getting the Order in Council passed. So he joined forces, as I see it, with Mr. Sweezey; they went down to the Haydon office and Senator McDougald suggested $50,000.

Senator Haydon says, "We were satisfied with that." Mr. Sweezey says that after some argument about the figure of $30,000 the sum of $50,000 was insisted on, but it was understood that the firm would get that $50,000 only if the Order in Council went through. Senator Haydon denies that. So we have, as I say, to look at the probability, which I have endeavoured to point out to honourable members, that Mr. Sweezey had no more need for Senator Haydon's firm to do legal work at that stage than he had for work to be done by a man on the Pacific coast, but he had great need for Senator Haydon as a politician. Mr. Sweezey's story is reasonable. It is borne out and corroborated by the evidence of Mr. Griffith; it is borne out also by the circumstances. And the committee came to the conclusion, I suggest, that Mr. Sweezey's story was correct and that Senator Haydon's story was not correct.

There is more than that in substantiation of Mr. Sweezey's story. It is said by counsel for Senator Haydon that Mr. Sweezey modified his statement, but an examination of the evidence shows that he did not withdraw his statement in that regard. There was some little confusion in his mind about the further retainers which this firm was to receive in addition to the $50,000, namely, an additional $15,000 a year for three years. Mr. Sweezey had a great number of matters to carry in his mind and it was only natural that he was not very clear with regard to the exact dates when the additional retainers of $15,000

a year were to start. On that little difficulty counsel for Senator Haydon has built up a case. But it has no foundation in fact. The truth is that the two retainers were arranged —the $50,000, and the $15,000 a year for three years; and, as shown in the evidence given before the House of Commons committee by Mr. Ebbs, the partner of Senator Haydon, their firm received up to December 17, 1929, $59,357.24; up to December 31, 1930, $17,206.19 more, and up to May 31, $9,600 more. The total figure up to a short time before the inquiry of the House of Commons committee was $86,164.43, and more money was to follow under the agreement for $15,000 a year for three years. Now, as I say, Mr. Sweezey did not need a lawyer at that time; he needed an influential political friend of the Government, and he found him in Senator Haydon.

There is this further fact. Senator Haydon's firm's file of correspondence and that kind of thing was before the committee. It is Exhibit No. 152 to the evidence. Anyone who examines that will find that there was very little work done by the Haydon firm. The real work was done by the firm of Meredith, Holden, Heward and Holden, of Montreal, who are eminent counsel, and by J. F. Lash, of Toronto, also an eminent counsel. That file, which tells the story of the work in the office, indicates that the principal thing that was being done at Ottawa was the filing of papers and attending to what, in the legal profession, we call agency work—the small business. A big firm did the big work—drew up the contracts with the trust company, the agreements sent to Ottawa, the business forms, and all that sort of thing, for the organization of the company in August, 1929. The firm in Ottawa looked after the filing of papers. As I say, it did the small work. It is impossible to think that it could ever have been entitled, in conscience, to receive such a tremendous amount of money for so little legal work.

Take for example the statement of account by Colonel Thompson's firm, of the city of Ottawa. That firm gave nearly two years of work to an endeavour to get the Order in Council through; it has pages and pages of accounts, amounting in all to $6,000. It did as much work as the Haydon firm did, and more, and on the stand Colonel Thompson asked leave to correct the statement of Mr. Griffith, who had said that the Thompson firm received $10,000. Colonel Thompson said that his firm received only $6,000, and then he added the further remark, which will be found in the evidence: "If we had received $10,000, I would consider that we had been paid an excessive amount."

As I remarked a few moments ago, the Geoffrion firm is one of the biggest law firms in Canada. We have copies of its statements of account, running over a period of about two years, for legal work done at Quebec and Ottawa, besides scores of interviews, travelling, and staying at Ottawa and elsewhere for days. That firm's bills—and I understand that it does not work for small fees—total only about $60,000. Yet, here is this relatively small legal firm—I speak with all respect—pulling down $86,000 for very little work, and with more money yet to come. I want to say again that these facts strongly substantiate what Mr. Sweezey said.

Just here, let me point out this fact. I think I should say this on behalf of the members of the committee who approve of the report now before the House. We were very considerate of Senator Haydon, we sympathized deeply with him in his illness, and did everything that was humanly possible to give him an opportunity to place his evidence before the committee. We went to his home twice for that purpose. I do not say that Senator Haydon was not a sick man, but I am bound to say that he was quite able to give his evidence. He was quite able to be very resentful, very impertinent and very offensive to counsel for the committee. He was quite well enough to make political speeches and to volunteer calumny against an eminent Canadian who occupies a high position in the service of the country. Senator Haydon did not have to make a statement about the Hon. Howard Ferguson, but he volunteered one. He was bitter, not at all willing to answer fair questions, resentful towards counsel, who, in my opinion, examined him in a gentlemanly way—and during my experience I have seen a good many counsel at work. I am bound to say on behalf of the members of the committee who were there, and who approve of this report, that they have a right to be a little sceptical of what Senator Haydon said in regard to some matters. He is a lawyer—

Right Hon. Mr. GRAHAM: I am afraid you are still a partisan.

Hon. Mr. TANNER: He is a lawyer of experience, and to me it was most unusual to observe a lawyer under oath swearing to what is the law. It is difficult enough for a lawyer who is not under oath to lay down what is the law, but he swore to it. He was ready to include in his evidence hearsay, but he was not always so sure of statements of fact. I do not want to say anything hard about him—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. TANNER: —but I think it is only justice to the committee. I point out to honourable members who are smiling about it, that all they have to do is read the evidence. Furthermore, I want to tell them that out of deference to Senator Haydon some of his offensive statements were eliminated from the evidence; for instance, when he called counsel "a damned fool" several times.

Right Hon. Mr. GRAHAM: I was there, and I did not hear that.

Hon. Mr. TANNER: A man who can call counsel a damned fool is not always very sick.

Now, honourable members, I want to come to one other point. Counsel for Senator Haydon has made a great deal of play on the question of this $50,000, as to when it was paid and the conditions of payment. This money was paid. The cheque is dated October 17, 1929. Counsel for Senator Haydon would have us believe that there really was no agreement previous to that date. I should like to point out just what Senator Haydon himself said on that point. At page 243 of the evidence he was asked:

Who suggested $50,000?

Senator Haydon's answer to that was:

I think it was suggested—as far as I know personally it was suggested by Senator McDougald. As far as what Mr. McGiverin did, I think—I don't know—I know that it was his view, McGiverin's view, but what they did among themselves, talking and so on when I was absent, I simply don't know.

He was then asked:

So that before that amount was paid, in concert with yourself, Senator McDougald and Mr. McGiverin, this amount of $50,000 was arrived at as being a fair amount for the services rendered; how long before it was actually paid?

Senator Haydon's answer was:

Oh, perhaps a year.

Then he was asked:

Perhaps a year before?

And he answered:

A number of months.

That, I submit, is conclusive corroboration of Mr. Sweezey's evidence that the agreement for the contingent $50,000, as Mr. Sweezey says, was made about the autumn, October or thereabouts, of 1928, and that the amount was paid in full after the Order in Council was passed—on October 17, 1929. In the meantime, as the accounts of the firm show —we have them as exhibits in this matter—the firm was in receipt of $7,500, $7,500, $7,500, $7,500—four payments, at least, coming in regularly to the firm; and after the conditions of the $50,000 retainer had been fully complied with the cheque was issued, by the Marquette Corporation, I believe, and handed over, and it is in evidence as one of the exhibits in this case.

Counsel for Senator Haydon, as honourable members will observe, endeavours to raise confusion between payments by the Beauharnois Corporation and payments by the Marquette Corporation. Well, we know that the Marquette Corporation is part and parcel of the Beauharnois Corporation—it is a subsidiary —and the answer to counsel in that respect was given by Mr. Ebbs, the partner of Senator Haydon, in his evidence before the House of Commons committee, when, at page 721, he said:

It all came from the same people as far as we are concerned.

That disposes conclusively of the objection of counsel for Senator Haydon on that point.

There are some other points, with which I do not intend to take up very much time. Counsel for Senator Haydon talked about the precarious life which a member of the Senate would have to lead if he were not allowed to engage in business that might bring him up against the Government. As I have already pointed out, the man who comes into the Senate comes in under limitations, and if he does not like those limitations it is within his own choice to remain or not to remain; but so long as he does remain he must be bound by the honour and dignity and integrity of the Senate.

Then counsel refers to several witnesses who gave evidence in regard to the hearing before the Governor in Council in Ottawa in January of 1928, and he says that there is no evidence to show that Senator Haydon took part in that hearing. I submit that there is no cogency in that argument. Mr. Geoffrion and others appeared for the syndicate before the Governor in Council. It was unnecessary for Senator Haydon to appear. His fame and influence were sufficient. The mere fact that Senator Haydon was on the side of the Beauharnois project would carry its own influence. It would have been rather remarkable that he should appear. The very fact that he was known to be on the side of the Beauharnois project would be sufficient to bring potent influences to bear on the Government of the day.

Now, honourable members, I am not going to dwell any further on this subject, except to say that Senator Haydon discredited himself in regard to this matter. He admits, his partner admits, they all admit, that up to the time when this retainer was arranged no legal work had been done in his firm's office for the Beauharnois Syndicate. This was a new re-

tainer, and the work started after the retainer was arranged. Senator Haydon, on being asked about that, said in his evidence that it was a clean-up. Then he said it was for work done and to be done. How could there be a clean-up when there was no work done up to that date? How could there be any clean-up when this time, October, 1928, was the first time the firm was retained? How could it be pay for work done, as well as to be done, when no work had been done? I point out that very patent fact to show how loosely Senator Haydon gave his evidence, and how that looseness of evidence certainly corroborates the frank statement of Mr. Sweezey.

You must remember, honourable members, that we are dealing with a legal mind, not an untrained mind, and we expect more, and have a right to expect more, exactitude in regard to these facts from a legal mind than we should expect from Mr. Sweezey.

Honourable members, I think that I have given sufficient reasons to justify our committee in coming to the conclusions that they reached in reference to Senator Haydon, as well as in reference to Senator McDougald.

I want to say just a very few words in reference to Senator Raymond. It is quite clear that we have to distinguish between Senator Raymond and the other honourable members of this House. His dealings with the Beauharnois Syndicate represented, I believe, an investment by a citizen. He sold out to Mr. Jones and another gentleman, who bought 2,000 shares from him, and he was fortunate enough to clean up a very large sum of money. The committee felt that in all fairness they could not link him up with the proceedings in the same manner as Senator Haydon and Senator McDougald were linked up. The committee, in regard to the campaign funds matter, saw that he handled a considerable sum of money. They felt that he should have explained matters more fully than he did, but they gave him the benefit of the doubt, which I think they were justified in doing.

I think this report is justified in every respect, and is the fairest and most just statement that could be made.

The committee point out:

> This committee feel it to be their duty to express the opinion that senators of Canada should not place themselves in the position of receiving contributions from or being interested in an enterprise dependent on specific favour, franchise or concession to be made by a government whose conduct is, under the constitution of Canada, subject to review by both branches of Parliament.

Now, honourable members, I have not set down anything that I do not believe to be warranted by the evidence before us; and I am convinced that the findings in the report now before the Senate are well founded in fact.

I say to you that the eyes of the people are riveted on the Senate of Canada. There is undoubtedly widespread concern in regard to the issue before this House. The people are not expecting us to be unfair or unjust to any honourable member, but they are expecting of us that we shall maintain unsullied the honour and integrity of this important branch of the Parliament of the country. If we fail we may regard ourselves as instruments for the undoing of the Senate.

This branch of Parliament is charged with weighty responsibilities and duties. It is intended to be the voice of mature and unbiased judgment in the affairs of the country, and the faithful trustee of the nation's interest; and it is elementary to say that those duties and responsibilities can never be satisfactorily fulfilled unless the Senate holds undiminished the respect and confidence of the people.

A person who is called to membership in this House takes high place in the councils of the country; and he must know, else he is not fit for the honour, that this is not the place in which men should at their own will subordinate their trusteeship to personal cupidity, or in any manner or way put the honour and integrity of the Senate in peril before the people. He must be of all things above suspicion in matters that pertain to the country's domain, its interest and its welfare. If he is not content with such wholesome and necessary limitations, he should be taught to understand that, coming gladly to a place of responsibility, he is at liberty to go voluntarily at any time to a place of irresponsibility. It is unquestionably a dereliction of duty, integrity and honour, and a challenge to sound public policy and public morals, and as well a degradation of the Senate, for any one who is honoured with a seat in this branch of Parliament to jeopardize, or subordinate, or gamble with the public interests whereof he is a trustee, with the hope of personal advantage or gain. He must be true to his trust.

As to the Senate, it is the guardian of its own honour. It is on trial to-day. I speak without personal malice against any honourable member, but I warn this House, sincerely and deliberately, that it cannot safely or honourably display contemptuous disregard of the people of this country, or suffer itself to be an object of public suspicion and deri-

sion. If we adventure upon such a course of ill-advised action, I am satisfied that the people, whose servants we are, will refuse to tolerate a branch of Parliament that is indifferent to its own honour and integrity, and boldly challenges public morality.

I close with the sincere hope that honourable members will put aside all personal and party prejudice, and be resolved to maintain, unsullied and unquestioned, the integrity of this time-honoured branch of Parliament.

I have the honour to move, seconded by Hon. Mr. Donnelly:

That the Fourth Report of the Special Committee appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as the said report relates to any honourable members of the Senate, be concurred in.

Hon. Mr. BEIQUE: Honourable gentlemen, referring to the opening remarks of the honourable member from Pictou (Hon. Mr. Tanner), after thirty years' presence in this honourable House I feel proud of its traditions, and I feel sure that under the guidance of our two eminent leaders those traditions will be respected and continued. Without committing myself to accept the theories which have been expounded by the honourable member from Pictou, or his conclusions, I desire to congratulate him on his great industry, his talents, and the courage he can display in supporting what I consider to be a bad cause.

The time that the honourable member has taken in arguing the case he has adopted indicates his conviction or appreciation that it is very much involved, and very difficult to make it acceptable to members of this honourable House. I understand that in the House of Commons in England a member cannot speak on any given question for more than an hour without impairing his standing and influence in that House.

I have now been for more than sixty-four years practising at the Bar of Montreal, and I think, if I am not too presumptuous, I have acquired the faculty of approaching questions in a judicial spirit, and without being carried away by passion or by feelings of friendship. Honourable members of this Chamber may agree or not with what I purpose to say on the question under discussion, but I may assure them of my entire good faith in the matter.

The committee of this honourable House was appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois power project, in so far as said report relates to any honourable members of the Senate.

The senators referred to in this report are Senator Haydon, Senator McDougald and Senator Raymond.

At the outset of the proceedings of the committee it was understood that these gentlemen did not stand charged or impeached in any way before the committee, but that the real object of the reference was to determine whether the dignity and privileges of the Senate had been assailed, and whether any of its members had been guilty of breaches of trust, guilty of corruption, guilty of breaches of the duty of senators or men occupying public office, or of conduct unbecoming the character of a gentleman, or subordinating their duties, as public men, to their personal interest; in other words, whether the accusation, insinuation or reflection contained in the report of the special committee of the House of Commons, as regards the three senators named, was warranted or not.

Senator Haydon was charged with the acceptance by his legal firm of a sum of $50,000 and a retainer of $15,000 a year, for three years, said to be contingent upon the passing of Order in Council No. 422, pursuant to an arrangement made with Mr. Sweezey. This Order in Council had reference only to the question whether or not the plans of the Beauharnois Power Corporation interfered with navigation.

Senator McDougald was charged with having allowed his private interest so to interfere with his public duty that he found it necessary, speaking from his place in the Senate, to be ambiguous and incorrect.

As to Senator Raymond, after reference to the fact that he had received from Mr. Sweezey $200,000 as campaign funds for the Liberal Party, it was stated that in view of Mr. Sweezey's attitude throughout, and his views as to the necessity for political influence, it was 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 that it was remarkable that Senator Raymond, when appearing before the special committee of the House of Commons, did not insist on making some explanation of his position in this regard—a rather extraordinary if not childish statement.

In dealing with this matter, one must bear in mind, first, the important fact that the Beauharnois canal and power, being situated in the Province of Quebec, fall under the jurisdiction of that province except only as

to navigation, which falls under the jurisdiction of the Parliament of Canada; and, secondly, that nothing in the Senate and House of Commons Act (Revised Statutes of Canada, 1927, chapter 147), sections 21 and 22, prevents a member of Parliament from being interested in any work falling under the jurisdiction of a province.

I must say that I have myself been a member of a number of syndicates, some of which were for the purpose of building a tramway in the city of Montreal, from Montreal to Lachine, around the Mountain, and from Montreal to the back river, and I never thought that I was failing in my duty by trying to make some money in those different ventures and others of the same kind.

Under the rules and the ethics governing the Senate and the House of Commons, each House is the guardian of its own dignity and that of its members. The judgment passed upon the three senators by the special committee of the House of Commons was a flagrant breach of those rules and ethics.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. BEIQUE: I was not present when Senator Haydon was examined, but I have carefully read his evidence, as well as all the other evidence in connection with the honourable gentleman, and I fail to find anything serious against him, or any reason to disagree with the brief prepared by his able counsel.

Mr. Sweezey explained that his sole reason for making a contingent arrangement was that he could pay only if the company came into existence, as it would be difficult to tax the few members of the syndicate. His statement in this connection may be found at page 728 of the proceedings of the House of Commons committee and page 55 of the proceedings of the Senate committee. At page 658 of the Commons committee report he is quoted as saying that at the time in question he owed large sums to the bank.

Senator Haydon swears that he had nothing to do with the Order in Council. That is shown at page 192 of the proceedings of the Senate committee. In this he is corroborated by Mr. Ebbs, at page 71. Senator Haydon claims that the fee of $50,000 paid on the 19th of October, 1929, covered, among other things, the incorporation of Beauharnois Power Corporation on the 17th of September, 1929, and was to apply to past and future activities. The reference to this is at page 243 of the Senate committee's report. The fee seems large, but it is difficult to pass judgment on this point when the head of the firm who made the agreement is dead and no detailed account is furnished. The late Mr. McGiverin stood high in the community and was a Privy Councillor. Legal fees are high when they are for important matters. In this case large sums were involved, apparently. How can we appraise the services that were rendered, in the absence of complaints by the parties concerned? The agreement with Mr. Sweezey, under which the $50,000 was to be paid, was made, not by Senator Haydon, but by his law firm partner, and he denied having had any knowledge of any contingent question.

As to Senator McDougald, I followed closely the long examination to which he was subjected, and I was satisfied with the way in which he answered every question.

With regard to Senator Raymond, I have no hesitation in approving entirely the brief submitted on his behalf by his counsel, Mr. Thomas Vien, K.C., which appears in No. 13 of the proceedings of the Senate committee, at pages 320 and following, and in which his whole conduct is entirely vindicated.

The special committee of the Senate was served by eminent counsel, but I confess that at times I received the impression that they over-stepped their professional duty in dealing with members of the Senate. I think this is especially true as regards the brief that they prepared for the committee. If public men in general were to be treated as Senator Raymond is treated by counsel for the committee, any man having a sense of his dignity would be discouraged from taking any part in public affairs. The nature of the treatment is aggravated by the fact that it is in violation of the instructions given by the committee to counsel and accepted by them at the outset of the proceedings.

Hon. L. McMEANS: Honourable senators, I can assure you that I approach this matter with a great deal of delicacy. I happened to be among those who were appointed as members of the committee to investigate the conduct of three fellow senators. I hesitated to accept membership on the committee. The appointment was one that gave me a great deal of—I cannot say pain, exactly, but displeasure.

Investigation into the Beauharnois project was carried on for some two months before the House of Commons committee and for about the same time before the Senate committee. The honourable gentlemen who were charged were defended by the ablest of counsel, and every fact that could be brought out in their favour was brought out. The evidence that was produced before the committees and has been circulated among hon-

ourable members has not been contradicted in any material point. Senator McDougald has not been prejudiced in any manner. No obstacle was placed in the way of his bringing out all the facts that he could. As a matter of fact, the people of Canada—I mean the subscribers to the Beauharnois bonds—have paid his expenses of the investigation. Mr. Starr, who represented him before the House of Commons committee, charged a fee of some $7,500. This was paid by the Beauharnois Company. His expenses at the hotel here were some $450, and these also were paid by the company. I do not think he has any complaint about the manner in which he has been treated by the committee of either House.

The House of Commons committee made a unanimous report. I think it was stated by an honourable gentleman that the report was not unanimous. The records, however, show that it was. Furthermore, it was passed by the House of Commons without a dissenting vote. It was brought down here and we had to follow it up in some way. At first there was a resolution passed that no senator should be condemned without a hearing. Then a special committee was formed so that every opportunity should be given to the three honourable gentlemen concerned to put in any defence or to make any explanation they desired with regard to the very serious charges that were made against them before the House of Commons committee.

After the very exhaustive statement that has been made by the chairman of the committee (Hon. Mr. Tanner) I do not know that I can add very much. There is no question about the evidence; it is not disputed in any particular, with the exception of one or two little points of no significance. What more can be said? There is no doubt about the fact that Senator McDougald was interested in the development of power on the St. Lawrence river prior to the year 1924, that he put forth every possible effort to control it, that he even had the Deputy Minister of Railways and Canals recommend that control over this power, in which he was to make a great profit, should be given by the Dominion Government.

Honourable members have heard a great deal about the Sterling Industrial Corporation. That was a company which never did anything and never made a move to do anything. It lay dormant from 1924 to 1928. Now I ask, if any other honourable member, or any other person at all, had been at the head of that company, would the Beauharnois Company have paid the sum of $300,000 in cash and 80,000 shares for its interest? I submit it is beyond dispute that the influence of Senator McDougald with the Government of the day placed him in such a position that he could force the Beauharnois Company to pay the $300,000 and the 80,000 shares, each of which had a market value of $17. Does anyone for a moment suppose that any other person than Senator McDougald could have done such a thing? He was the favourite friend, the favourite child, of the Prime Minister. First he was appointed to the National Advisory Committee, then to the Harbour Commission of Montreal, and then to the Senate of Canada.

Right Hon. Mr. GRAHAM: To the Harbour Commission first.

Hon. Mr. McMEANS: Well, he got those three appointments. Probably there were no better appointments in the country. The third appointment was to this House. I suppose he was sent here to reform it, but I do not know.

One of the features of this transaction to which I think there is the greatest objection is the fact that the sum of $27,000,000 was taken from the people of Canada for Beauharnois bonds. That money was subscribed by people who could not afford to lose it; perhaps by the widow and the orphans. That is a worn-out expression, I know, but there is some truth to it in this case. Those bonds were sold for $100 and they have fallen to $29. The interest has not been paid. Was it not more than cruel—I say cruel—to take that money from people who could not afford to lose it, and put a large portion of it into the pockets of a certain few, who also took all the stock? What can be said in defence of that?

We know very well that Senator McDougald was a warm friend of the late Prime Minister. They went together on a trip to Bermuda, and the Prime Minister's hotel bill was paid, not by Senator McDougald, but by the Beauharnois Company.

Right Hon. Mr. GRAHAM: No.

Hon. Mr. McMEANS: Pardon me; it was. The voucher was filed and I can show it to you. The voucher is from the Beauharnois Company and shows that a cheque was issued for the expenses of Senator McDougald and the Right Hon. Mackenzie King, and that the cheque was paid. Senator McDougald says a mistake was made by him in giving information to his book-keeper when the expense account was sent in. I do not know what may be thought about that, but the incident shows beyond contradiction that Senator McDougald was a close and warm friend of Right Hon.

Mackenzie King. If he had not been, he would not have reached the position he occupies today and he never would have controlled Beauharnois.

Not only did Senator McDougald put into his own pocket an immense sum of money received from the subscribers to Beauharnois bonds, but he took stock as well. He also took two of the five so-called management shares. Those five shares give to their owners control of that huge undertaking for ten years. For ten years the ordinary shareholders, the people who put their money into the affair, have no word to say about what shall go on.

I want to refer to one feature of this matter that was not very clear to me. While I was a member of the committee and agreed to its report, I was not satisfied about the Sifton deal. I could not understand it until I gave considerable thought to it, and now I think I have a clear conception of it. I am going to give you my opinion. This is not the opinion of the committee and does not in any way reflect upon the findings of the committee. Mr. Sifton was engaged as the solicitor for Beauharnois. He went to Mr. Sweezey and asked that some part interests be held for him. Mr. Sweezey knew that Mr. Sifton did not want them for himself, for he said in his evidence that he had stated so to Mr. Sifton and had asked him for whom he was acting. Mr. Sifton said, in effect, "I cannot tell you now, but I will tell you later." That is a clear admission, surely, that Mr. Sifton did not own them.

Senator McDougald says that he was approached some time in the month of March, 1928, about these shares. At that time no one had made any subscription for them; they were just being held for a friend of Mr. Sifton's. On the 31st of March Mr. Moyer went to New York with Mr. Sifton and deposited, as has already been said, $15,000. We need not take up any time in referring to the banking transaction. Senator McDougald had been told previously that unless these shares were taken up by the 4th of April someone else would get them. On that date the first syndicate was dissolved, and it was within four days of that date that the money was deposited in New York. On the 4th of April Mr. Moyer appeared and paid $15,000. Up to this time there was no subscription to the first syndicate. On the 18th of May Moyer paid an additional $15,000, which cleared up the transaction in so far as the first syndicate was concerned. The owners of the units in the first syndicate were entitled to a double amount in the second syndicate, and also entitled to subscribe for additional units

equal to the amount of the units held in the second syndicate. It was only on the 10th of May, thirty-six days later, that Mr. Moyer himself subscribed for the units or stock in the second syndicate, amounting to $160,000.

There was some contradiction in the evidence as to the amount of the bond transaction which was said to have taken place about the 18th of May. The witnesses did not agree as to the dates. Mr. Barnard said it was towards the middle of May; someone else said it was towards the end of May, and I think Senator McDougald put it as about the 18th of May. On the 18th of May there was undoubtedly a bond transaction. Mr. Barnard was there, and the man that Senator McDougald calls his manager was there. Mr. Barnard said that Mr. Sifton called in to see him and wanted to put through this transaction with Senator McDougald. Mr. Barnard said, "We will call in the stenographer and get it down," but Mr. Sifton said: "Oh, no, we won't do that. I will write out a receipt. I do not want any stenographer or anybody to know anything about it. I will give you a receipt on condition that it shall be destroyed the moment the transaction is carried out, and nobody shall know anything about it." Mr. Barnard said he called up Senator McDougald. He said: "This is most unusual—a most extraordinary transaction. We have not got the scratch of a pen from Moyer or from Sifton to show that Moyer, in whose name the units stand, holds them for Sifton. I do not like to put the transaction through in that way." Then, he said, Mr. McDougald answered by telephone, "It is all right," or something to that effect, and they went in to Senator McDougald's manager, who, he said, handed over $46,000 worth of bonds. I think there is no doubt about the bond transaction; but there is this to be said. Senator McDougald swore that only $30,000 in bonds was handed over on the 18th of May—he said that before the Commons committee, and I think he said it again before the committee of the Senate—and that the other $16,000 was not paid until about the 22nd of May. So now we have this position. There is no doubt that $46,000 in bonds was handed over, but only $30,000 was handed over on or before the 18th of May. I think it may be concluded that when the receipt for $46 000 was given $15,000 had been paid by the 4th of April, $15,000 on the 18th of May, and the other $16,000 some time afterwards. There is, to my mind, conclusive evidence that Senator McDougald was the owner of the stock all the time, or that if he was not the owner he

was buying it for someone else. I see no mystery about it. In any event, it does not make any difference so far as this report is concerned.

There is no use in my going into a long discussion of the evidence, which has been so carefully and clearly placed before this House by the chairman of the committee. I should like, however, to point out just one thing. I hold in my hand a pamphlet issued by the National Popular Government League of America. This pamphlet is called "Canada's Teapot Dome and Its American Parallels." It consists of some forty-six pages, and contains the evidence given before the House of Commons committee. It was distributed throughout the United States, in the House of Representatives and the Senate, and in the various state legislatures. Its purpose is to bring before the people of the United States some idea of what has happened in regard to this matter in Canada, and it warns the people of that country that if they are not watchful the same thing will happen to them. I mention this because I believe that this matter is not going to be confined within the walls of this Chamber, but will spread all over the American continent and wherever the English language is spoken. Surely it must not be said that members of this House, who occupy a position of trust, can use their influence and their money for the purpose of grabbing one of the greatest resources in America. Surely it must not be said that they can use their influence with the Government, and that for subscribing huge sums of money to campaign funds in order to retain that Government in power they are absolutely certain to obtain something in return. That surely is bribery, and a crime, and nothing else. That $700,000 was put up for one purpose, and one purpose only, namely, to ensure the return to power of the Government of the day, so that the Order in Council would be passed and these pirates would become possessed of Canada's greatest asset.

I am sure I cannot say anything more that will influence any honourable member of this House. My honourable friends will remember, however, that during the last campaign there was a great outcry by the then Prime Minister of the country for the reform of the Senate. With my own ears I have heard him say that Providence was going to help him, that the members on this side would die off, and that when he got sufficient members on the other side he would be able to reform this House. Well, when three members of the Senate, or at least two, are charged with one of the greatest offences ever charged in the history of the Senate of Canada, I do not see that his reform has gone very far. Perhaps the Senate does need a little reforming, but I believe that the reform will come from within the Senate itself, and that it can be brought about only if honourable members deal with matters of this kind in a non-partisan way and show the people of Canada that they are alive to their responsibilities.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. McMEANS: I am glad that the honourable gentleman says, "Hear, hear," because if any honourable gentleman needs reforming more than he does, I do not know who it is.

Hon. Mr. MURDOCK: I said, "Hear, hear," to the remark about being non-partisan, and I may tell the honourable gentleman that he has not yet heard the last word from me.

Hon Mr. McMEANS: I am afraid the honourable gentleman's remarks will show that he has not much idea of the responsibilities of his position.

Hon. Mr. MURDOCK: I will tell the honourable gentleman something later.

Hon. Mr. McMEANS: I want to say just one more thing before sitting down. This matter has exercised the minds of the people of Canada from the Atlantic to the Pacific, and from the forty-ninth parallel to the shores of Hudson Bay. To-morrow, or the day after, the radio will convey to everyone in the country the news of what action the Senate has taken in one of the gravest moments in its history. Even if I occupied a seat on the other side of the House, I should be very sorry indeed to think that partisan feelings would induce me to vote to whitewash these honourable members, and I say to honourable gentlemen opposite that in this respect they have my greatest sympathy.

Right Hon. Mr. GRAHAM: I beg leave to move the adjournment of the debate.

Right Hon. Mr. MEIGHEN: I am not going to object if the right honourable gentleman is very desirous of adjourning the debate. I had hoped, however, that we could go on a little longer.

Right Hon. Mr. GRAHAM: We have had several hours of discussion, some of which I never dreamed would take place, and I think it is but fair to honourable members who have spoken that I should have an opportunity of looking over the evidence. I submit that they have not stuck to it, as I hope to do.

The motion was agreed to, and the debate was adjourned.

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

THE SENATE

Thursday, April 28, 1932.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

Bill 31, an Act respecting certain patents of Autographic Register Systems, Limited.—Hon. Mr. Horsey.

FISH INSPECTION BILL

FIRST READING

Bill 6, an Act to amend the Fish Inspection Act.—Right Hon. Mr. Meighen.

CRIMINAL CODE BILL

FIRST READING

Bill 42, an Act to amend the Criminal Code (Trustees defined).—Right Hon. Mr. Meighen.

FRONTIER COLLEGE BILL

FIRST READING

Bill 53, an Act to amend the Act of Incorporation of The Frontier College.—Right Hon. Mr. Meighen.

NATIONAL PORTS SURVEY

REPORT OF COMMITTEE ON PRINTING

Hon. SMEATON WHITE moved concurrence in the second report of the Joint Committee of both Houses on the Printing of Parliament.

Hon. Mr. DANDURAND: This recommends the printing of Sir Alexander Gibb's report?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I have just noticed the importance of the document. I was wondering if the committee had considered the possibility of printing a summary. Sometimes a concise statement containing the essential parts of a report is more useful than two or three hundred pages of material.

Hon. Mr. WHITE: The Minister wanted it in full. There are about 200 pages altogether. It is not a very big report.

Hon. Mr. HARDY: Honourable senators, I wish to tender an apology to the honourable chairman of the committee (Hon. Smeaton White) for causing a slight delay in the adoption of the report when I said yesterday that I had a reason for asking to have the matter carried over until to-day. As a matter of fact, I was entirely in error in doing that. When I came into the House yesterday the proceedings on this matter were half way through and I misunderstood what they were about; I understood they related to an entirely different matter.

The motion was agreed to.

DEPARTMENT OF INSURANCE BILL

THIRD READING

Bill E1, an Act respecting the Department of Insurance.—Right Hon. Mr. Meighen.

FOREIGN INSURANCE COMPANIES BILL

THIRD READING

Bill F1, an Act respecting Foreign Insurance Companies in Canada.—Right Hon. Mr. Meighen.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

THIRD READING

Hon. Mr. BLACK moved the third reading of Bill G1, an Act respecting Canadian and British Insurance Companies.

Hon. Mr. DANDURAND: Of course I know what took place at the committee meetings when I was present, but there has been no statement by my right honourable friend as to the intention of himself or the Government to get into closer contact, after prorogation of Parliament, with the provinces that are antagonistic to this legislation, in an endeavour to come to some working arrangement which would save us from being brought before the courts again.

Right Hon. Mr. MEIGHEN: It is my intention to ask for conferences with the provinces interested and to seek to come to an amicable arrangement this summer. The amendments are very numerous and important, and I have a lively hope still that the antipathy of the provinces to the Bill is at least attenuated and will later disappear.

Right Hon. Mr. GRAHAM: Honourable members, I am taking no exception to the hurrying of these Bills, for the reason that before a large audience of members of this House, as well as a very large committee, these Bills have been discussed, amended and re-amended for some weeks. I think every person who was present, either as a member of the committee or a member of the House, is conversant with the changes made, so far as he can be conversant, and I feel perfectly

satisfied that, under these circumstances, I am not departing from my customary procedure in allowing the Bills to go through.

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

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Tanner for the adoption of the Fourth Report of the Special Committee of the Senate appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as it relates to any honourable members of the Senate.

Right Hon. GEO. P. GRAHAM: Honourable members, I have no apologies to offer on rising to make a few casual observations on the question before the House, and I trust that when I sit down I shall be in the same position. I wish, in the first place, to explain to friends of the minority on the committee why there was no minority report, as many expected there would be, so that they may know that this is really the first opportunity that the minority has had to state its views in the House and place them on record.

I had thought, not being a very close observer of the rules, that a minority report was admissible. I was convinced by the committee that this was not correct; that no statement similar to the one the minority prepared could be placed on the Table when the report was presented. Further, although the minority could not sign this report, no indication could be given with the report, or on the same day that the report was made, that it was not unanimous.

I wish to place on record now, so that the public may understand our position in this respect, the objection filed and now appearing in the minutes of the committee against the adoption of this report:

> In Reference to the Report of the Senate Committee Re Beauharnois Enquiry
>
> We find ourselves unable to agree with the findings of the majority of the committee, which in our opinion are largely based on suspicion and against the corroborated evidence of the honourable senators named in said reference, and said findings are not warranted by the evidence adduced at said enquiry.
>
> We have every reason to believe that our colleague, the Hon. Senator Béique, who is unable to be present to-day, is in full agreement and would acquiesce in same.
>
> (Signed) Geo. P. Graham,
> C. W. Robinson,
> A. B. Copp.

I might add that the senator himself (Hon. Mr. Béique) in this House has announced his acquiescence in this statement.

Now, honourable gentlemen, the report that has been presented is not, to my mind, according to the evidence adduced. Before I go into that question I want to call the attention of the House to my antipathy to the machination known as investigating committees.

Some Hon. SENATORS: Louder!

Right Hon. Mr. GRAHAM: Machination! There may have been a time when they were useful, and some of them may be useful. You know there are different kinds of investigations. Some are useful and of special benefit to Government or Parliament in arriving at decisions. Others are set up through committees for the purpose of relieving a Government of responsibility; they are a kind of buffer. Then there are those that seem to me to be intended, in large part, to give good positions for a few weeks or months to legal men; and this purpose never fails. An investigation into the conduct of a member of the House, to my mind, should not take place except on a charge made by some other member of the House. These investigations allow members of either House to be treated as a man in the dock for some crime would not be treated; I mean as to the rights and privileges of members so charged. These investigations allow a trial of a member of the House —a trial, I say—to take place without any other member of the House taking the responsibility of putting him to that inconvenience and to the publicity which accompanies it. I express again the opinion that it is not a courageous way to pursue a member of either House. Some member, believing a colleague to be guilty, should rise in his place and manfully make a charge, and take the responsibility.

You may say, "This is not a charge; this is not a trial; this is an investigation." Yes, I have heard that argued; in fact that was stated by counsel for what I call the prosecution. But is it true? Was there in either of those committees anything by which the difference could be discerned between a man on trial and a man under investigation? The only difference is that a man in such investigations is being tried at large, without any person taking responsibility in the matter, and the accused has none of the privileges allowed to a man in the dock for any crime.

This is not a criticism of counsel at all. It is, to my mind, a criticism of the principle of allowing any of our colleagues in either

House to be investigated, with all the paraphernalia of a court, but without any person standing up in his place and taking the responsibility.

Hon. Mr. LAIRD: May I interrupt the honourable gentleman just long enough to say—

Hon. Mr. ROBINSON: Keep your boots on.

Hon. Mr. LAIRD: —long enough to say that this investigation by a committee was demanded by the honourable gentleman from Wellington (Hon. Mr. McDougald) as a trial by his peers? Consequently it was not in any way thrust upon him. He sought it, asked for it, and demanded it.

Right Hon. Mr. GRAHAM: I shall come to that. The Senate committee heard evidence, but the evidence and findings of another committee were thrust upon it by this House, for consideration. So it was not really an investigation by his peers, because the committee was compelled to consider the evidence and even the findings of another committee, which findings, I have no hesitation in saying, were made against the ethics that have always existed in regard to the relations between the two Houses, against the practice, and, I think I am safe in saying, against the statute.

I have a little fault to find with the majority of our committee. It is not that the witnesses were treated unfairly, or anything of that kind. The majority report of the committee is not a report of a Senate committee per se, but is in the shape of a character-giving to the report of the House of Commons. Read it and see. In other words, the committee of the Senate adopted the illegitimate offspring of a committee that had no business to make a finding, and it gave that report a character by calling it a report of the Senate committee. If you read the findings of our committee you will observe that the evidence before the House of Commons, which we did not hear, is quoted more freely than the evidence which we did hear, and that the report, instead of saying, "We find so and so according to the evidence," says, "We find that the findings of the Commons committee were justified." I say that in reality the Commons committee did not have any findings, and had no right to have any findings; and if you ask me what has been done to dim the dignity of the Senate, I say that nothing has happened in this House in years which has marred the dignity of the Upper House—to put it mildly—as much as these reports.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: Now I want to express another opinion. Honourable gentlemen may not agree with it. I am afraid that they will disagree with several things that I say.

Hon. Mr. McMEANS: Oh, no.

Hon. Mr. SCHAFFNER: Never.

Right Hon. Mr. GRAHAM: Not reasonably, I think.

Hon. Mr. McMEANS: Oh, no.

Right Hon. Mr. GRAHAM: A great deal has been said about the importance of this committee of investigation. I will use the words of the late Sir Sam Hughes in expressing my view. Any of you who were in the House of Commons at the time will remember that when Sir Sam Hughes came back from overseas and found us debating other matters he made a speech. In two or three words I shall quote the essence of what he said, namely: "In comparison with what is taking place at the front, and in view of our responsibility, what we are engaging in in this House to-day is mere piffle." I want to say that in my humble judgment the spending of a couple of months in committee by men who think they are capable of giving advice on the great problems before us, or the taking up of the time of this House in hunting down two or three of our colleagues, is, in comparison with the great problems that we have to face and that will come before the Imperial Conference in a few weeks, mere piffle.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I want to say further, honourable senators, that the adoption or the fathering of this illegitimate offspring of the Commons committee establishes the most dangerous precedent affecting the authority and dignity of the two Houses of Parliament that has been established since I entered this Chamber. The Senate committee has approved of the conduct of the House of Commons committee in censuring members of this House. In the report of our own committee the finding of the House of Commons committee, which I say is illegal and out of decency as between the two Houses, has been given a character. A precedent is established which makes unsafe the position as senator of any of you men opposite, any of you men on this side of the House, or even of the good woman of the House. Something may arise in the House of Commons, and without any charge being made an investigation may take place, and one of you may be named, and we may be obliged to consider the finding of the House of Commons committee. If

it should come here we may be obliged, in order to keep harmony, to confirm that finding instead of presenting one of our own. I say again that no man or no woman in this House is safe. We should have repudiated that finding of the House of Commons, if not the evidence, and made a finding of our own to maintain our self-respect and dignity and stand by the rights and privileges of this House in the face of an attempt—maybe not intended, but real just the same—to drag down the dignity of the Senate and to make this House subservient to the Lower House.

Now I come to the remarks of my honourable friend the chairman (Hon. Mr. Tanner). I am not going to follow him in his legal and illegal arguments, but I am going to discuss the situation in my own way. You know, I was a little disappointed in my honourable friend from Pictou. I was delighted with his announced conversion from partyism. I would not have believed it if any person but himself had said it.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: I was delighted with him, and was prepared to admit frankly that his presentation of the case was able—one of the ablest, perhaps, of all the able speeches we hear in this House.

Hon. Mr. LYNCH-STAUNTON: Will the honourable gentleman permit me to ask a question?

Right Hon. Mr. GRAHAM: Certainly.

Hon. Mr. LYNCH-STAUNTON: The honourable gentleman has now made a very impressive argument on the dignity of the Senate. Did he raise that argument before the committee?

Right Hon. Mr. GRAHAM: I did.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: And more than I raised it—though we are not supposed to discuss that, for it is private conversation—and one member of the majority of the committee was the strongest in the view that something ought to be said to "thump"—I think that was the word he used—the Commons committee for usurping our rights. That does not appear in the report; but I am not objecting.

I was in the midst of a consideration of my honourable friend from Pictou (Hon. Mr. Tanner) and his announced departure from partisanship. As I was saying a moment ago, when I was interrupted, I was delighted with that announced conversion and was getting all ready to send to the oldest paper in Ontario a cut of my honourable friend with the announcement that, as the High Commissioner would say, never since the time of Saul of Tarsus had there been a more notable conversion.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: But the honourable gentleman spoiled it on me, and I had to destroy the correspondence and the articles and throw the cut into the waste-paper-basket.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: I shall refer later on to the way in which he spoiled it.

Now I am going to take up the case of Senator McDougald. I want to make this statement, and I want honourable gentlemen, as I know they will, to verify it for themselves: that the only way in which a case can be made out against our colleague Senator McDougald is to believe that he perjured himself—I put it in bold language—to believe that his evidence was not reliable, and from the unreliability of his evidence (which has not been shown, for it is in most cases corroborated) to draw the deduction that he is guilty of things of which, under oath, he said he was not guilty. Do honourable gentlemen think that either our colleague or ourselves should be subjected to that kind of argument upon the evidence? That is an opinion, but there is no evidence to support it. I have an idea, perhaps a perverted one, that it is my duty and your duty to protect all our colleagues, and not all but three; that it is our duty to give our colleagues who are charged with offences at least as fair treatment as would be accorded to a man charged with a crime, and give them the benefit of the doubt. Is there any benefit of a doubt in any of the findings about any of our colleagues? I say again, and I want to emphasize it, that I feel that it is as much my duty—and you will pardon me for saying that I believe it is as much your duty—to protect the good names of our colleagues, unless they are shown by absolute proof to be unworthy, as it is to protect the dignity of the rest of us.

In order to show how some of these matters were approached, and in what frame of mind they were approached, I am going to ask honourable members to go with me to the National Advisory Committee first. Do not confuse this National Advisory Committee with the Joint Engineering Board. This was an Advisory Committee appointed by the Government, and I will tell you further, in

case you have forgotten, it was recommended by myself—something that ought to give a standing to the men on it.

Some Hon. SENATORS: Hear hear.

Right Hon. Mr. GRAHAM: It was appointed for the purpose, largely, of investigating navigation and reporting to the Canadian Government as to the benefit or disadvantage to the Dominion of Canada of the development of the St. Lawrence river. It had no connection with any organization in the United States. If you will allow me, I will read this Order in Council and then make some casual comments on the way in which our committee, or the majority, approached it. The Commons committee sneered at it, and the Senate committee swallowed the sneer, hook, line and sinker.

Certified copy of a Report of the Committee of the Privy Council approved by His Excellency the Governor General on the 7th May, 1924.—P.C. 779.

The Committee of the Privy Council have had before them a Report, dated 7th May, 1924, from the Secretary of State for External Affairs, submitting that the question of improving the navigation on the St. Lawrence Waterway so as to provide access to the Great Lakes for maritime commerce, is one of considerable difficulty and complication, and its right decision may be of the highest possible importance to Canada. The project necessarily involves collaboration with the United States of America and the expenditure of very large sums of money. The minutest examination of the problem in all its aspects, financial, economic, technical and international, is not only justified but essential. The International Joint Commission has held hearings on the subject in both Canada and the United States, and has submitted a most elaborate and valuable report; the engineering problems involved have already been the subject of enquiry and report by an international board of engineers, and are to be further investigated by another such board; other technical connected questions are in course of being studied by an interdepartmental committee.

The Minister is of the opinion that it would be in the public interest to constitute a National Advisory Committee to consider generally whether or not the project would, if completed, be beneficial to Canada, whether the benefits which might accrue and the pecuniary returns, direct or indirect, which may be anticipated from it are such as to counterbalance its disadvantages, if any, whether Your Excellency should indicate a readiness to enter into discussions with the United States of America looking towards the negotiation of a treaty for the carrying out of the necessary work, and what should be the character of the stipulations which any such treaty should contain.

The Minister accordingly recommends that a National Advisory Committee be constituted for the purpose aforesaid, the Honourable George Perry Graham, Minister of Railways and Canals, to be Chairman thereof, and the following to be its members:

Right Hon. Mr. GRAHAM.

Thomas Ahearn, Ottawa.

Honourable Walter Edward Foster, Saint John, N.B.

Beaudry Leman, B.Sc., C.E., Montreal, P.Q.

Edward D. Martin, Winnipeg, Man.

Dr. Wilfrid Laurier McDougald, Montreal, P.Q.

Honourable Sir Clifford Sifton, K.C.M.G., K.C., Toronto, Ont.

Major-General John William Stewart, C.B., C.M.G., Vancouver, B.C.

Honourable Adelard Turgeon, C.M.G., C.B.O., Quebec, P.Q

The Committee concur in the foregoing recommendation and submit the same for approval.

The appointment of Dr. McDougald has been criticized. I want to say that Dr. McDougald was appointed on behalf of Montreal and Montreal Harbour. That is why he got the appointment. Montreal was complaining, or fearing, that the harbour there would be injured, that among other things the depth of water might be interfered with, and I considered—and the Government approved—that the chairman of the Harbour Board was the proper person to appoint to represent the Harbour and the City. Will any person disagree with that? No.

Now, I desire not only to give a character to the Advisory Committee, but to point out the way in which this matter was approached in the report. I am going to read the names again. As each name is read I am going to ask honourable members, on both sides of the House, who come from the same locality as the member of the committee, to say if they think a mistake was made. In referring to Senator McDougald the report said—I am not quoting it word for word—that he was appointed to this committee which was composed of Right Hon. G. P. Graham, Sir Clifford Sifton, and some other gentlemen interested in water-power. Why refer to the matter in that sneering way? The report goes on, at great pains, to name the stenographers who formed the provisional board of the Sterling Industrial Company, but it omits the names of many of the men who were members of one of the biggest organizations that this country has ever had. This is not part of the evidence, any more than many of the statements made by my honourable friend yesterday were in the evidence. I have put my own interpretation upon this part of the report, and honourable members may accept my interpretation or not. It means that this committee to which Senator McDougald was appointed was composed of the old gang, Graham and Sifton, who did not amount to much, and of others who were not competent to judge of this great question, because they were interested in water-power. That is the impression that would be left on the public.

Right Hon. Mr. MEIGHEN: I am not clear about what the right honourable gentleman is referring to. Where is the reference in those terms to that committee? In what document is it?

Right Hon. Mr. GRAHAM: It will be found in our own report.

Right Hon. Mr. MEIGHEN: I have not seen it yet.

Right Hon. Mr. GRAHAM: I think it is there. It is not in the language that I have just used. I was interpreting it, and I think that my interpretation would be that of ninety per cent of the honourable members of this House. But I believe that report was not accurate. I will put it strongly: I believe it was not true. I do not believe that all those men were interested in power schemes. I do not believe my honourable friend from Saint John (Hon. Mr. Foster) was interested in power schemes. My honourable friend tells me he was not. Consequently that statement was untrue.

Now I am going to read the names, and I ask honourable members, no matter on which side of the House they are, if they have any objection to the name of a man who comes from their part of the country, to place it on record.

Thomas Ahearn, Ottawa. Is there a member of this House who would say that for a committee of this kind there is an abler man in the country than Tom Ahearn? Is there? Not one. Mr. Ahearn is passed unanimously. I want to get the approval of both sides of the House for this committee, which has been sneered at, and concerning which an untruthful statement has been put into the report.

Hon. Walter Edward Foster, Saint John, New Brunswick. Does any honourable member from New Brunswick not think that Senator Foster, with his experience, would be a good man on a committee like that?

Hon. Mr. POIRIER: He is all right.

Right Hon. Mr. GRAHAM: Beaudry Leman, B.Sc., C.E., Montreal, President of the Banking Association. What do honourable members from Montreal think of the sneer at Beaudry Leman, one of the also-rans?

Hon. Mr. TESSIER: Number one.

Right Hon. Mr. GRAHAM: Absolutely. Montreal does not object, and Montreal knows Beaudry Leman.

And what about Edward D. Martin, of Winnipeg? I am not acquainted with him. I do not know whether Winnipeg will stand up and say he is all right.

Hon. Mr. McMEANS: Carried unanimously.

Right Hon. Mr. GRAHAM: Then he is all right.

And Dr. Wilfrid L. McDougald, Montreal. I have stated the reason why he was appointed—to represent the Harbour of Montreal on behalf of the citizens of Montreal. Any objections? None.

Hon. Sir Clifford Sifton, K.C.M.G., K.C., Toronto. If any honourable gentleman, no matter how bitter a Tory or how greatly he disagreed with Sir Clifford Sifton, wanted to make a success of a project, he would be found sitting on the late Sir Clifford Sifton's doorstep trying to converse with him about it. He was a most successful man. Unanimous.

Major-General John William Stewart, C.B., C.M.G., Vancouver. Does any honourable gentleman not know Jack Stewart of Vancouver? He is one of the most successful contractors and business men on the continent of America. He is a credit to Vancouver and a credit to this Dominion.

Some Hon. SENATORS: Carried.

Right Hon. Mr. GRAHAM: There is no objection. The last name is Hon. Adelard Turgeon, C.M.G., C.V.O., of Quebec. What do honourable members from Quebec say?

Some Hon. SENATORS: Unanimous.

Right Hon. Mr. GRAHAM: It is unanimous. Then honourable members have unanimously disagreed with this part of the report.

Hon. Mr. TANNER: My right honourable friend omitted to state that Mr. Leman and Mr. Turgeon, two members of the National Advisory Committee, disagreed with the committee's report.

Right Hon. Mr. GRAHAM: I am talking about the appointments.

Hon. Mr. TANNER: And they handed in a dissenting opinion.

Right Hon. Mr. GRAHAM: Certainly, as any sensible men would, if they felt that way.

Hon. Mr. TANNER: My right honourable friend was not going to mention that fact.

Right Hon. Mr. GRAHAM: I am going to state a fact that my honourable friend did not mention in his report.

Hon. Mr. TANNER: We might as well have all the facts, you know.

Right Hon. Mr. GRAHAM: I think I had to speak in order to bring them out.

Hon. Mr. TANNER: And you need suggestions.

Right Hon. Mr. GRAHAM: I have tried to show the attitude of mind in which the matter of these appointments was approached. I think Dr. McDougald was in good company, and that he was an acquisition to the committee.

Now, my honourable friend is getting on delicate ground when he says I did not mention that there were two members dissenting from the report of that committee. Did he mention it? They were among the also-rans. They were not mentioned. Nobody was mentioned by name except Dr. McDougald—who is being charged, I say, with doing something unbecoming a senator—and Graham and Sifton.

The majority on our committee forgot something else, something that is personal to myself. They said that Graham was chairman. That is true, but they forgot to say, in justice to Graham, that for months before the report of the Advisory Committee was made he had not been on the committee at all. That was conveniently forgotten. If Dr. McDougald had forgotten anything like that, his forgetfulness would have been put down as almost a crime on his part. Yet this committee of the Senate, trying to cast aspersions on the Advisory Committee, treated one of its own members in that way.

I think I have convinced the House, as indicated by unanimous approval in every instance, that the House of Commons committee's report, which was adopted by the majority of the Senate committee, did not treat that important body, the Advisory Committee, with courtesy, but rather admonished it with a sneer, and in referring to it stated what I have shown to be an untruth.

Now I am coming to this committee of the Senate. My honourable friend who was chairman of this committee (Hon. Mr. Tanner) was also chairman of the special committee on the St. Lawrence development, of which I was a member. I was very eager to have that committee formed, and I will tell why. While I was chairman of the Advisory Committee I did not have opportunity to carry out the full investigations provided for in the Order in Council. I thought that men of experience, men interested in the transportation business, and farmers, should be called before this Advisory Committee so that the members of it could get first-hand information as to what should be done, as to how we should advise the Government, as to what effect any development would have, whether it would be to the advantage or the disadvantage of Canada. The Advisory Committee, after I retired, did not have much time to do that. So I quietly urged that we should have a committee formed in the Senate. May I say here that I believe Senate committees have no superior on Parliament Hill, to put it mildly, for intelligently finding out such information.

Hon. Mr. SMITH: Excepting this one.

Right Hon. Mr. GRAHAM: This one was intelligent, but not fair. I was very desirous of our having a committee of that kind. I discussed the proposal with several members and they seemed to be unanimously of the opinion that such a committee would be a good thing. And it was a good thing. One would imagine, if one went by reports, that my friend Dr. McDougald was head, body and breeches in the attempt to have the committee formed, but he was no more eager than anybody else to have that committee formed. We all wanted information. As I have said, my honourable friend who has been chairman of the recent committee was also chairman of the committee on the St. Lawrence development. He seems to inherit these things. The St. Lawrence committee gathered a great deal of information concerning things about which we had no knowledge, or very little knowledge, before, and the then Prime Minister complimented the committee on the manner in which it had brought out evidence.

It has been said that Senator McDougald was privately interested. I do not know whether he was or not, and as far as I am concerned I do not care, for the problem we were discussing was bigger than Senator McDougald. It affected all Canada. I did not turn around to ask if any members had stock in Beauharnois, or any harbour, or anything else. In common with all the other members, I was interested in getting the facts. Senator McDougald is criticized, mildly, because he prepared a series of questions for some of the witnesses in an endeavour to bring out information that he thought was desirable. We approved of that. It will be found, on reference to the report, that the chairman of the committee approved of having the questions submitted in that way by Senator McDougald. Surely we cannot object to that now. That was no crime by Senator McDougald, unless, as was stated here, he did these things for the purpose of improving his position as a holder of Beauharnois stock. If a senator is to be deprived of entering into discussion on any big problem affecting the country merely because he holds stock in some company that might be concerned, then a number of senators will have to get out of business or out of the Senate. It is not a very high compliment to say that

honourable members of this House should not have anything to do with the business life of the country. I cannot condemn Senator McDougald for the part he took, simply because he had some stock in Beauharnois.

I now pass on to the Sterling Industrial Corporation. My honourable friend from Pictou (Hon. Mr. Tanner) will see that I am not following his speech closely, but he will also see that I am not shirking anything. What was the Sterling Industrial Corporation? It was a corporation formed at the instance of Dr. McDougald before he was a senator. In order to make it appear as a one-horse affair, the names of the stenographers and others who were appointed provisional directors are published in full. I ask honourable gentlemen of the legal profession if it is not the practice to appoint stenographers as provisional directors when a company is being formed? Is there anything wrong about it? Perhaps some of us from the country do not quite understand it, but I appeal to legal gentlemen as to whether it is not the custom, when a company is being formed, to put in as provisional directors, for the purpose of getting a charter, the names of employees in your own offices, and to remove them when the company is fully formed. Is that the practice or is it not?

Some Hon. SENATORS: Yes.

Right Hon. Mr. GRAHAM: It is. Then what particular odium attaches to the formation of the Sterling Industrial Corporation in the same way? None. The charter was obtained before Dr. McDougald was a senator. He cannot be condemned for obtaining the charter, can he? No. But it seems that some people have condemned him for carrying out the terms of the charter and for selling to Beauharnois.

Some honourable gentlemen have attacked Senator McDougald because the Sterling Company had only a nuisance value. Let me refer to the speech made by my honourable friend from Pictou (Hon. Mr. Tanner) yesterday. He pictured Senator McDougald as almost all-powerful with the then Prime Minister. It was alleged that the senator's influence did this, that and the other thing. If Senator McDougald had had one-tenth the influence that my honourable friend said he had, then the Sterling Company would have been worth more than the Beauharnois, because he could have got anything he wanted. But that was not the case. Senator McDougald, or some other person, applied to a department of the Government for approval of a certain plan, but that approval was never obtained. That rather goes to prove that my honourable friend over-stated the influence that Senator McDougald had.

Senator McDougald retained his interest in the Sterling Company, which lay dormant for a considerable time. Suddenly he, or his associate Henry, wished to do something about it. Neither of them thought that Senator McDougald was all-powerful. If he had been, they would have been in on the ground floor and could have done what they liked. As to Mr. R. A. C. Henry, the gentleman associated with Senator McDougald, I will say, without any fear of contradiction, that Mr. Henry is one of the biggest men of his profession on this continent. Mr. Sweezey was anxious to get all competition out of the way. He wanted to have a clear field. You ask why? Just for the same reason that you would have desired it. This was his pet scheme, there were several persons or interests intervening, and Mr. Sweezey wished to keep them out. I must confess that Mr. Sweezey, who was a very wealthy young man, had some distorted ideas as to what money could do, or possibly what political influence could do. But that is not the fault of Dr. McDougald. Dr. McDougald and Mr. Henry went to a great deal of trouble in making an investigation, Mr. Henry, as I say, being a great engineer. He spent a great deal of time. Dr. McDougald paid him his expenses. I think he agreed to give him $10,000, but I do not think that much money was expended.

Mr. Henry went to Dr. McDougald with the scheme. It was not Senator McDougald's scheme at all in the first place; it was the engineer Henry's. He was asked by Dr. McDougald to look over the territory, and he did. He interested some capitalists in the city of New York, including Dillon Reid. Nobody will sneer at that firm of financiers. They sent a man over just to see what Henry was trying to do. The development of power on the St. Lawrence river had long been a hobby of his.

The time came when, as I have said, Mr. Sweezey was trying to get all other interests out of his way. I think he was too sanguine or too ambitious in his aspirations. They would perhaps have been realized more easily in some other way. Mr. Sweezey, considering this his baby, his industrial infant, conceived the idea that in order to get the best man at his disposal he ought to get R. A. C. Henry. Henry, rather than Dr. McDougald, was the man who, as Sweezey thought, was standing between him and the accomplishment of his object. Dr. McDougald had put only a few thousand dollars in, and nothing more. Mr. Henry all through his life had been a successful man, and Sweezey said to himself, "I am going to get Henry," and, rightly or wrongly, he got Henry. As the price of getting Henry he took over the Sterling,

because it was a condition that he should do so. Who made the condition? Henry. McDougald did not make it.

Right Hon. Mr. MEIGHEN: Will my right honourable friend indicate to me where there is evidence that Henry made it a condition of his going that the Sterling should be bought?

Right Hon. Mr. GRAHAM: The negotiations ended that way; so he must have stated it. My right honourable friend will agree that it resulted that way.

Right Hon. Mr. MEIGHEN: Yes, but he made no conditions whatever.

Right Hon. Mr. GRAHAM: Sweezey got what he wanted, anyway, and Henry got what he wanted.

Hon. Mr. GORDON: My right honourable friend, a moment ago, said something of interest that was news to me. He said that Dillon and Company of New York, through Mr. Henry, had invested in that corporation.

Right Hon. Mr. GRAHAM: No, I did not. Perhaps I did not speak clearly. I said they had made some investigations. No, they did not invest, but Mr. Henry was trying to interest them, to see if they would invest.

Hon. Mr. GORDON: But they did not invest anything in the company?

Right Hon. Mr. GRAHAM: The Sterling company became part of Beauharnois. I do not know whether Dillon-Reid have any interest in it or not. It is hard to get anybody to invest in it in these days. Now, let me point out that Mr. Henry went to Beauharnois and became its chief engineer—manager, rather; and he had named the price at which he would go in. It was that the Sterling was to merge with Beauharnois. It was not a cash deal; it was an ordinary merger, with interchange of stock, and so far as the interchange was concerned no money passed between Beauharnois and Sterling. It was a merger in which stock was exchanged.

Hon. Mr. TANNER: My right honourable friend will remember that the first proposition in regard to Sterling going into Beauharnois was made by Senator McDougald to Mr. Henry, and not by Mr. Henry to Senator McDougald.

Hon. Mr. DANDURAND: It would be interesting to have the conversation between Mr. Henry and Senator McDougald when Mr. Henry went to see him and ask if he was being dropped, as he had heard that Senator McDougald was going into Beauharnois.

Hon. Mr. TANNER: I know what my honourable friend says—that Henry went to Senator McDougald to see what was going to happen to Sterling, and Senator McDougald said he had better go back and consider the question of selling out, or selling Sterling to Beauharnois.

Hon. Mr. DANDURAND: And getting into Beauharnois.

Hon. Mr. TANNER: The first proposition emanated with Senator McDougald.

Right Hon. Mr. GRAHAM: Now, that has nothing at all to do with what I was discussing. Senator McDougald and Mr. Henry were not discussing a proposition for one to sell to the other. I was pointing out who named the price to Sweezey, and I say again that it was Henry.

Hon. Mr. GORDON: Well, were they not partners? If so, what difference would it make who made the proposition?

Right Hon. Mr. GRAHAM: I do like to hear these honourable members speak, but in their turn. I am a patient man for almost four hours at a lap, and I do not object to questions, for they give me a little breathing spell.

I come back to repeat that Henry, being the practical man, the man who had done the work and had given McDougald any information he had about it at all, made the proposition to Sweezey, and named the price. What was the price? First, $50,000, or 2,000 part interests. That was the basis on which these two companies merged. It is true that afterwards both Henry and McDougald sold those part interests for a rather large amount of money, and I am under the impression that you would all have done the same if you had the opportunity.

That ends the Sterling episode. We all hate to see some other man make money. Nearly all of us would rather make it ourselves—put it that way. I think I have discussed Sterling as far as it needs to be discussed. It was a proposition in which the Beauharnois wished to get Henry, and they took the Sterling and got Henry—one of the best men they could have got on this continent; and he is there yet.

Now let me point out that some person has said—I think he was not from Montreal or Toronto—that Henry was paid an exorbitant salary, $40,000. I think I can look into the face of a man who has declined a $40,000 job in the last twelve months.

Hon. Mr. LYNCH-STAUNTON: Not I.

Right Hon. Mr. GRAHAM: I am not looking at you. You are in a class where you do not need any job. How you made your money I am not going to inquire.

Senator McDougald is charged with using political influence, or, to put it in another way, it is alleged that on account of being a senator he made money in greater quantities than he would have made it had he not been a senator. Senator McDougald was asked a direct question about that in the Senate committee. He was asked, "Did you make one dollar more in any of those things on account of being a senator?" He replied, "Absolutely no." That means that he did not use any political influence; and I am myself in a position to speak of several years and say he did not. If he had had the influence that honourable gentlemen wish to attach to him he could have got anything he desired, even the approval of the Sterling Company.

I come again to that other point: either we have to say that Senator McDougald did not tell the truth in the witness box, or we have to acquit him, as a colleague, of using any political influence, or using his position as a senator to make money. If he did not use his position as a senator to make any money, then I submit that there is no case against Senator McDougald for having used political influence.

But there is another charge—I say charge, because by the devious ways of irresponsible investigations it has grown to be a charge—that of deceiving the Senate. How? Well, he said something in April, 1928, that led the Senate astray. It did not lead me astray, and I do not think I am any more conversant with his business than any of you; perhaps I am less conversant than some of you. He stated in the Senate in April, 1928, that he had no interest in Beauharnois. Was it true or was it not true? Every bit of evidence adduced before the Senate committee in hours and days to prove that that statement was not true fell to the ground. The trail by which the prosecuting attorneys hoped to trace information was through the purchase of Sifton stock in Beauharnois. That suspicion—it was only suspicion—was traversed back, forth, up, down, north, south, east and west by the able counsel, and they had to stand before the committee downcast and admit to having found no iota of evidence to substantiate the charge.

But let me refer to what was called evidence that there must be something wrong. Before one committee Senator McDougald had said he paid $46,000 in one sum, and before the other committee he had said he paid it in two sums; consequently he could not be telling the truth. Which statement was true? Now, for the real meat of the question, what difference did it make whether he paid it in two sums or in one? He paid $46,000, putting up his money for his stock, and when that was done he owed $144,000 more. I ask legal gentlemen on both sides of the House—and you, Senator Wilson—to read this evidence, and if you do you will conclude that every effort was made and every avenue explored to prove that Senator McDougald endeavoured to deceive the Senate on that particular day, but every effort absolutely collapsed and failed.

Then there comes the question, why did he make that mistake? I need not ask any man who makes a speech. I appeal to my honourable friend from Pictou (Hon. Mr. Tanner) to say whether it is a fatal mistake to make an error even in names or in dates. Senator McDougald, coming before that Commons committee, and not knowing all these questions he was to be asked, said that he had paid it in two sums, $30,000 and $16,000, but when he came to examine his books and the gentleman who acted as his financial man—

Right Hon. Mr. MEIGHEN: He had no books whatever.

Right Hon. Mr. GRAHAM: Well, it would perhaps be better for some people if they did not have them. They are disastrous sometimes; they are very bad reading. He then came to the conclusion, and knew, that he paid it all in one amount. Was he right in correcting his error, or was he not? I say it was manly for Senator McDougald to give a statement as to the proper amount. If he had not done so he would have been accused of deceiving the committee again.

How do we know that he paid the $46,000 at one time? Through gentlemen subpoenaed by the prosecution, his financial man, his lawyer, the men who through a telephone call from Dr. McDougald paid over the bonds to representatives of the Sifton interest, on the 18th of May, I think, and took a small acknowledgment of the transaction.

Perhaps you will say, "Yes, but there was something there that was burned up." My, oh my! I should not like to ask any of us how many things we burn up every day. But the reason was given for that. Mr. Sifton had asked that when this transaction was completed this particular document should be burned. I do not know what was in it; you do not; the committee does not. It did not affect the circumstances one iota. To destroy that particular piece of paper was carrying out the agreement that had been made with Sifton when the contract was completed, Sifton being very ill.

I say the suggestion that in April, 1928, Senator McDougald deceived this House is not well founded, because every bit of evidence he gave the Senate committee was corroborated by witnesses summoned by what I call the prosecution, and it proved that when he made that speech in April he did not have a dollar in the Beauharnois project.

One charge, made into a serious charge, against Senator McDougald was that in May, 1931, in making in this House a speech in which he was endeavouring to justify his statement of April, 1928—and he fully succeeded, though to my mind it did not need any justification—he used the term that he had not an interest in Beauharnois until the 2nd of October. Although he had paid over money and taken possession of some of this stock, he still owed $144,000, and the transaction was not complete, and he did not become officially the owner of this property until the 2nd of October. Or, to put it in another way, he did not officially complete the transaction until that date.

Hon. Mr. TANNER: He did complete the first 800 units; it was the second 1,600 units that he did not.

Right Hon. Mr. GRAHAM: I have stated the case accurately, and I have tried to go back again and state it more accurately, if possible. Now, is that a matter for which the senator ought to be censured, ought to be condemned? Judging from the experience of a man who thinks and speaks on his feet, I say that in all probability Senator McDougald had in mind the completion of the transaction on October 2 when he made that statement. Nothing in this incident was serious, except that somebody was trying to prove a case against him for deceiving the Senate.

Right Hon. Mr. MEIGHEN: Does the right honourable member mean by "completion" the completion of the payments?

Right Hon. Mr. GRAHAM: Of the transfer.

Right Hon. Mr. MEIGHEN: If that is the case, he never completed at all.

Right Hon. Mr. GRAHAM: It was the transfer from Moyer to Ebbs, and Senator McDougald became known practically as owner, with Ebbs as his representative.

Now, I submit that no case has been made out that Senator McDougald deceived the Senate. What else was there? First, the National Advisory Committee. I submit in all humility that when Senator McDougald, as a member of that committee, joined in the approval of a report recommending the north side, which report was made by the Joint Engineering Board, he was not using his position to help Sterling, whose holdings were on the south side, but was voting against his own personal interests.

Hon. Mr. LYNCH-STAUNTON: What is that? Explain it. I do not understand the right honourable gentleman.

Right Hon. Mr. GRAHAM: I am sorry, very sorry—sorry for my honourable friend. I say that Senator McDougald's interest in Sterling was on the south side of the river.

Hon. Mr. LYNCH-STAUNTON: The Canadian side.

Right Hon. Mr. GRAHAM: No. That is the north side. I do not wonder now that my honourable friend does not understand. It was on the south side of the river. The Joint Engineering Board sent in a report approving of the north side, the Canadian side; Senator McDougald as a member of the committee voted for the adoption of that report, which recommended the north side, while his interest was on the south side.

Honourable gentlemen, I know that I am being tedious, but I have some worthy and notable precedents.

Some Hon. SENATORS: Go on.

Right Hon. Mr. GRAHAM: Now I am going to take up the case of my old friend Senator Haydon. I want to look into the face of every man in this House, I want to look into the face of the Dominion of Canada, and say that in my humble judgment there never was a nobler character than that of Andrew Haydon.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I am proud to be his friend. Standing high in his church—

An Hon. SENATOR: Order.

Right Hon. Mr. GRAHAM: —the Anglican Church, trusted by his colleagues of that church—several of whom have discussed this matter with me—respected of all men, Andrew Haydon stands in my estimation to-day as an honest man undeserving of being attacked.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: By birth, instinct, training, education and practice, a gentleman. He is a graduate of Queen's University, and never in my recollection through all the years have I heard, even hinted, any aspersions on the character of Senator Haydon. I have known him since he was a boy—Andy Haydon—and if I appear to show some

heat, again I shall be following a notable precedent, twenty-four hours old.

As I said a while ago, I was prepared to applaud the efforts of my honourable friend from Pictou (Hon. Mr. Tanner) yesterday, but when he attacked Andrew Haydon without justification, without warrant, and in a most cruel way, I had to desist from that eulogy.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: Andrew Haydon, it was hinted and insinuated—it was not done openly; it was like the machinations of one of these investigations, without anybody being responsible—was not as sick as he pretended to be. Is that a fair inference?

An Hon. SENATOR: Shame!

Right Hon. Mr. GRAHAM: It was admitted that he was sick, but it was said that he was well enough to do this and that. I am sorry that I have to say this to my honourable friend, but I am disappointed in him in that respect.

I would not criticize any man on the other side of the House who was in the state of health that Senator Haydon is in, and has been in, even if I had no alternative but to resign my seat in the Senate.

Man's inhumanity to man makes countless thousands mourn.

If ever there was a case where we should enshroud a colleague with charity and sympathy, it is the case of Andrew Haydon, who has gone through so much and who has still more to go through. I have known him to be very ill for months and months, and every member of the committee who went to his house knew that he was ill, and could see it in his face. If honourable gentlemen had known him in the heyday of his sterling, strong manhood, with his ruddy countenance and sturdy frame, they would have known that they were not looking on the Andrew Haydon of old.

Senator Haydon has been severely criticized, but I think the bitterness results from some of the evidence he gave. Andrew Haydon, as I said before, has been a very sick man—I know it—and if we dispute that, we shall have to say that one of the leading physicians of this city also perjured himself—and no one, I think, will say that. In fairness to the committee, of which I was a member, I want to say that it did not force itself into Senator Haydon's house. I do not believe the committee would have insisted on hearing him at all. But Andrew Haydon is made of the kind of stuff that will face anything, and sick as he was, he said: "I am going to be heard before this committee if I have to go down to the committee room, and if it be the last step I ever take." His counsel urged that the committee go to his home, and after hearing Dr. Argue we went.

Senator Haydon, as those know who knew him in his heyday, was of a quiet disposition, not excitable, a very poor conversationalist in a crowd; what we call a quiet, thinking man. As soon as I stepped into the room where he was, I was almost ashamed that I had come, and I am sure that many others felt that they would rather not be there. He was nervous, probably buoyed up for the occasion, a bit talkative, altogether unlike Andy—or Senator Haydon, I should say. So critical was his condition that the doctor stood near by and at one stage told the committee that they should not go any further that day. The committee went back again. I am not finding any fault with the way in which Senator Haydon was examined. If he had been a well man, it would have been absolutely correct, and the examination might have been even stronger. But he is attacked for saying some things, and certain things were stricken out of the evidence. It must be remembered that in one or two cases he claimed his right as senator—the same right which was accorded to other senators—to make statements, and he did, under pressure, I say, make a statement concerning some conversation between Sweezey and himself that I confidently believe he never intended to make.

Put yourself in his place, you strong, healthy men. He had been in the house, in bed most of the time, for months. When he was able to come down town for a day everybody said: "I thought Andrew Haydon was sick. There he is." He had been thinking as you would think, as any sick man does in his weakness, that he was fighting the world alone. What would you have done? He was pressed for quite a long time by counsel. I am not finding fault with that. Surely he could tell of some conversation that he had had with Sweezey. That question was pressed and pressed and pressed, as I remember the evidence. Would it not irritate you if you had been there under great pressure and strain? I have a friend who has known me for the last fifty years very intimately, as she lives in my house, and when I went home she told me that if the positions of Andrew Haydon and myself had been reversed, there would not have been policemen enough in the city of Ottawa to get the committee into her house.

Senator Haydon had been pressed to tell of some conversation he had with Mr.

Sweezey, and finally he became irritated and said: "Now, you have been insisting that I tell you about some conversation I had with Sweezey, and here it is." He never said that Howard Ferguson made a demand on Beauharnois. That is not correct. What he said was that Sweezey told him that that was the reason he, Sweezey, had not got the contract through at Toronto. He did not make the statement to malign the High Commissioner. His statement was denied by Sweezey. I am not going to discuss that, however. I am pointing out the circumstances under which the statement was made, and what was said. It was not that Mr. Ferguson had held up a contract until he got an election contribution, but that Sweezey told him so. And there the matter stands.

Now I want to take up the charge against Andrew Haydon. I say in all sincerity, honourable gentlemen, that I think it would have been humane, would have shown our brotherly instinct, that in carrying on this investigation, owing to the condition of health and mind of Senator Haydon, we should have deleted the name of Senator Haydon until such time as he might recover, if recovery is possible. That has not been done; I suppose it is not customary; but it would have been the humane thing to do, and I think it is not yet too late.

Senator Haydon is charged, by lawyers, mind you, with getting $50,000. I will state the case generally. There was more than that in connection with the retainer, as I think the lawyers call it when they get something—

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM:—and that is what I am dealing with. Everywhere we heard of the Haydon firm, while as a matter of fact the late Hal McGiverin was the senior partner, and the firm was McGiverin and Haydon. Mr. McGiverin was a member of the Privy Council, an ex-member of a Government, a man who knew all the members of the Government very intimately and knew the members of Parliament more intimately than any person else in the firm. Do you not think, now, that his name would carry as much weight as the name of Senator Haydon? Oh, no; poor Hal is gone; it is the other man we are after.

I want to put it to you this way. If you were a senator, and a junior member in a firm, and your senior decided to accept $50,000 for the firm as a fee for work, would you throw it out of the window or tell him to take it back? Honest, now? If you were to say yes to such a proposal, what then? It is said that he should not have taken the money, that he should have told his senior partner: "You must not do that, Hal. We cannot take it. It is tainted money. It is too much." I should hate to trust any of you high-powered legal gentlemen with $50,000 under such circumstances, with much expectation of getting it back.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: But the wheel turns, and they say, "But Sweezey had a wrong motive." Well, are you going to charge poor Andrew Haydon with being responsible for Sweezey's motive? You are not trying Sweezey, you are trying Andy Haydon, the junior member of the firm of McGiverin and Haydon; and I have no doubt that, no matter what Sweezey's motive may have been, any man in this House would have found some reason for accepting the $50,000 for work done, being done and to be done.

"But," the committee said, "Sweezey would not have given him this $50,000 if it had not been for his influence." Sweezey may have thought that Senator Haydon's name, or the name of the senior partner, who was then a Privy Councillor, was worth a lot of money. Senator Haydon states under oath that he used no political influence among his friends to get anything for this company, but that he merely acted as a member of a firm of solicitors. Are you going to say to me, as has been hinted, that poor Andy Haydon lied when he said that? There is not one of you who believes that Senator Haydon told an untruth when he said it. You cannot find a man, woman or child in the city of Ottawa who believes any such thing, and the only way you can convict him of suspecting Sweezey's motive is by saying that he did not tell the truth.

Now I come to campaign funds—something that you all understand.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: Apart from the senator for Rockcliffe (Hon. Cairine Wilson), I think there are very few if any members of this House who have not been contributors to, or recipients or collectors of, campaign funds. I do not see anybody rising to object to that statement; it seems to be unanimously agreed to. What are campaign funds? It amuses me to see men look solemn and horror-stricken when the term "campaign funds" is mentioned. Campaign funds for elections are just as legitimate and honourable as campaign funds for the carrying on of the work of any organization in this country.

May I relate a little incident from my own experience? At one time I was charged by a clerical friend with carrying some advertising for Sunday excursions. Having been brought up in a clergyman's family, I was not very frightened. I stood his badgering and criticism for a considerable while. He lived some distance from me and I thought I would go out to the country and take a look around. I went to his parish—perhaps I should not call it a parish, because that might indicate he was an Anglican, whereas he was not; he was a member of my own church—and I discovered that I knew a considerable number of his congregation. I asked him if he was acquainted with So-and-so. He said, "Yes; he is one of my best contributors." Then I asked, "Does he go to church?" And the reply was, "Yes; his wife goes every Sunday." After talking the matter over a little further I asked him, "Did you say that So-and-so was a regular contributor?" "Yes, one of the best." Then I said: "Do you know that he gets the money he gives you from selling whiskey? And you are a good temperance man! Good afternoon." I never saw him any more.

When you receive campaign funds—as you all have done—it is not the habit, even in high places, to ask the man who brings in the money where he got it. Did any honourable member ever ask a man who was helping him out in an election—and it is no disgrace to be helped out in an election these days—"Are you sure you did not get that money from some place where you should not have got it?" No. You take it and trust to providence to justify the act. None of you have ever considered where you got it; your thought was rather about what you were going to do with it. That is unanimous. In this day and age the expenses of an election, from which we as individuals are freed, are enormous. My honourable friend from Inkerman (Hon. Smeaton White), who has a pretty good paper—if we do not compare it with the Recorder and Times—does not question where the money comes from to pay for his page advertisement for either party. And, to be frank, so it is with me. We take the money; we do not ask where it comes from. We want the advertising and we want to be paid for it. The expenses of advertising in this age are enormous, and I am glad of it. In earlier days men went from door to door and made speeches from town to town. Now speeches are fewer and the candidates advertise. The cost of advertising is a legitimate cost. Payment has to be made not only for newspaper space, but for radio broadcasting, for posters, and so on.

Hon. Mr. TESSIER: And automobiles.

Right Hon. Mr. GRAHAM: Every dollar that can be collected is needed to help the poorer candidates meet their legitimate expenses. There must be campaign funds. Not only are there the expenses of elections, but in between the campaign years the parties have to maintain central offices. These must be staffed, literature must be sent out, and money must come in. No one, I think, will disagree with me when I say that campaign funds, if legitimately used as campaign funds for election purposes, are just as proper and honourable as campaign funds for the Red Cross.

I must get on to the crux of the matter. Senator Haydon is charged with taking a large sum of money from Sweezey, it being said that Sweezey is the Beauharnois Corporation. But is he? He swears he himself gave money to both parties. It is said that he could not have done that. And the report says that senators directly or indirectly received campaign funds from the corporation. But that is not Sweezey's evidence. He says that in both cases he gave the money personally. My honourable friend from Pictou (Hon. Mr. Tanner) seemed to paint a halo around the head of Mr. Sweezey yesterday and to believe the whole of Mr. Sweezey's evidence to which he made reference. Is he going to disbelieve it in this connection? No.

Mr. Sweezey was a rich young man with ambition, and in order to realize that ambition he did not hesitate to give his money altogether too lavishly. I say that advisedly. He would not hesitate a moment in giving to the political parties twice what he did give if he thought that by so doing he would be helped in achieving the object of his ambition. I repeat, his evidence is that he himself, and not the company, gave the money. I can prove that in the opinion of some honourable members, if Senator Haydon got the money from Sweezey and not from Beauharnois, then the gift was all right. My honourable friend laughs.

Hon. Mr. McMEANS: I do not.

Right Hon. Mr. GRAHAM: I am going to prove that that is his opinion. I have expressed mine and I have stated what the evidence shows. In the evidence about the contributions, I think, Mr. Sweezey or Mr. Griffith swore that $10,000 had been given to the Conservative campaign funds. I have no reference to the private gift to Mr. Bell. It was the most natural thing to make a gift of that kind to an old friend. But there was another prominent man in Montreal to whom I think $10,000 was given, General McQuaig.

Hon. Mr. McRAE: I hope the right honourable gentleman will excuse me if I object to his introducing my name into the matter.

Right Hon. Mr. GRAHAM: I did not do so. I said General McQuaig.

Hon. Mr. McRAE: I apologize.

Right Hon. Mr. GRAHAM: Will there be a subscription given with that? I think there ought to be. I am not speaking slightingly of General McQuaig. He had a perfect right to do what he did. But when it was intimated by Mr. Griffith in the box that the $10,000 given to General McQuaig came out of Beauharnois, what a flutter there was in the dovecots. Mind you, it had been testified that the amount given to the Liberal campaign funds had come out of Mr. Sweezey's own pocket, but Mr. Griffith said that the amount given to the gentleman in Montreal for the Conservative party—not Mr. Bell—came out of Beauharnois. And then what happened? Mr. Griffith was sent for pell-mell, and Mr. Sweezey too. What for? To come up and correct that evidence, as they did. After consultation and consideration they said the money came out of Sweezey's pocket. Then what happened? Not a word was said. When it was transferred from Beauharnois to Sweezey the gift was sanctified. My honourable friends know that that is the case. Well, if the money that went to both parties came out of Mr. Sweezey's private pocket, and not from Beauharnois—and this is what Mr. Sweezey swears—what case is there against Senator Haydon for taking money from Beauharnois?

Now I will pass on to Senator Raymond. I shall do my best to get through in almost as short a time as my honourable friend from Pictou (Hon. Mr. Tanner) did. The first thing that is said about Senator Raymond is that he made a lot of money. Yes; and if honourable members knew Senator Raymond they would not be surprised. There are a few men who have the faculty of making money while going through life slowly, but with their eyes and ears open. Mr. Sweezey and Frank P. Jones got into this Beauharnois matter. Any honourable gentleman who is acquainted with Mr. Jones knows that he will not work with any double-headed presidency or management. He has the great distinction of having been born in Brockville, which shows that he is no coward, whatever else he may be. As I say, he and Sweezey both got into this and they got Senator Raymond to take some part interests.

Hon. Mr. COPP: Eight hundred part interests.

Right Hon. Mr. GRAHAM: Then the time came when Jones and Sweezey fell out as to who was going to run the show. They knew that the two of them could not operate together, for Frank Jones would not play second fiddle to any person in the world. The evidence shows that options were given to Jones. Transactions of that kind are carried on every day in the business world. Any honourable member who is in business knows that at times there is a tangle like the one I have been referring to, where one partner says: "I will go to my partner and name an amount. He can buy me out or I will buy him out." Frank Jones came to Senator Raymond and said, "I want to make a proposition to Sweezey, because either he or I will have to get out of this." Senator Raymond said: "All right; I will do whatever you say." He gave his proxy to Mr. Jones. A little capital was sought to be made out of the fact that Senator Raymond said he did not pay much attention to this. That is in line with everyday experience. If a friend of mine, in whom I have confidence, comes to me and says, "Graham, I have a good thing," I may not know anything about his proposition, but I may take action because of my confidence in him. So Mr. Jones went to Sweezey and said: "My group will give you $550 a share. I will buy you out, or you can buy me out at the same figure." Sweezey decided to do the buying. He paid the amount asked, and that is how Senator Raymond made his money and got out of the syndicate. Sweezey stayed in with his group. Now, what was wrong with that? As I say, transactions of that kind are going on every day. This affair simply showed that Mr. Jones and Senator Raymond were shrewd business men. They were prepared to put up their money or to take Sweezey's money, and they left it to Sweezey to make the choice.

What did Senator Raymond do then? He wanted to keep 351 shares and he went and bought them, paying $550 a share for them. He had sold out part of his first shares to a friend; there is where he made some of his money. That was before any of the stock went on the market. What I have said about the matter of party contributions, with respect to Senator Haydon, applies absolutely to Senator Raymond. He followed the custom with which all honourable members are familiar. He was a trustee for part of the campaign funds of his party. And no person has yet said that one farthing of campaign funds placed in the hands of Senator Haydon or Senator Raymond ever went astray.

I am prepared to go as far as the resolution goes, for the future. I am prepared to go

farther, if you like, and say that honourable members of this House should not collect or—

An Hon. SENATOR: Contribute.

Hon. Mr. McMEANS: Hear, hear.

Right Hon. Mr. GRAHAM: No, I would not say that. If I did not know who said that word I should have thought it was a Scotsman. But I would say that honourable members of this House should not be custodians or collectors of campaign funds of any kind. Members of the House of Commons, being the needy parties, should look after their own campaign funds. But I do say that every senator has a right, and almost a duty, to contribute to the funds of his party.

I have talked long enough. I have tried not to say anything offensive, and as I sit down it is my conviction that I have no apologies to make. Not having had a legal training, I have not been able to treat the evidence as analytically as some honourable members can, but I have tried to state the salient facts clearly. And I want to reiterate my belief that I am as careful a custodian of the honour of this Senate as any other member is; no one has more interest in the welfare of this House. I cannot join in condemning my colleagues. After careful and conscientious consideration, in an endeavour to act as I would if I were a juryman under oath, I cannot concur in findings which will condemn my colleagues, who, I submit, are not guilty, under the evidence.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this is the first time in six and a half decades of our national history that the duty has devolved upon the Senate of reviewing and making a decision as to the conduct of members of this body. We all hope that it will be the last.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: It behooves us in the pursuit of this inquiry to exact from all concerned the utmost fairness and a sternly judicial attitude towards our fellow members. So far as those senators especially associated with myself are concerned, I have been anxious, and am still, that no pressure of any kind be brought to bear. My desire has been that they should examine the facts in a spirit not only of fairness but of sympathy for all concerned, and come to their conclusions under the compulsion of conscience and of nothing else. There never was a case where anything in the nature of party prejudice or party ambition had less right to intervene. Those feelings ought to be foreign —and I want to give everyone credit for a desire to make them foreign—to the problem; and I hope by my own remarks to-day to convince honourable members that I have at least tried to view the subject wholly apart from all considerations of that kind.

I have no complaint to make, on the score of fairness, of the speech that has just fallen from the lips of the right honourable senator from Eganville (Right Hon. Mr. Graham). From the standpoint of the debater, it was fair. I fear he disclosed himself as so devoted and enthusiastic a friend of at least one of those concerned that he is disqualified as a juror in the case. But even that I am prepared to overlook.

My principal objection to the speech he made is this, that it dealt not in the essence of the case. I do not say that in every feature of his speech he avoided fundamentals, but in far the greater part of it he was speaking of the mere trappings and the suits, the trivial externals, taking note just of fleas and insects around the corpus of this great matter, and not of what is of the essence of the problem which we confront.

May I make clear one or two matters of principle before I go into the argument? I would not for a moment say that because a senator in this House makes a statement not in accord with the facts, he should be expressly censured, with the seriousness that this censure conveys. If he make such a statement inadvertently, it is only a subject for correction. If he make it even with intent, in the ordinary course of debate, it becomes a subject for rebuke. But there is a sphere in which the statement of a senator assumes a wholly different character. When he is talking in that sphere a responsibility far heavier falls upon him. The class of subject to which I refer is that of his personal interest as related to his public duties. When he is in that sphere the utmost scrupulousness is demanded of him, not only in the care of his utterances, but in his absolute fidelity to and full disclosure of facts, Over the whole history of British parliaments and all parliaments on the British model those parliaments have demanded on the heaviest penalties a rigid adherence to facts and truth in every utterance on that class of subject. And the reason for such uncompromising insistence is very evident to all. Without such a responsibility resting inexorably upon a member our institutions would fail of their purpose; fail because the public would not have confidence in them.

Another thought. I want to say that I do not think a man coming to trial should have a prejudice against him simply because he has

been a custodian of party funds. First, I do not think it is any offence at all, or any unworthy conduct, for a man to act as such custodian. I go even further: I say that fact alone is rather a certificate of character; it evidences on the part of those who know him best a confidence in his personal honesty. Having said that, I hope no one will accuse me of approaching this question in a spirit of self-righteousness or of prejudice against those concerned. I can say, and I know the senators concerned will believe it to be true, that I have no prejudice at all, unless it be a prejudice in their favour. Perhaps I should add no more to that phase.

I desire now to place in perspective the history of this case, and, in as little time as will satisfy the needs of the occasion, to outline the connection therewith of the senators concerned. Actions unbecoming on the part of senators, and with which these senators are charged—I do not shrink from the word—I shall try to keep distinct from other things which may be referred to in the evidence and the report, but which really have little or no relation to the main fundamentals essential to an intelligent conclusion.

To recite the connection of Senator McDougald with the project is to give an historical summary of the whole affair. He enters at the beginning and he stays till the close. In reciting now his connection with the project my primary object is not to bring home to him responsibility for the conduct of which he is accused in the report before us, but only to set forth what has taken place.

On the 7th of May, 1924, he was appointed a member of the National Advisory Committee to inquire into a proposed canalization and power development of the St. Lawrence river. That committee continued until the 11th of January, 1928, when it made its report. Possibly this is the place to refer parenthetically to that section of the speech we have just heard which was designed to convince honourable members that a grave injustice had been done that Advisory Committee, and that this in some unspecified way affected the guilt or innocence of those accused. I had never known that the report of the Commons committee contained any sneer on this National Advisory Board. On the whole, I think, pretty good men were appointed. But there is contained in the report, in the course of a review of the occurrences, a reference to the appointment of that body, stating the names of only two members—Right Hon. Senator Graham and Sir Clifford Sifton—and the way in which the members are referred to is this: it is said that the committee "included" those two men and other men "interested in hydro-electric development." That is the sneer.

Right Hon. Mr. GRAHAM: It was not true.

Right Hon. Mr. MEIGHEN: It was true.

Right Hon. Mr. GRAHAM: No.

Right Hon. Mr. MEIGHEN: Of course it was true. The committee included the two men; that is true?

Right Hon. Mr. GRAHAM: Yes.

Right Hon. Mr. MEIGHEN: It included other men interested in hydro-electric development. Who were they? When I repeat their names it is not to insinuate that they were not good men. Sir Clifford Sifton, Mr. McDougald, and Mr. Ahearn were some of the members of a committee of about six. Certainly, therefore, the statement was true. It may not have been worth while to point out the fact, but that is the only criticism one could make. Even this is too much attention to devote to what is just an external, a mere matter of the colour of an awning of a house in an estimate of its architecture.

Very well. On that committee Senator McDougald sat until it made its report on the 11th of January, 1928. In the meantime he became a senator, called in June of 1926, I think, and taking his seat and being sworn in December of that year. In the spring of 1928, on the 20th of April, he took his place on a special committee of this House whose purpose was to inquire into and report upon the development of the St. Lawrence river for purposes of navigation and power. That committee, of which he was a member, made its report on the 7th of June of the same year.

During this period, and from early in 1922, Senator McDougald had been, except for a very small interval in 1926, chairman of the Harbour Commission of Montreal.

Now I go back again to deal, historically only, with other things with which he was occupied, so far as they affect the cause that we are reviewing. On the 5th of July, 1924, or about two months after he took his place on the National Advisory Committee, Senator McDougald had incorporated a company known as the Sterling Industrial Corporation. The five shares which he held, he stated—honestly, I do not doubt—represented this property and he intended to divide them in some way with Mr. R. A. C. Henry. The main purpose of this corporation was to interest itself in hydro-electric development. On the 5th of July, the day of its

incorporation, it filed an application with the Railway Department for power to divert 30,000 cubic second feet of the river St. Lawrence at Soulanges for the purpose of power production. On the 7th of the same month it filed a similar application with the Department of Public Works. Its formation was due to an understanding between Dr. McDougald—not then senator—and Mr. R. A. C. Henry, who by this time had become head of the Department of Economics of the Canadian National Railways, by which understanding some plans of Henry with relation to the St. Lawrence were to be investigated, and, if they proved good, to be adopted for the purpose of making money. Dr. McDougald undertook to finance Henry in this investigation to the extent of $10,000, and actually did finance him through the Sterling Company to the extent of not more than $3,500.

Commencing in 1902, there had grown up a company known as Beauharnois Light, Heat and Power Company, whose purpose was to secure the old Robert rights relating to power development in this same district, on the south side—as did the application of Sterling. This Beauharnois Light, Heat and Power Company in 1927 became the property of Mr. Sweezey under an option, and thereafter he proceeded, step by step, to secure powers of an enlarged character for this development, making application therefor to the Government of Canada, and making and pursuing an application to the Government of Quebec. In due course, on the 27th of April, 1928, it obtained from the Government of Quebec authority for the execution of a lease of 40,000 cubic second feet of water, and the lease was executed the following month. It was at this point that the company was able to reach the first milestone of its progress.

Now we have come only to the establishment of the Beauharnois Light, Heat and Power Company and the conferring upon it of the necessary franchise and concessions by the Province of Quebec. This company, of which the moving spirit was Mr. Sweezey, knew that even if it were conceded that the powers granted by the Province of Quebec belonged solely to that province—a question which is not yet decided finally—it was still necessary to obtain approval by the Dominion Government, under the authority of the Navigable Waters Act, of all its plans for the production of power and canalization of the river. It knew that it had to face a Government which at least had not conceded that it did not possess the original authority to grant the rights based on the ownership of power. The company knew it had to obtain this consent from a Dominion Government which could not abandon its claim even to the authority exercised by the Government of Quebec, and which in any event had to be satisfied from the standpoint of navigation that the works were in the interest of the country.

The company set about obtaining this approval, and in January, 1928, filed its application with the Department at Ottawa. But approval of the application was long delayed. Many exigencies intervened. Many, indeed, were the methods employed to expedite its progress. At last, on the 8th of March, 1929, approval was given by the Government of Canada, with conditions attached thereto. The second milestone had been passed and the company was well on its way.

At this point it is essential to recall that after Mr. Sweezey got this option on the shares of the Beauharnois Light, Heat and Power Company in 1927, he went about financing the option by the organization of a syndicate known as the Beauharnois Power Syndicate, which became the owner of the option and subsequently the owner of the stock. Mr. Sweezey was a holder of units in this syndicate. Some other men became holders. The number was comparatively few, totalling on the 4th of April, 1928, about 18 or 20.

The amounts paid for these units—which cannot technically be called shares—varied. Some persons got their units at $37.50 apiece, others at $40 odd apiece, but the general run-of-mine subscriber paid $100 apiece. This syndicate was converted on the 4th of April, 1929, into another syndicate, the second, commonly called the Beauharnois Syndicate. All the men who had shares in the first got double their number of shares in the second. There is nothing wrong with that. They were given also the right to subscribe for the same number of shares in the second as they received by the doubling of their shares in the first. That is to say, if a man had 800 shares in the first those were converted into 1,600 in the second, and at the time of the conversion he was given the right to subscribe for 1,600 more in the second at $100 each. All subscribers took advantage of that option. This meant the issue of four times as many shares of the second as there were of the first. There were 5,000 of the first, 20,000 of the second. Additional shares or units of the second were disposed of in one way or the other, chiefly by way of purchase of Sterling Industrial Corporation, until altogether 25,000 shares or units were outstanding in the second syndicate.

Shortly after approval by the Government of Canada had been given to the Beauharnois Light, Heat and Power Company's application and the concession from Quebec for the development at Soulanges, the second syndicate formed the Beauharnois Power Corporation, a mere holding company, for the purpose of taking over the assets of that syndicate, which assets consisted of the stock of the Beauharnois Light, Heat and Power Company and a certain small amount of cash in the treasury. An arrangement was made on the 31st day of October, 1929, at a meeting of the provisional board of directors of the Beauharnois Power Corporation, the holding company, under which it would take over the stock of the second syndicate. The arrangement was that it should pay $4,750,000 for the stock, and that the holders of the units of the second syndicate would have the right to subscribe for a million shares of the stock of the Beauharnois Power at $1 a share. That would mean $1,000,000 for a million shares, or the great majority of the stock of the Beauharnois Power. So the net receipts of the members of the syndicate would be $3,750,000, and they would also receive, free, the million shares of the Beauharnois Power. Such was the consummation of the syndicates, and from this time on the Beauharnois Power Corporation has been the owner of the stock of the Beauharnois Light, Heat and Power, and has proceeded to finance thereon.

At this same meeting of October 31, 1928, at which, for these vast sums, the purchase was made of the assets of the syndicate, it was further decided to sell to the Dominion Securities and Newman, Sweezey and Company, $30,000,000 of bonds of the Beauharnois Power Corporation, secured on the assets of that corporation, which consisted of the stock of the Beauharnois Light, Heat and Power. These two vast transactions were put through at the meeting on the 31st of October, 1929. The right honourable senator from Eganville (Right Hon. Mr. Graham) appealed to us all to agree that it is quite the thing for provisional directors, who usually are clerks or stenographers, as we know, to stay there until the company is organized. So it is. But in this case, though it is of no great importance, the provisional directors stayed much longer than that. They stayed so long that the real owners never came on the scene and took responsibility until these provisional directors had sold $30,000,000 of bonds and bought all the assets of the syndicate. All this occurred on the 31st of October, 1929.

Then the bonds were sold, secured by the stock of the Beauharnois Light, Heat and Power Company—all the assets they had—and out of the proceeds of these bonds was provided the money to pay the syndicate the net sum of $3,750,000.

This is the proper place to call attention to the fact that in the process there was a trade here and there, and Senator Raymond made money by a sale to Jones, and someone made money by a sale to Simard, and someone else made money by a sale to someone else of the units of these syndicates. All these profits which were being secured had to be paid for ultimately out of proceeds of the bonds to which the public subscribed. The public paid the money—not the public in the political sense, but business men, widows and orphans, and hard-handed peasants, bought the bonds that were issued.

I think the account is now practically complete, save to refer to the process of securing concessions. I make no reference to those secured from Quebec; they are not our business. The concessions were in the way of approval of plans by the Government of Canada, which plans contained an express right to divert 40,000 feet, whether the Government had the right to give that grant or not. In the securing of these concessions the efforts of Sweezey and his associates are what constitute the main part of this drama. Many persons were engaged, many methods were resorted to, in order to overcome obstacles, legal, engineering and political. All sorts of people —lawyers—were employed, who declared in evidence that their duty was to "create an atmosphere." Apparently they were not lawyers, but perfumers. Efforts were made to get into the vortex of these syndicates men who were believed to stand well with the Government. It is all too common a habit on the part of some people to think that if they can do this they can get anything. This is the way Sweezey went about it, and one cannot blame Sweezey, who was after his objective. As long as he did not break the law one could not find any fault. But the point is: did he or did he not induce others to take money for what could be nothing but their political influence?

I do not think it is necessary to carry the survey further. Now I go back to treat of those concerned, one by one, and I shall endeavour, if I err at all, to err on the side of fairness, if not generosity.

Right Hon. Mr. GRAHAM: Would the right honourable gentleman like to call it 6 o'clock?

Right Hon. Mr. MEIGHEN: I should like to refer to one man first—I can complete

what I have to say in this regard before 6 o'clock—the name last mentioned in the speech of the right honourable gentleman from Eganville (Right Hon. Mr. Graham).

I find myself more in accord with the remarks of the right honourable gentleman there than in any other portion of his address. There is no question that the conduct of Senator Raymond, as defined and reported on by this committee, is in every way distinguishable from the conduct of other senators affected. The committee makes no express censure of Senator Raymond. The committee does say, evidently more by way of guidance for the future than for any other purpose—and of this the right honourable gentleman from Eganville (Right Hon. Mr. Graham) makes no complaint—that it disapproves of the action of senators in becoming largely interested in companies which are dependent upon government concessions, favours or franchises, and it also disapproves of senators afterwards becoming intermediaries for the collection of campaign funds from such companies.

Now, as this committee is charged, impliedly, with unfairness, I ask honourable members the question: Could any committee of this House proclaim to this Dominion that senators had a right to engage in such undertakings? Would any of you care to go before any audience in Canada and say, "I have the right, as a senator, to put my money into a company whose very breath of life is a concession from the Government that presides over the nation of which I am a senator, and whose actions I am called upon to review day by day in the course of my duty"? Dare the committee have taken any stand less critical and attempt to justify itself before the people of this Dominion? I think not.

No one was more pleased than I that the committee felt able to report as it did with regard to Senator Raymond. His standing in this House and in this country has been high. I am not saying that the committee was unduly generous to him. I think the report is fair and right.

The next portion of the report which I wish to discuss refers to Senator Haydon. I shall not do more before 6 o'clock than say that my knowledge of him has been very slight. I cannot aspire to call my acquaintance with him by the name of friendship, but such as it was, it disposed me in his favour.

I accept the statement of the committee, and the committee accepted the statement of Senator Haydon, that he is ill, and has been ill for many months—severely ill, perhaps seriously ill—and I feel that in disposing of this unpleasant duty we are justified in keeping his condition in mind. I think the committee kept it in mind. I think it sought to treat him not only fairly, but with kindly consideration. But the committee had to decide, "Shall we or shall we not investigate the relationship of Senator Haydon to this Commons report?" If the suggestion had been made that it would have been better at that time to postpone action—I do not think it was made—I should have found no fault with the committee for so doing. The right honourable senator from Eganville (Right Hon. Mr. Graham) nods his head, confirming the fact that no such suggestion was made. The committee felt that this House, knowing of his condition—it had been well known for some time—had resolved that this subject should be investigated, and investigated now. How, then, could the committee have done otherwise than pursue the mandate on which it rested, and seek to discharge that mandate to the best of its ability?

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Right Hon. Mr. MEIGHEN: Honourable senators, before coming to the close discussion of the connection of Senator Haydon with these matters, I want to make mention of some other circumstances alleged in general extenuation or defence of the three senators, by the right honourable gentleman from Eganville (Right Hon. Mr. Graham). He argues that this subject has not been treated properly, that an indignity has been done to the Senate of Canada, because a committee of this House in rendering its report chose to follow the form of making quotations from the findings of the House of Commons committee and adding its affirmation that these findings were true. I should like to think that this House will never suffer any greater offence than that. What are the circumstances? This House last session professed to be "gravely disturbed" by the findings of a House of Commons committee as they affected three senators, and unanimously resolved that a committee should be appointed this session to examine into those findings. In pursuance of that unanimous decision we unanimously agreed this session to refer the report of that Commons committee to a committee of this House for examination and report. Well, if there is any illegitimacy—and I do not know why that term should be applied—to the Commons report, surely we should not have referred that report to our committee. But we unanimously made that reference. It was

done with the approval of the senator from Eganville. This House unanimously resolved to do so last session, before I was a member. Consequently the House adopted the illegitimacy, if there was any, then, and it was done with the right honourable gentleman's own vote. But what illegitimacy is there? I should have liked the right honourable gentleman to have expanded on that argument; and if he had expanded on it I should have liked to see him make a greater success of his effort than that made by counsel for Senator McDougald in their argument before the committee. Counsel for Senator McDougald merely give two quotations in an endeavour to show that a Commons committee commits some breach of decorum or of constitutional practice in making reference to senators in any report to its own House. I have before me the two citations that counsel use. The first is from Bourinot and is as follows:

> Each house, however, exercises and vindicates its own privileges independently of the other. . . . Each House declares for itself what cases are breaches of privilege, but the grounds for their action are based upon the same principles and precedents.

How can anyone read into that dictum a contention that if a committee of one House is investigating a subject and finds that members of the other House are concerned, it must be silent as to those members? No human mind could extract such a conclusion from those words. They merely say that each House is independent in the exercise of its own privileges.

The second quotation is from May's Constitutional History, and is as follows:

> Both Houses of Parliament "must act within the limits of their jurisdiction, and in strict conformity with the laws. An abuse of privilege is even more dangerous than an abuse of prerogative. In the one case the wrong is done by an irresponsible body; in the other, the ministers who advised it are open to censure and punishment. The judgment of offences especially should be guided by the severest principles of law."

I ask honourable senators opposite if they think that quotation has the slightest bearing on the contention that a committee of one House is debarred from bringing into its verdict any reference to or reflection upon a member of the other House. I cannot find it there. Both quotations are wholly irrelevant to such a contention. When three able counsel, after searching all authorities and examining constitutional jurisprudence, can bring only these quotations to our attention, surely it is quite a stretch in the way of a personal appeal for the right honourable senator from Eganville to ask us to say that what the Commons committee did was illegitimate, and that our committee is offering an indignity to this Senate in daring to say that it found the verdict of the Commons committee to be true.

The right honourable gentleman says the committee searched for means of holding Senator Haydon up to contempt or misrepresentation. It even asserts, he tells us, for the purpose of emphasizing responsibility, that the law firm of McGiverin and Haydon was "Senator Haydon's firm." The right honourable gentleman says that the head of that firm, until he died, was Mr. McGiverin, and that at the time of the occurrences with which we are concerned Senator Haydon was only a junior partner; therefore it is doing him a gross injustice to refer to the firm as his firm. While he was on the subject I took a minute and a half—and no more—in turning up evidence and I found in no less than three places Senator Haydon, in his own evidence, in speaking of that very time, had called it his firm. Do I need to quote? Look at the bottom of page 193. Senator Haydon was asked:

> What were your relationships with him? Business relationships?

That is with Senator McDougald. And Senator Haydon replied:

> My firm and myself had business relationships with him, yes.

And further up on the same page, Senator Haydon said:

> I want to say further that any retainer my firm had was a retainer that any lawyer might accept . . .

This was part of the prepared statement by Senator Haydon; it was written out and read. And on the next page he said, "My firm" incorporated the company. What hideous offence was it for the Senate committee to adopt Senator Haydon's own language in reference to his own firm?

But the right honourable gentleman from Eganville was at least occupying our time better when he sought to argue that it is a mistake, in any event, to investigate the conduct of a member of either House unless some other member takes the responsibility of making a charge. I have a great deal of sympathy with that general view. Indeed, I think that that general principle has been too frequently violated. But what are the circumstances here? Why does he urge this as a reason for not adopting the report? Why does he urge it even by way of suggesting that there was anything unfair in the proceedings? No one on this side of the House, at any time or in any place, entered into pursuit of these

three senators, or evinced the slightest interest in making trouble for them in any way whatever. The situation we are in has been forced upon us; not by anyone who had not the public interest at heart; nevertheless, so far as our position goes, it is an involuntary position. The other House, on the motion of a member who certainly is no close friend of the party to which I belong, appointed a committee to investigate a definite transaction. In the course of the inquiry certain things developed, which convinced the committee that if it was to report the facts and not ignore them it had to make certain statements with regard to three senators. The committee felt it to be its duty to present that report to this House so that we might exercise our independent judgment and vindicate the proper place of this body in the Parliament of Canada, faithful to that duty expressed in the language quoted by the two lawyers for Senator McDougald, and just referred to by me. This House never for a moment doubted that this procedure was right, and it unanimously voted a year ago that as soon as this session opened we should take that report into consideration. We unanimously appointed a committee, and the committee, taking the report from the Commons into account, felt it its duty to frame its verdict on that report. If there could be a more logical sequence of events, my mind is not able to comprehend or suggest what it would be.

I am not going to endeavour to compete with the right honourable senator from Eganville (Right Hon. Mr. Graham) in the eulogy he gives of the character of Senator Haydon. I am not qualified from any point of view. He has placed around his head a halo which some of us will be able to see in our visions like a spare tire. It may all be true; I do not know; but the question whether it is or not is not the issue that is before this House. It is not such an issue that is before any assembly or tribunal in the determination of its verdict in respect of allegations and evidence which have been submitted to it. The honourable gentleman seeks to impress upon us that if we find any fact adverse to the three senators, we are refusing to accept their own sworn testimony. He says their own sworn testimony is that they did no wrong. Is not Senator Haydon, he asks, on record as saying that he took only the retainer that he had a right to take? Is not Senator McDougald on record as saying that he did not make a dollar except what he could have made if he was not a senator at all? He says it is our duty to protect our fellow senators, and not find such a verdict as to lay them open to a charge of having sworn falsely.

I venture to say that if a court were to accept the sworn opinion of men accused of wrong-doing in any particular transaction, there rarely would be an adverse finding. All tribunals, this tribunal included, must go down beneath opinions, especially those of the accused. They must get at the underlying facts and try to find out where the truth really is, and where the guilt really belongs.

Now, I proceed to make that inquiry in the case of Senator Haydon. I think I have disposed of the idea that there is anything unfair in the development of the whole case; in the conduct of the lawyers on one hand, or the committee on the other, in relation to any of these men. Throughout the entire report I find repeated tributes, on the part of counsel for the three senators concerned, to the fair way in which the whole proceeding was conducted, and especially to the fairness of counsel for the committee in their attitude towards and treatment of the men affected.

To put the charge or accusation against him briefly, Senator Haydon has to answer for two courses of conduct. One is that his firm, including himself, with his knowledge and approbation, accepted from Sweezey a retainer contingent upon the approval of Sweezey's application to the Governor in Council for ratification of his St. Lawrence plans. I ask honourable gentlemen opposite, who are concerned equally with us for the good name of this Senate, for its place in our constitutional structure, for its future as an instrument of government—I ask them, will it be contended that a member of this House who is a lawyer is in a position and has a right to take a fee, however large or small, conditional on the success of an appeal to the Administration for a concession? Will any honourable gentleman suggest that?

Hon. Mr. FORKE: I do not think it was ever put as baldly as that.

Right Hon. Mr. MEIGHEN: No, but it should be.

Hon. Mr. FORKE: That he would not be paid unless they got the Order in Council put through.

An Hon. SENATOR: That is the whole case.

The Hon. the SPEAKER: Order!

Hon. Mr. FORKE: A case was suggested in which a lawyer, if he was successful, would receive a fee much larger than if he was not successful. That was exactly the position.

There was no agreement, but you will find it in the evidence that a larger fee was expected to be paid should the Order in Council be passed. Sweezey said that himself.

Right Hon. Mr. MEIGHEN: I do not want to be severe on the senator. I give him the credit of saying that he thinks he is right.

Hon. Mr. FORKE: He has often experienced your severity in the past.

Right Hon. Mr. MEIGHEN: Will the honourable senator listen for a moment?

Hon. Mr. FORKE: Yes, I will.

Right Hon. Mr. MEIGHEN: Mr. Sweezey on his examination was asked a question, and then the following questions and answers occurred:

Q. Yes?—A. Then when I saw him again he had—apparently the other retainer had worked its time out and he was free to act for us, and then I entered into a discussion upon the terms upon which he would represent us, and he asked a retainer that I thought was much too much, particularly as we were not sure of our ground up to that time. He asked a retainer of so much a year, which, as I remember it, was in excess of $30,000.

Q. A year?—A. Yes. So I thought it was too much; but after quite a lot of discussion, I said that if our efforts were successful and the company were launched and going, it would not be so bad to pay that much, but if we did not succeed and I had to take it out of the pockets of a few members of the syndicate, it was difficult. However, by a compromise I agreed that if the thing got through I would much 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. To me it looked much easier to do so on the event of success than to do it regardless of the time and conditions we then faced.

Q. It always makes the lawyers work harder? —A. It is human nature to work harder at a price.

And then down farther:

Q. And when you employed Senator Haydon and agreed to pay him $50,000 that fee was contingent on the Order in Council passing?—A. Yes.

Hon. Mr. FORKE: That was Sweezey's statement.

Right Hon. Mr. MEIGHEN: Whose did the honourable gentleman think it would be? It was not Haydon's anyway. I would suggest to the honourable gentleman that he should have at least a remote acquaintance with the evidence.

Hon. Mr. FORKE: I have read it several times.

Right Hon. Mr. MEIGHEN: Certainly Haydon has never suggested that it was a contingent fee. We have never said he did. Sweezey is the man that made the bargain, chiefly with Mr. McGiverin, of McGiverin, Haydon and Ebbs. He (Haydon) knew of the bargain, and that is what we propose to discuss.

Hon. Mr. FORKE: But your statement is about Senator Haydon.

Right Hon. Mr. MEIGHEN: The honourable senator from Brandon (Hon. Mr. Forke), I venture to say, has as much knowledge of the 1,300 pages of evidence as if he had never heard of the inquiry at all. I do not want him to stand here and assume that he knows it in detail, because he does not. The fee, according to Sweezey, was contingent. Had Sweezey any object in telling that story? Senator Haydon had an object in giving his version, very grave and vital to him. To him it was a matter of honour or dishonour. With Sweezey it was nothing of the kind; it was just as good a story for Sweezey to say, "I agreed to pay him the whole $80,000," or, "I agreed to pay him $50,000 in a lump sum, and $15,000 a year for three years, for the legal services he was to render." That would have served Sweezey's purposes just as well. But he did not make such a statement. The story he told is in every way comprehensible and rational. He knew what he was after—he never sought to conceal that—it was to get that Order through, and he was ready to pay them, because they would work harder at a price. I doubt that Sweezey would have been believed if he had said anything else. Who would have believed that he or any other man, in October of 1928, some months before approval was got from Ottawa, when all he had was the emphyteutic lease from the Province of Quebec, would make an agreement with Mr. McGiverin to the effect that whether the Order went through or not, he was ready to pay $15,000 a year for three years and $50,000 besides, for legal services rendered, and to pay disbursements on top of that, and Ebbs' time as a manager on top of that? We have to get at the facts, and we have to apply common sense.

What was the work done? Senator Haydon says it was a clean-up of the past, and also what was to come in the way of incorporating a clean-up company to take the whole thing over; that is, the Beauharnois Power Company, which would take the whole thing over. A clean-up of the past? There was no past. Up to that hour there had not been a charge to the Beauharnois Corporation or the Beauharnois Syndicate. As for the clean-up in the future, if the Order in Council did not go through, what would there be to clean up? Absolutely nothing. There would

have been no future. There would have been no object in forming the Beauharnois Corporation. What would have been the value of it? It could do nothing. The clean-up of the past was a clean-up of nothing; the clean-up of the future was a clean-up of next to nothing, for the only thing that amounted to anything was the Beauharnois Corporation—its constitution and its charter—and it would not exist if the Order did not go through.

Exhibit No. 152, which is sworn to by Ebbs, illustrates the work done. If he had never sworn to it you would know that it did. It was chiefly agency work. Counsel for the committee were generous in suggesting that $5,000, instead of $85,000, would have been ample. One can understand high fees for important legal work, such as Mr. Geoffrion did in this matter; but this kind of work is the cheapest of legal work. For anybody to talk of agreeing to pay $50,000 in a lump and $15,000 a year for three years for that kind of humdrum work is an affront to the common sense and intelligence of Parliament. If Mr. Sweezey had never given evidence, if Mr. Ebbs had never given evidence, if Senator Haydon had never given evidence, none of us would think of any business man making a bargain of that sort. The work that was to be done would never have had to be done if the Order in Council had not been passed. The inherent facts tell against such a proposition, and they are more powerful than the interpretation given by any witness. The basic, outstanding, protruding facts, which you cannot lose sight of if you try, just scream against Senator Haydon. I should like to appeal to the honourable senator from North York (Hon. Sir Allen Aylesworth), if he were here, and ask him if in all his experience he ever knew of any bargain for legal fees comparable with that. Why, it never was made. There was no reason whatever for a bargain, save on the basis of the passing of the Order in Council.

Furthermore, the work, when it came to be done, had to be done because the Order in Council was passed, and the evidence shows that all the work that amounted to anything even then was done by a firm in Montreal and a firm in Toronto. The position of this firm was that of intermediary, largely that of an agent. I do not appeal to honourable gentlemen to exercise anything but common sense and reason. Does any honourable gentleman believe that these fees were to be paid whether Order in Council No. 422 passed or not?

Then, if we have admitted—and I hope everybody in his heart has admitted—that no member of this House, no man acting in a legislative capacity and sitting in review on government policies and administration, has a right to take money contingent on a certain measure going through, how can we stand before the people of this country and tell them that Senator Haydon is an honourable man, and that therefore we will not find that he did wrong? No man of any experience in the courts of law will read Senator Haydon's evidence without coming to the conclusion that Senator Haydon, when he gave that evidence—and it is to his credit—knew that he had done wrong. He would not have given evidence of that character if he had felt that his conduct was above reproach.

I do not read into his evidence something that he said and that the reporter did not take down. I read within the four corners of the evidence taken upon the two occasions when he gave his testimony, that he was evasive—not only was he evasive, but he was flippantly evasive and defiant. Every time he got a chance he swung off the track into a byway, a political or a legal discussion. That is always the method followed to get away from facts—to get into something else.

The right honourable senator from Eganville (Right Hon. Mr. Graham) tells us that it was only when Senator Haydon was pestered, when they drove and drove at him to find out if he had had any conversation with Sweezey, that he made his most unfortunate statement. I ask the right honourable senator to read the evidence again.

Right Hon. Mr. GRAHAM: I heard it.

Right Hon. Mr. MEIGHEN: Well, he will not find that there. Senator Haydon is asked two or three times, and then Mr. Mann says, "Wouldn't it be well if we were to adjourn now and take a rest?" Is that pestering? Long before those questions were asked similar tactics on Senator Haydon's part were adopted. Senator Haydon is an intelligent man; he knew that he had a reputation to protect and never would have assumed the attitude which he took towards counsel and the committee had he been sure that the course he had trodden was true.

I come to the campaign funds. I said in opening that the mere fact of being a trustee was no ground of prejudice against any man; that, on the contrary, it was insignia of confidence. I adhere to those words. I do not think the right honourable senator from Eganville could have been—I do not like to use the word "sincere"—I do not think he could have thought the subject out, or he would not have sought to convey to this country the

idea that it did not matter a fig where campaign funds came from or how they were got. He said it was like a newspaper taking advertisements from people making whiskey.

Right Hon. Mr. GRAHAM: No.

Right Hon. Mr. MEIGHEN: That people did not look to find where things came from. I hope that I am not assuming any attitude of self-righteousness—I have been through three campaigns as leader of a party, and I know that funds are necessary, and very difficult to get—but I ask you, honourable gentlemen, if you want to subscribe to that doctrine which the senator advanced. Remember, there is a line beyond which you dare not step, beyond which, if you tread, you are doing what is inherently and permanently and eternally wrong.

Suppose a company is formed for the purpose of getting fictitious contracts; that it gets those just for the purpose of securing funds, and that those funds are used to help the party that gave it the contracts. Would the right honourable senator say, "That is only money that comes from the makers of whiskey; we do not care where it comes from"? The fact is that, by a rather circuitous route, the money comes out of the treasury of Canada. I do not say that this case is in that class, but I give that illustration to show that the wide doctrine which the right honourable senator opposite sought to preach cannot stand intelligent examination.

Here is a company from which the committee finds, and I submit rightly, that Senator Haydon received a very large sum of money. It was a company whose success, whose existence was contingent upon getting powers sought here; a company to which concessions, first from the Quebec Government, and then from this Government, were absolutely vital, as its very breath of life, and which without them had nothing whatever. I ask whether a senator or any other person is justified in accepting a subscription to a campaign fund for any party from a company occupying such a position. I do not think he is, and I do not think that a senator of Canada, knowing the facts as Senator Haydon knew them, can ever justify to the people of Canada the acceptance from such a company of huge sums of money for any campaign fund. He knows that what he is doing is, in effect, selling the assets of Canada to that company for the purposes of a party. I feel that this is the reasoning which had to do with the finding of the committee, and I venture to submit that we ought not to stand before the people of Canada and say that there is a source from which, through the hands of a senator, such concessions can be legitimately secured. If we cannot say that, how can we do otherwise than adopt this report?

I pass now to Senator McDougald. In the early part of my remarks I reviewed his association with the long train of events which commenced early in 1924 and ended with the investigation in 1931. As in the case of Senator Haydon, in recalling these events, I want to ask honourable gentlemen to link together the occurrence of transactions on about four particular occasions. I will first review the position that Senator McDougald occupies in relation to the evidence and the statement he made to the Senate of Canada on the 19th of April, 1928. On that occasion he read some extracts from an attack made upon him and others in an article of the Toronto Globe, and extracts of a similar nature that appeared in the Mail and Empire. The words of the Globe to which he objected were as follows:

> Hon. Senator McDougald is reputed to be connected with the Beauharnois Power Company, which recently obtained a charter from the Quebec Legislature for a gigantic development in the Quebec section of the St. Lawrence.

He gave to that, in unequivocal terms, an absolute denial not only of what is said, but of the implications.

Then he goes to the Mail and Empire, and I ask that these words be carefully observed.

Hon. Mr. DANDURAND: The answer to that Globe despatch would be correct.

Right Hon. Mr. MEIGHEN: I will refer to that in a moment.

Here is the Mail and Empire despatch:

> That the report was written by Senator McDougald, Sir Clifford Sifton and Thomas Ahearn is believed, and the other members of the committee played unimportant parts and did not influence the decision.

What the papers are principally finding fault with is the decision that the national section should be developed by private enterprise. I am not saying that the exception is properly taken.

> These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them. . . . The criticisms so far advanced are many and pertinent . . . that the proposal endorsed by the Government was prepared by power interests represented by Sir Clifford Sifton, Thomas Ahearn and Senator McDougald.

I ask honourable members to notice that neither Beauharnois nor the Beauharnois Company is mentioned.

These three capitalists are either known or suspected of being interested in power schemes, and the proposal to develop the national section first at the expense of private interests who would have the power, is credited to them.

Now I recall to the minds of honourable members the emphasis which I sought to lay upon the imperative duty—imperative to a degree it is hard to over-stress—of every member of any legislative body to be absolutely frank and accurate in any statement on a subject as to which there might be conflict between his own personal interests and his public duty. He must choose his steps with the greatest care; he must tread the path warily. If he does not, and if the public does not insist that he tread warily, our institutions might as well be gone.

The honourable senator opposite (Hon. Mr. Dandurand) suggests that the denial of the first statement was right. At the moment I will not take issue with him. Later on I shall. For the moment I will deal with the denial of the Mail and Empire claim. It was said that three members of the National Advisory Committee were interested in power schemes and their private development, and that that interest affected their verdict. One sentence is merely a charge that they were interested in them. Were they not? Can Senator McDougald stand up in the face of the evidence to-day and say he was not? When those words were uttered he was in absolute control of the Sterling Industrial Corporation, which had applications filed for power schemes in the very point in question, applications in respect of which he and his associate afterwards reaped $300,000 in cash, and stock which at the time was worth close to a million. What is the answer? No implication that is correct in the Mail and Empire article? The whole implication was correct.

What is his answer to that? He said, "I was not thinking about Sterling." Well, he should have been. He said, "I had given it up. I had forgotten about it." Why? "Because," he said, "the National Advisory Committee, of which I was a member, through its majority, of which I was a member also, on the 11th of January, 1928, reported in favour of development on the north side of the Soulanges canal, and inasmuch as the Sterling application was for development on the south side, I forgot about Sterling."

Let me make one or two remarks on that. If the fact—if it was a fact—that the report by recommending development on the north side shut out all thought of the south side, why did Senator McDougald take an interest in Beauharnois? If he thought the report settled the matter, why did he take an interest in Beauharnois? It too was concerned with the south side. His interest in Beauharnois shows that his contention falls to the ground.

But did the report recommend development on the north side? Throughout these proceedings it has been assumed that it did. The right honourable senator from Eganville assumed that it did. In the brief read by Senator McDougald, and no doubt prepared by counsel—for its language is almost copied in the argument of counsel at the close of the inquiry—it is asserted that the Joint Engineering Board recommended a north side development and that the National Advisory Committee adopted this recommendation, and therefore recommended to the Government the north side development. All through the proceedings this contention seems to have been accepted by everyone. The attempt to make a disinterested public man of Senator McDougald rests on that contention altogether. His supporters say: "Talk about this man being influenced by his private interests! He sat on the National Advisory Committee, and though his Sterling Industrial Corporation wanted development on the south side, he was party to a majority report which recommended the undertaking should be on the north side." Therefore, they say, he acted against his own interests. That statement has been repeated over and over again. Even if it were correct it would not affect the facts at all. Why? He may have used his influence the other way in the committee, but decided, when he found the majority against him, to join the majority. Or he may have thought it did not make any difference what they recommended, for he would go ahead and get what he wanted, anyway. And in that he would have been right.

But will honourable gentlemen be astounded to learn that the committee never made any such recommendation at all, and that this virtue, which has been so strongly stressed as appertaining to Senator McDougald, simply does not exist? I have read the report, I have it here, I have submitted it to honourable gentlemen opposite, and I defy anyone to find a recommendation in the report of the National Advisory Committee in favour of the north side or of any side. The report of the committee makes reference to the report of the Joint Engineering Board, which apparently was composed of three engineers from Canada and three from the United States, and it adopts that report—concurs, is the word used—to the extent of the finding that the canalization scheme of the whole St. Lawrence is feasible. Beyond that one article of

concurrence it does not adopt a word of the report. Indeed, in two special instances it declares that there will have to be further investigation before anything of value can be got out of the Joint Engineering Board's report. I repeat that in the report of the National Advisory Committee signed by the majority, which included Senator McDougald, there is not a word of adoption, of concurrence, in any way, with reference to the north side or any other side, directly or indirectly.

One can comprehend how hard put these counsel were to try to find something in this long procession of events to place to the credit of Senator McDougald, when they laid stress on the importance of something that did not exist. No one for a moment can argue that it did exist. Therefore, Senator McDougald in this regard never acted against his own interests.

The report of the National Advisory Committee recommended, for the most part, that nothing should be done for some time. I am not complaining about that. But the main thing in the report of interest then was the recommendation that the development should be by private interests in the national section, and that power should be used to pay for the canalization. Was Senator McDougald interested in that? He was the man who held the Sterling Industrial Corporation, which had got in its applications and established its nuisance position out of which hundreds of thousands of dollars were extracted. Was he then acting as a public man should act? Had he the right to capitalize a nuisance for the extraction of money which ultimately had to come from the people of our country?

The honourable gentleman opposite (Hon. Mr. Dandurand) says that Senator McDougald was absolutely right on the 19th of April, 1928, when he denied that he had any interest in Beauharnois. The committee does not find specifically that Senator McDougald had any interest in Beauharnois until the 18th day of May, 1928. The committee says, though, that the circumstances are such that Senator McDougald is open to the gravest suspicion of having owned the Beauharnois shares from the very time that Winfield Sifton got them. If that suspicion be justified, he owned them on the 19th of April, 1928, when he made his speech in this House.

I put myself in the judgment of this House if I do not bring abundant evidence to sustain the statement I am now about to make. The committee was exceedingly generous to Senator McDougald when it failed to find that he owned those shares all along. Members of the committee were not guilty of any prejudice against him. If there was any doubt, they certainly gave him the benefit of it.

Let me relate some facts in support of my statement. The first syndicate, which Sweezey formed in order to get the money to push forward his enterprise, owned the stock of the Beauharnois Light, Heat and Power Company, Limited. That syndicate had what was called a management committee, and Sweezey sat in a position of virtual control of the disposition of its units. Very frankly in his evidence before both committees he said, in effect, "I wanted them to go where they would do good, where they would help me along in this enterprise." If he had not said that, would it not clearly be true anyway? He had some units, Mr. Jones had some, and a number of good citizens had some. Sweezey testified that Winfield Sifton—who had been acting as his guide, counsellor and friend in relation to matters legal as well as political, whom he had known at college, and whom he employed in order to come to an understanding of what on earth was holding back the approval of his plans at Ottawa—said to him many times that they ought to get Senator McDougald in. Sweezey says that late in the winter of 1927 or early in the spring of 1928 Mr. Sifton went to see Senator McDougald with a view to getting him in. At this time Mr. Sifton did not have a share allotted to himself at all, in any way. According to Mr. Sweezey, he brought back the report that Senator McDougald declined, on the ground of being on some committee; but Sifton then added, "Put 800 of those units in the name of Clare Moyer of Ottawa, and I shall be satisfied."

In order that nothing relevant may be omitted, it has to be said that at the time those words were uttered Senator McDougald was not on any committee. I think it is probable that he said he had been on a committee; or perhaps the special committee of the Senate was in contemplation and he thought he would be a member of it. At any rate, he referred to a committee, and I have stated the way it was reported to Sweezey. Senator McDougald did not come in. But 800 shares were put in the name of Mr. Moyer. Why? Moyer swears that within 48 hours of the time he left for New York—and he was there on the 31st of March, so he must have left by the night of the 30th—Sifton came to his office at Ottawa and told him he wanted to invest some money, stating in what, and that he desired Mr. Moyer to be the trustee and to hold the shares. He also said that he wanted to go down to New York and put the

initial steps through there. Moyer and Sifton went to New York and were there on the 31st of March. Moyer swears that Winfield Sifton gave him that day fifteen $1,000 bills —$15,000.

Be it noted that the price at which these shares were allotted to Moyer, at Sifton's request, was $30,000 for 800 shares; that is $37.50 a share. The sum of $15,000 was then paid by Sifton in bills in New York and put to Moyer's credit at the Bank of Nova Scotia on Wall Street. Moyer came back and on the 4th of April, four or five days afterwards, he issued his cheque in Montreal for $15,000 in payment of those units, against that $15,000 in New York.

I ask honourable members to note the secrecy that shrouded this whole transaction—a trip to New York in order to pay $15,000, and the payment in bills and not by cheque.

On the 4th of April the cheque was issued and it was cashed on the 6th. Half of the $30,000 was then paid. On the 17th of May the trail was again followed down to New York, where Sifton gave Moyer another $15,000, this time in the form of a draft, with nothing to indicate who in the world provided the draft. Moyer says he does not know. I have no reason whatever to dispute the good faith of Moyer's testimony, and I ask honourable members to note what he says. In effect he states, "In looking back on it now, I think the only reason Sifton wanted me to go to New York was in order that there would be no way of finding out where the money came from." Remember he says only "I think." But that shows what is in his mind.

The payment of $30,000 had then been made. What happened next? Senator McDougald says that on the 18th of May, serious negotiations having been carried on for a week previously, he decided to buy those units that Sifton had. And he bought them. In a space of twenty minutes $46,000 in bonds was handed over to Winfield Sifton. Again the blinds were down. Of that sum $30,000 was to cover the $30,000 that had already been paid for the 800 units at $37.50 per unit, and the $16,000 was to apply on a subscription already made by Sifton for 1,600 more units in the second syndicate.

I ask honourable members to pay the closest attention here, because to my mind there is something that has not been fully appreciated, even by the committee. The units of the first syndicate cost Mr. Sifton $37.50 each, but on the 4th of April each unit became two in the second syndicate. So he had 1,600 units for the $30,000. Then he had the right to buy 1,600 more of the second syndicate at $100 each.

Winfield Sifton on the 10th day of May elected to buy 1,600 units at $100 each, which was equivalent to $200 each for the units of the first syndicate. On the 18th of May he sold the same units to Senator McDougald for $37.50. Is that explainable? Winfield Sifton, who on the 10th of May regarded it a privilege to buy units at $200 each—keeping in mind what I said about each unit of the first syndicate being equivalent to two of the second—was ready to sell and did sell them to Senator McDougald for $37.50 each on the 18th of May.

If what Senator McDougald says is correct, then only one conclusion is possible. It follows that Winfield Sifton must have been a simpleton. And he was not. Winfield Sifton was one of the brightest young men of his time. He knew business. He had run the gamut of speculation. He knew that nothing on earth occurred between the 10th and 18th, or for months of margin on either side, to diminish the value of those shares. On the contrary, on the 27th of April the Order in Council had gone through at Quebec, that being the first milestone in the long transit of this company. Are we to believe that he who decided on the 10th that a first syndicate unit was worth $200 was ready on the 18th to sell units he bought at that price for $37.50 apiece? Such things are irrational. I venture to suggest to honourable members of this House that if that fact stood naked and alone, no man who knew Winfield Sifton could possibly reconcile the words of Senator McDougald with candour and with truth.

But here is a further reflection: if Sifton had owned the units would there not be some record of their receipt or of their sale? If he paid with his own money the $15,000 on the 31st of March, and another $15,000 on the 17th of May, would there not be some cheques against his account? Would there not be some deductions somewhere by which those payments would be revealed?

Winfield Sifton died on the 13th of June. His executor took the box and in the frankest possible way said that they had searched his records, they had his bank account, and they could find only one, and they could not find in his whole estate the receipt of a single bond at all, not for months back, nor record of a cheque of anything like this size, and could find no money the proceeds of bonds. It may be, says some one, that he held for another; possibly for his father, who was then alive. His father was a very able man of business. If his father was the real owner, does any human being suggest that what he elected was worth $200 on the 10th of May he would sell for $37.50 on the 18th?

It does not matter if he did hold for somebody else. If he held for anybody independent of Senator McDougald, then it is impossible to conceive of what Senator McDougald alleges to have occurred really having occurred. But if he held for Senator McDougald from the beginning, if Senator McDougald wanted to keep his name out and felt it vital to do so, he would have pursued just about the course that was pursued, and if Mr. Sifton was helping him he too would have pursued just the course he did. Facts never collide; in their long procession there is always harmony from the first movement to the last. On the theory that these units were Senator McDougald's from the beginning, all the known facts fit together. On any other theory there is collision, confusion, irrationality.

Why keep the blinds down all the time? Why are the lights out? Why is all this darkness deliberately sought and loved? Why is everything so beclouded? Senator McDougald says, "I did not want others to follow my example; I was ready myself to gamble." And he calls it a "political gamble," honourable gentlemen: that shows what was in his head, a gamble as to what would be done politically. He said, "I was ready to gamble with my own money,"—and this is raised in his defence by his counsel—"but I did not want my friends to be following me." Senator Raymond gave a similar reason for his conduct in putting shares into the "Crédit Général du Canada." But that is a sensible, a customary way, a method many a man adopts. He takes his private shares and a trust company or a private company holds them, and there is no blazoning to the world. But why go to New York? Why pay in $1,000 bills through a deputy? Why have the deputy of his deputy go to New York and solemnly put through his four-times-removed transaction?

Moyer is to hold units for Sifton (and he in turn for McDougald, as I understand it), and Sifton and Moyer have to go to New York, get money in some wholly inscrutable way, and deposit it there, and then a cheque is issued against it in Montreal, and these precautions are taken for fear some poor, straying, innocent Montrealer would buy some units in this scheme, following the example of Senator McDougald! But nobody could, for those units were not on the market; those units were not open to public subscription; they were under the guiding eye of Sweezey, who wanted in his enterprise only people who could do something. Sweezey did not know for whom Sifton held units from the beginning, but he says: "I never imagined that Sifton owned those units. He would not tell me whom he held them for, whose they really were." Sweezey knew that Sifton had told Moyer, "In the case of my death I want you to take your instructions from Senator McDougald."

Here is Moyer, who had not the least thought that those shares belonged to Sifton; here is Sweezey, who says on his oath that he had not the least thought; here is Sifton, going to New York to keep these transactions buried, and thus conceal what was going on. Here is all this ingeniously constructed mystery, and here, in the case of the estate of Sifton, there is not a signal or a sign, a cheque or a memorandum, or any proceeds of any sale.

And because Senator McDougald stood in the box and said that he had not made a dollar that he could not have made if he had not been a senator, we are asked to conclude from those imperious, those immovable, unchallengeable facts—every one of them—that he got his interest only on the 18th of May. The senator stood in this House on the 19th of April, and I say the evidence is insurmountable that he was the owner then of the Beauharnois units, and in addition, and admittedly, he was owner then of the Sterling shares.

Right Hon. Mr. GRAHAM: On the 19th of April?

Right Hon. Mr. MEIGHEN: Yes! If he was owner of one or the other he misled this House in a matter concerning his own private interests and their relation to his public duty.

On the 20th of May, 1931, he rose for the purpose of reaffirming what he had said in 1928. It was a prepared statement which he gave this House, and he knew it affected something vital to his own honour. He said he did not own a Beauharnois share when his first speech was made; but he did not go on to say that he did not own stock in any company that had power developments in sight, as he had said before. He said, "It is true I did not own them (the Beauharnois shares), and I did not own them for six months afterwards." He said, "I was not interested on the 19th of April; I did not become interested for six months, until October." Then he comes to this committee and says, "It is true the initial step was taken, the initial transaction was made, on the 18th of May." Why such assertions or perversions? The whole transaction, if we accept his own account of it, took place on the 18th of May. The stock was bought and paid for; that is, if his story is true, Moyer from that hour became his trustee. In October the trusteeship was changed to Ebbs. As between him and Sifton the transaction for the 800 shares

(or 1600 in terms of the second syndicate) was completed on the 18th of May; the whole thing was over, and his statement of the bona fides of his declaration in this House is pretty hard to entertain. There was no reason for Senator McDougald to have forgotten the early transaction, for it was the whole transaction that took place on the 18th of May, and it is unpardonable that in his evidence, over and over again, he should keep on saying: "I did not make any mistake; what I said was correct." When he is shown it is incorrect he says: "I say it was not incorrect; it may have been ambiguous." The word "ambiguous" has no more relationship to these facts than any word in the dictionary of Demerara or China. His statement was absolutely incorrect and wrong. It is said, "Oh, but anybody may make a mistake in dates." Yes, he may, but it is not very likely that a mistake would be made of that magnitude, of that importance, aside from a further consideration into which we now must enter.

Now, was there an interest? It is argued that it did not make a bit of difference whether it was May or October; that he had no object at all in making it October when he spoke here in April, 1928, instead of making it May. There was nothing to be gained by it, we are told by his counsel; therefore it was not deliberate. Was there nothing to be gained? I think there was very much to be gained. I will tell you what it was. Senator McDougald knew that he had been on a committee of this House dealing with this very matter, from the 20th of April, 1928, to the 7th of June, and he knew that he would rather not be brought to the surface as the owner of a large interest in Beauharnois during the time he was sitting on that committee. I should think he would certainly rather not.

Did honourable gentlemen hear the rule on this subject read by the senator from Pictou (Hon. Mr. Tanner)? Senator McDougald had absolutely no right to sit on that committee. I will assume for the moment that he did not know the rule; but he knew thoroughly well that this matter of navigation and power development had actively engaged the committee. It had been treating of a subject that he was himself definitely and very practically interested in, but he had never revealed that fact to his colleagues. He knew that he had called his own associate before that committee and for him had prepared questions. There was no harm in having questions prepared; we do not argue that there was harm. He prepared questions which he put to this man, having seen to it that Henry had deliberated about them beforehand, questions such as, "Do you think this private development should be gone on with at once, and if so, why?" Henry answered that it ought to be gone on with at once. If Senator McDougald had done that while he was a holder of Beauharnois stock, is it human nature that he would want that fact to be known? True, he was the owner of Sterling shares too, but Sterling was not much to the fore. He did not want it to come out that he owned Beauharnois shares. He was advancing Beauharnois' interest by stimulating the committee of the Senate to the necessity of something being done quickly, and this as a member of the committee.

Therefore, in those two particulars he is answerable seriously to this House for a breach of its privileges. But more. In his account of his proceedings given here on the 20th of May, 1931, he said, "I paid the very same for my shares as every other member of the syndicate, and when it was closed up I got just the same as the others for what I had in." The latter part of the statement is true, that he just got the same as the others; but the main part of the statement was that he had paid just the same as all his co-owners. I noticed that this was not mentioned by the senator from Eganville (Right Hon. Mr. Graham). After reading all his evidence there is not a mortal in the shape of man who would state that he paid the same as the others, for he did not pay the same at all. How many shares did he hold? He says he held only in the second syndicate. Well, technically that is true. He held 5,200 shares —the 800 of the Sifton shares had become 1,600, and 1,600 more that Sifton bought made 3,200, and he had secured 2,000 shares for that precious asset the Sterling Industrial Corporation. This made 5,200 in all. In this House he said he paid the same for them as anybody else in the syndicate. When it was put to him that for 800 shares (that is, 1,600 of the new syndicate, 1,600 of the 5,200) he paid only $37.50 while the great majority of the other holders paid $100, he said, "Oh, I was just in the second syndicate." What an answer! His shares in the Sterling cost him what he put into that company; that is, 2,000 shares received for Sterling cost him $3,500 all told; and the shares in the first syndicate were converted into shares in the second and cost him little over one-third of what most of the purchasers paid. His answer is just equivocation, just a quibble. What did those original 1,600 shares cost? If they cost him anything, they cost him exactly the money paid for the shares which were converted into them. For those shares he did not pay anything like what others paid. He paid the same as Frank

Jones, the same as Hon. W. G. Mitchell, the same as Senator Raymond; but not the same as others.

Do not take from my words that I am criticizing him because he bought more cheaply than his fellows. That is not the reason at all, but he did not pay the same as others; he paid the same as only two or three, even for the 1,600 shares. As for the other 1,600, subscribed for by Winfield Sifton (according to his story), they were taken over by him and he subscribed for them. For those he paid the same as others paid. That makes 3,200. Then there are the 2,000 Sterling shares. Did he pay the same for them as every other member paid for his syndicate shares? Did he? All he ever paid for them was $3,500—nearly nothing. The Sterling Company was turned over at the 2,000 shares, and he got the 2,000 shares for that. Yet he stood in this House and said he paid the same for his shares as every other member of the syndicate. These 2,000 shares, we must remember, he held for Mr. Henry as well as himself.

When he is reminded in the box about the Sterling shares he says: "Oh, I was not thinking of the Sterling shares. Neither was the public." Why, certainly the public was not; the public never had heard of the Sterling Company. Certainly the public was not. But should not he have thought of those Sterling shares when he spoke of his shares? They were his. He was the owner of 5,200 shares; most of them, a lot more than two-thirds of them, he got for a fraction of what others paid; yet he dares to stand up and say that he paid the same price as the rest, because, forsooth, he was not thinking about the 2,000 of them at all, and because 800 had been bought in the form of shares in the first syndicate.

I do not like to take advantage of my position as against a member sitting down, but does the right honourable senator from Eganville (Right Hon. Mr. Graham) think that that was an honest answer? It was just a quibble for him to assert that he got no favours in any shape or form. When he made that answer, his conduct was not in harmony with either candour or truth.

I now come to his connection with the Sterling Industrial Corporation, whose shares were "merged," to use the language of the right honourable senator from Eganville (Right Hon. Mr. Graham), in the Beauharnois Company. I do not care what you call it—a merger, an amalgamation, a sale. It does not matter at all. Like a rose, by any other name it would smell as sweet. I am concerned with the facts and the history of the Sterling Industrial Corporation in relation to the conduct of Senator McDougald. On the 5th of July, 1924, that company put in its application to the Department of Railways, and on the 7th of July to the Department of Public Works. From that time on it leaves those applications dormant, because it was not ready to proceed. Some investigations were made through an engineer, for which not more than $3,500 was paid.

There was the financial situation to be considered, and the possibility of getting money for this work. At all stages Senator McDougald is kept in view. Senator Haydon went to New York for his Sterling Company in December of 1925. In April of 1925 he had a conference with Senator McDougald about it, and he had another conference about it in December, 1926. The evidence is literally strewn with conferences with Senator McDougald about this company.

Right Hon. Mr. GRAHAM: Does my right honourable friend say that Mr. Haydon, or Mr. Henry, went to New York?

Right Hon. Mr. MEIGHEN: Mr. Haydon. Does the right honourable gentleman want the reference?

Right Hon. Mr. GRAHAM: Oh, no.

Right Hon. Mr. MEIGHEN: He took an active interest in the concern all through. Then, in 1928, Mr. Sweezey, finding that there is an obstacle, or believing that there is some obstacle in the way of his success at Ottawa, searches around to find out where it is. He is mystified, and does not know what to do to get his application through. He employs Colonel Thompson, Mr. Ainslie Green, Mr. Pugsley, Mr. McLaughlin; he keeps these men busy "creating atmosphere" in his struggle to get this approval through Council. But still he cannot succeed.

Then he finds out about this Sterling Industrial Corporation. What does he find about it? He finds that it has nothing, no assets, not a pen nib. He also finds that it is owned by Senator McDougald, or at all events that Senator McDougald owns it for himself and another or others. He talks with Senator McDougald about it, and also with Mr. Henry and Senator Haydon, who states, what I have no reason to doubt, that he is merely its solicitor. Senator Haydon's firm got its charter, presided legally over its birth, and charged an account to it for some time. After his talks with Senator Haydon and Senator McDougald, Mr. Sweezey comes to the conclusion that there is someone else interested. He has not given even a hint, or anything from which anybody could get

a hint, who that was, but he tells us he got the impression from Senators Haydon and McDougald that there was someone else, and that he or they, whoever they were, had better be taken in and not overlooked.

The right honourable senator from Eganville says that Sweezey made a deal for Sterling with Henry because he was anxious to get Henry. I wonder what the right honourable senator will think if I read him the evidence given before the committee, which shows that he did not make the deal with Henry at all, but made it with Senator McDougald. It is Senator McDougald's evidence that I shall read. It shows that he is the man who did it, as of course he is. At page 160 of the evidence honourable members will find the following:

Q. There is no doubt about this, that irrespective of documents, the payment of 2,000 part interests for the five shares of Sterling was the result of discussion between you and Sweezey?—A. Yes.

That is a question put to Senator McDougald. Right through the evidence it is shown that he is the man who made the deal, and the reason given by Sweezey—a reason which appeals to everybody, and which, indeed, is not contradicted—is that he felt that there was an influence against him somewhere, he did not know where, and that he began to think this was it, and wanted to remove it. He says Sterling had a prior application. Yes, it had a prior application. But, he adds, it had nothing of any intrinsic value. Two other companies had prior applications, but, he says, "I didn't bother with them. The reason I bothered here was that these were responsible men. They might give me trouble; they might even get the money and seriously go on." Then he says, "The great reason was that I wanted to get rid of the nuisance." He told the committee that the only value it had was a nuisance value, and Senator McDougald said the same thing, and, what is more, he said before the Commons committee that that was all the value it had.

The evidence given by Senator McDougald before the committee, at page 165, shows that he could not tell the committee of any value on earth which this concern had, except as a nuisance. He controlled it and got its charter. He was under some indefinite and unenforceable understanding, as the report words it, to divide with Henry; but he was in absolute control. He, a senator of Canada, made use of his "nuisance" to enrich himself at the expense of a public utility company in process of formation.

I ask, has a senator of Canada the right to capitalize on a nuisance as against a company absolutely dependent on concessions from Governments, including the Government of Canada, and then maintain that he can keep his place in the Senate as an honourable public man?

Before the Senate committee the senator said that the great thing they got when they secured the Sterling Industrial Corporation—and he cannot tell of anything else they got—was Mr. Henry. Mr. Henry, he says, was a fine engineer, and they got him by buying the Sterling Industrial Corporation. In a word, in order to get Mr. Henry they had to buy a nuisance from Mr. Henry and Senator McDougald, at a price ultimately of $300,000 and 80,000 shares. They had to pay 2,000 units, or about one-ninth of the issued capital of their whole enterprise, in order that by the purchase of a nuisance they might get an engineer. They paid Mr. Henry $40,000 a year, which was more than twice what Henry had ever earned in his life before, and he got a block of shares besides, and they did not take him until some time after the nuisance was out of the road.

I do not see how a man who takes his fellow-man to be intelligent can stand up and say that Sweezey had to buy the Sterling Industrial Corporation before he could get Henry as an engineer. It is absurd, grotesque, an affront to common sense. The Sterling Industrial Corporation was bought, according to the evidence of Sweezey, because he thought by buying it he could better advance his interests in getting approval at Ottawa. That does not really mean that he could. It is why he bought it. He may have been wrong. It does not matter. Senator McDougald and Senator Haydon persuaded him to buy it with that object in mind, and that is established by the evidence without the slightest possibility of contradiction.

All these profits were accumulated along the road, and every one of them was taken care of out of money subscribed by the public and to be paid interest upon in rates. It may be that a private citizen has a perfect right to do some of these things. It is difficult to decide just when a man is within the circle and just when he is outside; but in the case of Senator McDougald, a public servant and member of this House, there is no question that he was away outside its circumference. And what is more, his whole conduct shows that he knew it. Otherwise, why all the concealment?

Nobody has ever given even a sensible answer to the question: Why was all this kept under a curtain? Why all the trips to the ends of the continent, over and over again, and all the drafts and thousand-dollar bills, and agents and sub-agents and sub-trustees? All these things were totally unnecessary even if the senator was anxious that others should not follow his example. There was not a chance of

others following his example even if Sifton had given his cheque. How would they know anything from the fact that Sifton had given his cheque? These reasons are afterthoughts; they are useful only as showing the state of mind of a man holding a high office in this country, who knows that his conduct is inconsistent with his position and does not want it revealed.

I ask honourable senators, while being scrupulously careful not to do injustice to one of their fellow-members by the passing of this resolution, to be at least equally careful to do no injustice to those who are our first concern, the people whom we serve. Let us, I beg of you, not be defiant to the long established basic, fundamental rights of those people in respect of their legislators. This country is passing through trying times. These are testing hours. Few are the homes in this Dominion that are not now struggling in the tremendous grip of economic forces. Questionings are abroad everywhere as to whether the system under which we live will endure. Even now while we speak the institutions of democracy are being held up to interrogation, and there are those who sometimes wonder whether they will survive the storm. The public mind is to-day more sensitive than at any time, perhaps, within the memory of those who are here. But whether the public mind is more sensitive or not, assuming that we act as we would in normal days, can we face the people of our country and proclaim to them and before the world that the conduct of two of our number is such as to be within the right of every senator?

Are we going to place the seal of our approbation upon such actions? If we vote down this motion and say that their conduct is not censurable and unbecoming, what are the people of Canada going to think of the Senate? Yea, more, what are they going to think of our institutions, one and all? If confidence in parliamentary government is still further reduced, if it is affected detrimentally by our verdict, it will be the responsibility of every member of this House, and a very painful and lasting responsibility.

I do not comprehend how honourable members of this House can vote to put the seal of approbation upon the conduct revealed by evidence given before the committee of this House. The responsibility of senators opposite is just as direct, just as great, as that of senators on this side of the House. I should lament a party verdict on this question. I should not like to see honourable members on this side vote their approval of such behaviour, but I would rather see a divided conception of duty here than that honourable senators opposite, to a man, should vote against this motion. A party verdict on this matter would be a very serious thing. We do not want it. Honourable senators must vote as driven by their consciences, and I hope that no man, on any side, will be driven by his conscience to vote against this motion—the verdict of a unanimously chosen committee of this House and the unanimous verdict of a committee of the other.

Surely we can remove this subject from the sphere of party. I have not made this speech from a party standpoint, and honourable members now know that to be true. I have made it because I shall be held accountable for the conduct of the Government in relation to this matter. I know that I shall be held personally responsible, and I am trying to discharge that personal responsibility to the best of my power.

In closing, I want to say that not one atom, not one element of antagonism has moved me for a moment. The simple reason is that such antagonism does not exist. I do not pretend to a higher sense of responsibility than anybody else—I think I see the responsibility more clearly, perhaps, than some—but I beg honourable members, I implore them, as men of intelligence and common sense, to read the evidence over and over with the utmost care, and I do not think that after having done so, any honourable member will want to face the people of Canada if he has declared by his vote that the facts there revealed against our fellow-members disclose a line of conduct which under any sensible interpretation can command the sanction of this House.

Some Hon. SENATORS: Hear, hear.

Hon. A. B. COPP: Honourable members, I feel that it is my duty to say a few words to-night on the question before the House. I join with my colleagues who form the minority of the committee whose report we are now considering, and I feel that I should give some reasons why I am taking this position.

My honourable friend the chairman of the committee (Hon. Mr. Tanner), in moving concurrence in this report, commenced his remarks in almost the same words, but not with the same eloquence, that closed the speech of the right honourable gentleman opposite (Right Hon. Mr. Meighen). He said that he was not looking upon this matter in any way, shape or form as one of party politics. My honourable friend from Pictou (Hon. Mr. Tanner) said he had a painful duty to perform. Well, I offer him my hearty

congratulations upon carrying out that painful duty with a great deal of pleasure, as was indicated by his remarks. I would remind him that a sugar-coated pill can contain as much poison as one that is not coated.

This is the first time that I have seen party politics make their appearance in this Chamber. My honourable friend from Pictou asked who had brought about this condition of affairs in the Senate? I will say to him that the whole situation was brought before the people of this country as the result of a statement made in another place by Mr. Gardiner, a member of Parliament for a Western constituency. My honourable friend said that the Government of the day, of which he is a supporter, was forced to take some action because of the charges made by Mr. Gardiner. I should like to ask my honourable friend when the party to which he belongs has ever before taken advice from someone who is not a member of the party, as to what should be done with regard to an important question. And my honourable friend says that the Government could not help taking notice of the comments by the press of the country on Mr. Gardiner's charges.

If I may digress briefly, I should like to refer to the attitude that the press sometimes takes towards the public men of our country. I do not wish to say anything disrespectful in this connection. After a long experience in public life—I hesitate to say how long—I can only say that I have always received courteous treatment from the press. But sometimes I wonder whether our newspapers are justified in making insinuations against public men. I have said before, and I repeat now, that I think some public men in the past have been parties to the creation of suspicion in the minds of the people that public men as a whole are tainted with some degree of dishonesty. I want to say that in my opinion the men who are in public life, who represent constituencies in Parliament and in provincial legislatures, are of just as high a character as any men who are on newspapers or in business life. A few days ago the honourable gentleman from Vancouver (Hon. Mr. McRae) presented a resolution with regard to radium, and within the next day or so a financial paper contained an article suggesting that the honourable gentleman had some personal object in view when he suggested that the Government should control the production of radium in the Great Bear Lake district. That innuendo was made, apparently, because the honourable gentleman had been interested in certain mining operations, and it was felt that he wanted to benefit himself through Government control of radium. It is unnecessary to say in this Chamber that we all know the honourable member brought the subject of radium to our attention with the very highest intentions. I submit, honourable members, that in such a case as that no newspaper should insinuate that a public man had—to use a homely expression—an axe to grind.

My honourable friend from Pictou said that the Government could not refuse to investigate the charges that were made by Mr. Gardiner with reference to Beauharnois. The House of Commons had a perfect right to inquire into the Beauharnois matter if it desired to do so, but I submit that it had no right to appoint a committee to investigate the conduct of honourable members of this Chamber. The Beauharnois matter itself has been discussed in the press, in Parliament, and I suppose in almost every household in the Dominion, and I have no doubt that a great many people are disgusted already with the discussions that we have had about it.

My honourable friend said that we had been too slow in dealing with this matter. He said that in England the question would have been settled in as many hours as we took days. Whose fault was it that we took the time we did? My honourable friend knows that it was not possible to hold meetings of the committee every day without interruption. Some members had other duties to perform, and at times witnesses were not available. It will be remembered that we adjourned for some time to await the appearance of the Hon. Mr. Ferguson, the High Commissioner at London. Everyone who heard the evidence up to that time knew that Mr. Ferguson would not give us any enlightenment. After we had waited for him for two weeks, he came and told us that he had never talked to Sweezey about the payment of $200,000. Nobody ever suggested that he had spoken to Mr. Sweezey with regard to that.

Now I want to refer to what took place after the evidence was all in. The committee were called together one morning for the purpose, as I understood it, of preparing a report. We went into the committee room at half past ten and the present long report was laid on the table. It had been prepared by the chairman of the committee, I presume, though he probably had some able assistance. A motion was made that we consider the report. I objected that I had not had an opportunity of seeing it, and then it was suggested that we adjourn to twelve o'clock. After some further discussion it was arranged to adjourn until half past two in the afternoon. We met again at that hour, and my honourable friend from De Salaberry (Hon. Mr. Béique) said that he had been unable to give proper attention to all the evidence that had been

adduced, and he asked for forty-eight hours to give further consideration to it. The committee refused his request. They may have been right in doing that, but I want to say that four members of that committee had no opportunity of seeing one word of that report or of making a single suggestion as to what the report should be. The report was laid on the table in the committee room and we were told to take it or leave it.

Hon. Mr. DONNELLY: Will my honourable friend allow me to interrupt him?

Hon. Mr. COPP: Yes.

Hon. Mr. DONNELLY: Is the honourable member not aware that on the day previous to the meeting of the committee a copy of the report was handed to the honourable gentleman from De Salaberry (Hon. Mr. Béique), with a notation that the copy was for the consideration of himself and his colleagues? If he did not take the honourable gentleman into his confidence, that is not the fault of anyone else.

Right Hon. Mr. GRAHAM: One copy for four members.

Hon. Mr. COPP: I can say that I was not aware of that fact until the morning that we met to consider the report. And I learned then that each of the other five members of the committee had had an opportunity to read the report and study it. But four of us had no opportunity to make any suggestion concerning it. The report as presented that morning has not been changed. That is one reason why I say I do not think members of the committee were treated properly.

Hon. Mr. DONNELLY: Will my honourable friend not admit that the report was placed in the hands of the honourable senator from De Salaberry on a Wednesday? We met on Thursday and we adjourned again until Friday to give members an opportunity of considering the report. If my honourable friend had made any suggestions they certainly would have been considered.

Hon. Mr. COPP: If my honourable friend is through with his second speech, I will go on and say a few more words. I realize that I cannot go into a very close discussion of the evidence without more or less repeating what has already been said so ably by my right honourable friend from Eganville (Right Hon. Mr. Graham). If I had not been a member of the committee and had not strongly dissented from the report, I should have been quite content to say nothing at the conclusion of my right honourable friend's speech. He covered the matter thoroughly, almost from cover to cover of the evidence, in his very eloquent way. Nevertheless, I feel that I should take up the time of the House for a little while in making some further references to the report.

May I at this point compliment the right honourable leader of the House (Right Hon. Mr. Meighen) upon his eloquent address? I fully accept his word that in dealing with this matter he has been entirely free from political considerations, and I am very glad to hear that. A few years ago I had the pleasure of listening to him many times. I enjoyed his arguments this evening, although I was unable to agree with his conclusions.

The committee's report regarding Senator McDougald is practically a repetition of the House of Commons committee's report. Our committee says "Yea, yea," and "Amen," and that is virtually all we say. After labouring for two months we simply put on record our approval of the report that was brought in by the committee of the House of Commons last year.

The report is divided into paragraphs. I will take up first the section referring to Senator McDougald. No objection can be taken to the first six paragraphs of that section, for they deal almost entirely with facts concerning the different business interests, and so on, in which the senator was engaged. The seventh paragraph refers to the Sterling Industrial Corporation. In the last day or two we have heard a great deal about that concern. The right honourable leader devoted considerable time to it, and although I agree with some of his arguments, I disagree with his conclusions. He and the honourable gentleman from Pictou (Hon. Mr. Tanner) would make it appear that Senator McDougald was the man who first thought of the Sterling Corporation. But that is not the evidence, I submit.

According to common report, Senator McDougald was a man of large business interests. I did not become acquainted with him until recent years, but I have no doubt that he has been connected with important business transactions during his lifetime. I think it was in 1922 that he was appointed Chairman of the Montreal Harbour Board. That position brought him into contact with public men. Mr. R. A. C. Henry says that he had a conversation with him, in which Senator McDougald said, "If you see any worthwhile proposition at any time that requires financial assistance for its development, I shall be glad to finance you up to a certain amount." At that time there was no mention at all of a proposition concerning the development of

power. Mr. Henry is a distinguished engineer —a man who stands high in his profession. He said he was induced to study the development of power on the St. Lawrence river after reading some report. Then he made inquiries, visited certain localities and realized the opportunity that existed for developing power in a certain section. Afterwards he told Dr. McDougald about the matter. There was no attempt to mystify anybody, as the right honourable gentleman has suggested. On the contrary, everything was open and above board. Henry said he made this investigation, and suggested to Dr. McDougald that something might be done; and the Doctor advanced him $10,000 for the investigation, and it resulted in the Sterling Industrial Corporation being organized for carrying on any business that might come up in this connection.

Now, I say that Henry was the man who started the Sterling. He went to McGiverin, Haydon and Ebbs and proposed to organize a company. Why? He went there because Senator McDougald had some company or corporation, called, I think, the Superior Sales Company, which he thought might be used, but Henry suggested to Senator McDougald that legal advice should be obtained. Henry consulted the McGiverin firm and gave them the facts, and as a result they reported that they could not carry on with that charter which Senator McDougald had, and they proceeded to get a new charter.

The fact that there were women as directors in the first organization has been criticized, but the answer to that is that it is customary in law offices, in organizing a company, to insert the names of the clerks in the office as first directors and to re-organize later, when the company goes on. There is no mystery about that in connection with the Sterling Industrial Corporation.

Everyone will admit that from 1924 to 1928 that company was in existence. Senator McDougald said on the witness stand that in those four years he forgot about it. It was out of his mind for two or three reasons, which he gave. Applications were made in 1924 to the Department of Public Works and the Department of Railways and Canals. Still there was nothing done, in spite of the fact that this man was said to have the ear of the Prime Minister and the ear of the Government, so that he could get anything he wanted from the Government of this country. The application was dormant for four years, and really was refused by the Government—really was not considered.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman say it was refused?

Hon. Mr. COPP: I say it was not granted. It lay there. It was not granted by the Government or the department.

Right Hon. Mr. MEIGHEN: It could hardly be granted when another company took it over.

Hon. Mr. COPP: It was taken over in 1928.

Right Hon. Mr. GRAHAM: The application was in, though.

Hon. Mr. COPP: The company was organized, and it remained in existence. A little later Senator McDougald did come into the Beauharnois Company.

Now, I want to refer to section 8 of the report:

> 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.

I say that Senator McDougald did not subscribe for those extra 1,600 units. He did not even subscribe for the original 800 units. He did not come in until the second syndicate was organized, and when that report says that he subscribed for the 1,600 units in the second syndicate, I reply that Mr. Sifton, and not Senator McDougald, was the man who subscribed for them. He was also the man who subscribed for the extra 1,600, for which $100 per share was to be paid.

Hon. Mr. GORDON: May I ask, is there any evidence of that?

Hon. Mr. COPP: It is in the report.

Hon. Mr. GORDON: Does the honourable gentleman say the reading of the evidence is that Mr. Sifton subscribed for them.

Hon. Mr. COPP: Absolutely. You have not read the evidence of Mr. Sifton?

Hon. Mr. GORDON: I have read every word of it.

Hon. Mr. COPP: Mr. Moyer, for Mr. Sifton, subscribed for the original units. He was granted 800 units, and secondly 1,600, and then on the 10th of May, if I remember rightly, Mr. Sifton again, by his trustee, Mr. Moyer, subscribed for 1,600 more units.

Hon. Mr. GORDON: Is there any evidence of Mr. Sifton having subscribed for those? Have you a copy?

Hon. Mr. COPP: No.

Hon. Mr. GORDON: Have you his name on a certificate?

Hon. Mr. COPP: No. Does my honourable friend deny or doubt that those shares were issued, and that the original units were issued to Mr. Sifton, and that he had them?

Hon. Mr. GORDON: Yes.

Hon. Mr. COPP: Then my honourable friend is in the same category as the rest who are ready to doubt, and are suspicious.

Hon. Mr. GORDON: Exactly.

Hon. Mr. COPP: All right; I cannot wipe away the suspicion from the eyes of my honourable friend. If he has that suspicion he must stand in that class. But I say the evidence is that Senator McDougald never subscribed for those units, but got them from Mr. Sifton.

Hon. Mr. McMEANS: But Mr. Sifton himself never subscribed for them.

Hon. Mr. COPP: I do not care who subscribed. Mr. Sifton had control of them.

Hon. Mr. McMEANS: No.

Hon. Mr. COPP: Mr. Sifton had control of them, and he sold them to Senator McDougald. Now, what happened? Senator McDougald got these units, and there is a good deal of doubt expressed in the public mind and the committee as to just how he got them. My right honourable friend, in his eloquent way, has tried to put a veil of mystery about it. As far as I am concerned, I have not had connection with big business transactions, but I am not surprised to learn that those units were subscribed for by Mr. Sifton and were transferred to Senator McDougald. I cannot see any great mystery in regard to that.

My right honourable friend says that because Winfield Sifton went down to New York and drew $15,000 in the name of Mr. Moyer as trustee, there is great suspicion aroused about that. I cannot see why there should be that suspicion. I do not see that the fact that he wanted to do it in that way has any business in this House. If I wanted to give $15,000 to somebody and I went to New York for the purpose, that would not be a matter for Senate inquiry as to why I paid it in that way. That does not appeal to me as being a suspicious circumstance, or as having any veil of secrecy that should be used in this House to convict Senator McDougald or any other honourable gentleman of improper conduct as a senator. Yet that is what we are asked to do.

Now, there is a contradiction as to the amount paid for those shares. While the committee says there were suspicious circumstances, there was a difference in the evidence given. In the House of Commons committee Senator McDougald said that he paid $30,000 for those shares, and $16,000 later on. In our committee he said—and I think it has been proven beyond a doubt—that he paid to Sifton, in all, at one time, $46,000 in bonds for those shares. If we are to assume the suspicious circumstances suggested by my right honourable friend (Right Hon. Mr. Meighen) we should believe that Senator McDougald gathered up $15,000 in cash and said to Mr. Sifton, "You take Mr. Moyer and go down to New York and place this $15,000 in the Bank of Nova Scotia, and within the next day or two we shall have Moyer issue a cheque."

Hon. Mr. GORDON: This is so funny that I cannot help asking this question.

Hon. Mr. COPP: It may be funny to you.

Hon. Mr. GORDON: Do you think that any kind of business man, or even a man who is not a business man, would risk taking $15,000 in bills in his pocket to New York when he could go into a bank here and get a marked cheque to take down?

Hon. Mr. COPP: I may say to my honourable friend that it is none of my business what he should do or how he should handle his money. That is his own business. I do not care whether in regard to business my honourable friend is a reasonable man or not, but I say that what has been disclosed is no more an evidence of guilt than the fact that I have money in my possession is proof that I stole it. If you have the proof, all right.

I have listened to the evidence, and I have read it and re-read it. I have heard the remarks of my right honourable friend, but the evidence in regard to the carrying on of this transaction does not convince me that these men in what they have said before the committee have perjured themselves. If my honourable friends opposite are prepared to take the responsibility of saying so, it is theirs, not mine. My right honourable friend opposite expresses the hope that honourable gentlemen on this side of the House will search their consciences as to how they should vote on this motion. I do not for one moment put myself on a higher pedestal than any other honourable gentleman—I may be quite as weak as any in regard to partisanship; I do not admit that I am more so—but after listening to the evidence I am not

one who is going to say that Senator McDougald, business man that he is, came here and perjured himself. I do not believe that he did so, and I am not going to say that he did, in order to keep down party strife in this House.

Now I come to the question whether this Chamber has been deceived or misled. We are told that it is a terrible thing for any person occupying a position here to deceive the House. I say that if any honourable gentleman comes to this Chamber and not only deceives us, but deliberately makes a misstatement in regard to any matter in which this House is interested, he is not worthy to be a member of this House. On the 18th or 19th of April, 1928, when the despatches from the Toronto Globe and the Mail and Empire reflecting upon Senator McDougald appeared, he made a statement in the Senate. I am not going to read that statement. The effect of it was that he did not hold and was not interested in any stock or units of the Beauharnois Corporation. I accepted that statement. So far as I was concerned, I did not care whether he had or had not any such stock. However, it has been suggested that he misled this House in regard to it. I can only repeat that to come to any such conclusion one must be convinced that he wilfully perjured himself. I am not prepared to believe that.

As to the statement he made on the 20th of May, I think it was, of 1931, the same is true. He came here and made a statement to the House in which he reaffirmed, as my right honourable friend admitted, the statement made in 1928. Then he went further. He said he had not owned a single dollar in Beauharnois at that time, and that he did not become interested in it until some six months later. I am prepared to admit that that statement did not accurately represent the facts.

Hon. Mr. GORDON: It was ambiguous.

Hon. Mr. COPP: If my honourable friend will allow me, I will choose my own language. It might be said that this statement was not absolutely correct, because, as I am prepared to admit, it appears from the evidence that he did become interested in Beauharnois on the 18th of May, 1928. But, assuming that there was an error, or whatever you like to call it, is that sufficient ground upon which to say that he deceived the House? Whether it was June, July or December, was of no particular interest to him. He had in mind, as he said—and it appears to be a reasonable explanation—the time when the units belonging to the late Mr. Sifton were officially transferred to him in the name of his own trustee, Mr. Ebbs.

A good deal has been said in reference to the St. Lawrence Waterways Committee of this House. My honourable friend from Pictou (Hon. Mr. Tanner) says that he was deceived; that he was chairman of the committee and did not realize that Senator McDougald was at all interested in power or power projects in this country when he appeared before the committee and asked some questions. I may say that I too was a member of that committee, and that I had not much confidence that it was going to accomplish a great deal, or that its findings would have very much to do with the policy of the Government in regard to the development of the St. Lawrence Waterways. I spent several days in that committee, and heard Senator McDougald. I listened to the evidence given by the experts that he brought there—two men connected with the harbour of the city of Montreal, and Mr. Henry. Senator McDougald did not attempt to deceive that committee. He stood up and asked the chairman for the privilege of making a statement. He told the whole committee what he was doing. He said these men were here, and that he had prepared some questions which he had handed to them so that they would be able to study them and think them over. The chairman of that committee, who was also the chairman of the committee whose report we are now considering, said that that was all right. Then Senator McDougald questioned the witnesses. I have the report of that committee in my hand. I do not think its deliberations resulted in anything except perhaps some expense to the Government for printing the bluebook. The committee was adjourned to meet the following year, but it has never met since, and development of the St. Lawrence river has only commenced in the Beauharnois section. So far as the statements to the committee are concerned, they do not seem to me to be such a serious matter that the House of Commons or this House should spend a great deal of time in considering whether this man should be criticized or charged with any crime simply because he appeared before the committee and asked questions when he was interested in waterpower on the St. Lawrence river.

Senator McDougald served on the National Advisory Committee, which has already been referred to. I am bound to say that I am not in a position to discuss the report of that committee. It has always appeared to me, from the evidence given, and otherwise, that Senator McDougald and his colleagues on the Advisory Committee made certain recom-

mendations regarding development on the north shore. That has been my impression ever since I first heard about this matter some months ago. My right honourable friend says that the report does not make any such recommendation. As to that I cannot say. In any event, the development that was talked about has not gone on. As I undersand it, that committee was considering the advisability of the canalization of the whole St. Lawrence river, as well as the water-power development.

Now may I say a word or two in regard to the history of the Beauharnois organization? As far as I remember, from reading the reports, a company known as the Beauharnois Light, Heat and Power Company was incorporated under a statute of the Quebec Legislature in 1902. There was nothing done, I think, until 1927, when Mr. Sweezey came into the picture and his company acquired the rights of the Robert family. Mr. Sweezey was apparently a man of vision, ability and means, and he became interested in the development of power at that particular part of the St. Lawrence river. He secured an option on the rights of the Robert family in the company organized in 1902. I have no doubt that after he got the option he was in communication with the men who he hoped would assist him in financing the proposed development. One man that he spoke of was Mr. Frank P. Jones, a financial man with an almost world-wide reputation. He got to work on a scheme to raise money to develop this project. Mr. Jones went to Senator Raymond—apparently they were close friends—and told him, according to Senator Raymond's statement, that he was taking an interest in this development, and asked whether Senator Raymond would like to come in. Senator Raymond said that he would put in $30,000.

Jones and Sweezey carried on their negotiations for some period of time, and finally got down to the formation of the first Beauharnois syndicate. I think about twenty persons were interested in it, including Senator Raymond, who paid his money and took an interest in this enterprise solely on the suggestion of Mr. Jones.

Subsequently Jones and Sweezey were unable to continue to carry on the work together and an arrangement was made whereby one of them said, "I will take so much and we will part company." Mr. Jones was the one who sold out, and when he sold out Senator Raymond also sold out, and made a certain amount of money on the transaction. I do not feel that I should point the finger of scorn at Senator Raymond, or that as a member of this House I am being debauched because he made a few hundred thousand dollars that I could not have made; and I say to my right honourable friend who asked whether there was an honourable member who would not like to take the place of the senator, that if I had the opportunity of getting into a company where I could clean up $500,000 as easily as that, I would give it very serious thought.

Senator McDougald was not in the first syndicate. He came into the second syndicate along with the other members of it, and made some money. I want to point out to honourable members that this was not a public utility according to the general acceptation of that term. This would have become a public utility if the Province of Quebec had seen fit to develop it. But the Province of Quebec, through Premier Taschereau, said that it had no intention of developing this power. It said: "We do not believe in public development, but we will sell you or lease you the right to develop it for a term of years at a certain price per year." My honourable friend from Pictou (Hon. Mr. Tanner) and my right honourable friend the leader of the Government (Right Hon. Mr. Meighen) speak of public money. I say that this was not public money. Public money is Government money, money coming out of the Government or out of the people.

I should like to ask the honourable member from Pictou, and even my right honourable friend the leader of the Government in this House, when they became the guardian angels of the widows and orphans in this country. Is there any honourable gentleman in this House who, having been connected with a corporation or company, when there has been a reorganization, and water poured into the company, has not been forced to go without dividends because dividends could not be paid on the increased capital brought about by the reorganization? What is true of this is true of other corporations, as everybody well knows. I should like to ask my honourable friend from Pictou (Hon. Mr. Tanner), who has the great responsibility of caring for the honour and dignity of this House, if he would support an investigation to ascertain whether there are other honourable members of this Chamber interested in companies that have sold stock at prices which cannot now be realized for it? It is true the Beauharnois Company sold bonds, and that some of the proceeds enriched some honourable members of this Chamber, but that was done in a perfectly legitimate and honest way. If I buy a security for $100 and sell it for $500, why should I bother about whose money

pays for the security? The people who buy it have every chance to investigate the assets behind it and to satisfy themselves in this regard. I do not think it is the duty of a senator to act as the trustee or guardian of people who buy stock.

Enthusiastic claims may be made on behalf of certain stocks, and people may be induced by those claims to invest their money. But that sort of thing has been done ever since companies issued stocks, and it will be done for generations to come. I do not feel that the time has arrived when I can say to a colleague, "You have been more successful than I have, and you are not fit to sit in this House." Though sitting on this side of the Chamber with honourable members against whom the committee has reported, I feel that my reputation—what little I have left—and my honour are just as safe as they would be if I were sitting with honourable members who occupy the other side.

I told my colleagues on the committee that I could not agree with the report. I said that in my opinion it was founded largely upon suspicion and not upon evidence. The right honourable leader has said he hopes that when we come to vote on the motion we shall banish politics from our minds, and not look upon the matter as a party measure. I shall not vote on it as a party measure. But I shall vote in the light of my conviction that the three senators mentioned in the report are not guilty of the charges—I do not like that word, but it has been commonly used—are not guilty of the charges levelled against them. I believe they have given complete answer to those charges.

May I say a word or two with regard to campaign funds? I am very glad that the right honourable leader agrees with us on this side of the House that there is no particular odium attached to the collection of campaign funds, if it is done in a right and proper manner. I have no doubt that every member of this Chamber and of the House of Commons would agree with that. Two of the senators who are mentioned in this report are charged with having been collectors of campaign funds. Now, it has been admitted that campaign funds are a necessity. No one will dispute that. I am not going to be hypocritical, nor plead ignorance of campaign funds. On a number of occasions I have been a recipient of campaign funds, and I have also contributed in a small way. I am not ashamed of that. I do not think there is anything in that inconsistent with my position as a senator. For that reason I cannot see why any blame should be attached to other senators for having collected campaign funds.

The right honourable leader also agrees—he did not say this in so many words, but I think we may draw the inference—that if we are to have campaign funds we must have someone to handle them. Are they to be placed in the hands of—if I may use a slang expression—some rough-neck or bootlegger? Or should they be in charge of someone of financial standing, integrity and honesty, who would give assurance that the money collected would be expended legitimately in the channels for which it was intended? I think we all agree that campaign funds should be handled by men of this kind. That being so, is there any reason why a senator should not be a trustee of campaign funds? If it is considered beneath the dignity of a senator to act in that capacity, then we should have a rule to guide us in the future. I am disclosing no secrets when I say that on both sides of this Chamber are honourable gentlemen who have collected campaign funds. As I say, if we want to prevent anything of that kind in the future, let us do so. I am prepared to support a rule along that line.

I want to make some references now to my friend Senator Haydon. If I had the vocabulary of a Webster I could not express my thoughts with regard to Senator Haydon more clearly than they were expressed by my colleague from Eganville (Right Hon. Mr. Graham) this afternoon. I have known Senator Haydon intimately for the past seventeen years, ever since I first came to Ottawa as a member of Parliament; and I was acquainted with him before that, for he had previously done some agency work for me here. I have listened to and read the evidence carefully, and for the life of me I cannot bring myself to believe that there was anything improper about the acceptance of the retainer by Senator Haydon's firm in connection with the Beauharnois matter. I admit that it was a large retainer, but I cannot believe that it was paid for the reason that has been suggested by some honourable members opposite. As a matter of fact, I could hardly force myself to believe that any honourable member of this House who had taken a retainer would go into the witness box and perjure himself with regard to the reason for which he was paid. I can understand a man who is under a serious charge in a court of law colouring a story in an endeavour to save himself from a penitentiary term, or from the gallows, but I cannot conceive that anyone occupying any responsible position in this country—whether he be a merchant, doctor, lawyer, member of Parliament, or senator—would make an untrue statement under oath in connection with a proceeding of the kind that we had here.

The right honourable leader of the House stressed the contention that it was Senator Haydon's firm that received the retainer. At the time the retainer was paid the late Mr. McGiverin was head of the firm. For many years he was a parliamentary agent here, retained by large companies, and Mr. Sweezey went to him in the first place. Mr. McGiverin then said that he had been retained by some other company and was not in a position to state definitely whether he could act for Beauharnois. But some time later he stated that he was free to accept a retainer. Then the amount of the retainer was discussed. It was natural that Mr. Sweezey should be desirous of obtaining the legal services at as reasonably low a figure as possible, but finally the figure of $50,000 was agreed upon, with additional annual payments of $15,000 for three years. I do not know whether the right honourable gentleman has been engaged in the practice of law in a large way recently, but if he has he must know that a fee of $50,000 is not unusual. For a counsel like Mr. W. N. Tilley, $100,000 is a mere bagatelle as a fee in some of the big cases with which he is connected. The same thing is true of Mr. Geoffrion.

The right honourable leader says that the retainer was paid for no other purpose than for services in assisting to get Order in Council No. 422 passed. Well, Mr. Sweezey may have retained this firm for the purpose of getting some assistance in that connection. I have no doubt that when Mr. Sweezey retained a number of lawyers at Ottawa he did so with the intention of getting all the assistance they could give him along any line that would be beneficial to his company. That would be only natural. Any man who retains an attorney to carry on business for him buys his time, his influence, his ability. The right honourable leader of the House says that the retainer of $50,000 would not have been paid if the Order in Council had not been granted. But there is nothing very strange about that, for unless the Order in Council were passed the company could not carry on and it would not have enough money to pay such a retainer.

Every lawyer who receives a retainer uses his influence on behalf of his client, whether in a business transaction or in a court of law. For instance, everyone knows that lawyers seek to influence juries. And there is nothing improper about that. Similarly, I submit there was nothing improper in the attempt of lawyers to exercise influence on behalf of Mr. Sweezey or his company. The right honourable gentleman, referring to the statement that they were employed to create an atmosphere, said that they should be perfumers instead of lawyers. Well, I say to my right honourable friend that he was diffusing an obnoxious perfume when he made various statements that were not supported by evidence.

Senator Haydon said on oath that he did not try to influence a single member of the Cabinet—that he never went near the Cabinet. I want to join with my right honourable friend from Eganville (Right Hon. Mr. Graham) in expressing the belief that no man, having held such a position as Senator Haydon has held in the past, and realizing himself to be in such a condition as Senator Haydon is in at present, would kiss the Holy Evangel, take his oath, and perjure himself in regard to this matter. I cannot believe it, and I will not say by my vote that I do believe it.

It has been said that certain people were retained and paid to use their influence with the Government. Those people went into the witness box and said that this was not so. If the committee wanted any real evidence in regard to the matter, instead of relying on these suspicious circumstances which have been woven around all this evidence, they could have secured it. On the contrary, the people of this country are blinded by a veil of suspicion or doubt so that some one may reap a benefit in a way that I do not want to mention to-night. With whom was the influence referred to used? The Order in Council was passed by the Cabinet of this country. This being so, the only ones who could be influenced in regard to the passage of the Order in Council, or the approval of the plan of construction, would be the members of the Cabinet. Practically every one of those gentlemen is in Ottawa, and if positive evidence had been wanted as to whether they had been influenced or not, all that was necessary was to call them and ask whether Senator Haydon, Mr. Greene, Colonel Thompson, or any of those men had tried to use influence. Every one of the gentlemen I have named went into the witness box and said that he had not done so. One outstanding witness, Mr. Geoffrion, the leading counsel for the Beauharnois Company, said that there was no necessity for political influence. He spent a year or two getting the legislation and the lease from the Province of Quebec. That was accomplished, subject to the condition that it must receive the approval of the Governor in Council within one year. Then Mr. Geoffrion came to Ottawa. What was his evidence? Is there a man in this House, knowing Aimé Geoffrion—a gentleman who holds a high and distinguished position at the Bar of the Province of Quebec—is there

a man in this House who believes that he came here at the request of Senator McDougald, Senator Haydon or Senator Raymond, and went into the witness box and perjured himself to save them from the charges of an irresponsible committee of the House of Commons? I say it is impossible. Mr. Geoffrion was called here, I think, by the honourable member from De Salaberry (Hon. Mr. Béique). When he was examined every item of his charges for work in the Province of Quebec, as well as here, was brought to his attention. What was his evidence? It was that this was an engineering matter; that he came here and saw the engineers, and that influence was not necessary. As it was a matter of engineering, the engineers of the department approved and recommended the plans. After the plans were approved, Mr. Geoffrion said, it became a legal matter. The Government could not refuse after the plans had been approved by the engineers. Mr. Geoffrion was so sure of his ground that although a great many conditions were put into the Order in Council, he agreed in advance to any further conditions that might be imposed. What better evidence could there be that there was no need of influence, no question of influence, and that the fact that these men were retained to carry on some of the work in connection with this company was not a suspicious circumstance?

What took place when the application came before the Cabinet? First of all, it was referred to a subcommittee of the Cabinet and there was an investigation. There were ten or eleven other companies protesting, which was all the more reason why the Government should make a very minute inquiry. That was done, and no man who has read the Order in Council passed at that time, and studied all the conditions that were imposed, can have any reasonable suspicion. By that I do not mean to say that a man cannot think otherwise than I do without going against his conscience. I realize that in questions such as this, even if there had not been the slightest taint of politics, there might be some little difference of opinion in regard to the evidence. We find the same thing in our law courts. Judges differ in regard to cases that come before them. But I say to my honourable friends on both sides of the House, and to the people of this country who are interested in this matter, that after hearing and reading the evidence and considering it, and reading and considering the evidence adduced before the committee of the House of Commons, I have no conscientious scruples, no doubt as to what is my duty in regard to my fellow senators who stand charged by a committee of the House of Commons with impropriety and conduct unbecoming a senator.

The Senate Chamber or any other representative body is only as high morally as the men who compose it. I do not feel that I am in a position to say for myself that I am any better than any of my colleagues. I do not think it lies in the power, in the mind, or in the right of any honourable gentleman on the other side of the House to accuse me of not being conscientious in regard to my vote on this question—just as conscientious as I ever was in any act of my life.

I feel that my honourable friends opposite have been more or less misled by those suspicious circumstances and mystery that were brought up in the first committee in the House of Commons. The report in different places speaks about matters strongly suspicious, with a view to creating a certain doubt in the minds of honourable members.

I am not here to express my views or my hopes in any doubtful way. I believe these senators are men of integrity, men of honesty as far as honesty goes in human mortals today. I believe they are entitled to fair consideration, and I believe that this House and this country feel that the proper means should be taken to show that this report of the committee of the House of Commons was a biased one, one not based on facts, one not giving more than one side, that its conclusions were prompted by one attitude, and that was the view expressed only a few days ago by a man of high position in this country, indicating that the purpose was to get clear of these three senators without any reasonable suspicion or any good reason why they should be charged, or be brought before the bar of this House, or criticized in any way for their actions.

I have spoken longer than I intended, honourable gentlemen, but I desired to give my views in regard to the question and to state the reason why I am opposing concurrence in this report as brought in by the chairman of the committee yesterday.

Hon. Mr. LYNCH-STAUNTON: I beg to move the adjournment of the debate to the next sitting of the House.

Right Hon. Mr. MEIGHEN: Before that motion is put I move that when the House resumes, this subject be given the first place in the Orders of the Day.

The motion of Right Hon. Mr. Meighen was agreed to.

On motion of Hon. Mr. Lynch-Staunton, the debate was adjourned.

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

THE SENATE

Friday, April 29, 1932.

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

Prayers and routine proceedings.

WINDING-UP BILL

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill C2, an Act to amend the Winding-Up Act.

He said: Honourable senators, the purpose of this Bill is to put the Winding-Up Act into conformity with the Bills respecting insurance which already have been passed by this House.

Right Hon. Mr. GRAHAM: Give it a second reading and get it to the Committee on Banking and Commerce.

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

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

THE BEAUHARNOIS PROJECT

OFFICIAL REPORT OF THE DEBATE

Before the Orders of the Day:

Hon. Mr. MURDOCK: Honourable senators, I notice that the Debates of the Senate for yesterday are not before us in full. I imagine that there are others besides myself who are very desirous of having the text of certain remarks that were made by the right honourable leader of the House when concluding his speech on the Beauharnois matter. Therefore, it seems to me that we should not proceed with Order No. 3 until the entire text of that speech is before us.

Right Hon. Mr. MEIGHEN: I do not know whether the report of the debate is ready yet or not. I know that at other times during this session the reporters have represented that they are very hard pressed by demands made upon their numbers for committee reporting and other work, and since I have come here I have observed that the debates are not turned out as quickly as they are in the other House. But I do not think we ought to delay. Everyone was here and heard the statement. The honourable leader opposite (Hon. Mr. Dandurand) and I have agreed that we shall reach a vote on this question to-day, and I am sure that we on this side will co-operate to the utmost to reach that end. I hope the honourable gentleman (Hon. Mr. Murdock) will not press the matter.

Hon. Mr. DANDURAND: I should like to state that my agreement rather took the form of a desire or hope. I do not know how far into the night we may go, because we cannot curb speakers who have a right to be heard. The debate has not run for very long, having started only yesterday, if I am not mistaken.

Hon. Mr. STANFIELD: The day before.

Hon. Mr. DANDURAND: The day before. This is an important matter. Of course, if we cannot reach a conclusion by midnight, it will be for the right honourable leader of the Government to say what is to be done.

Right Hon. Mr. MEIGHEN: I do not want to place any interpretation upon the words of my honourable friend. I am quite ready to go on to a conclusion. I do not want to be placed in the position of pressing honourable gentlemen opposite out of the debate at all. I am ready to go on to any hour. I should like to have the matter disposed of, and I think the House generally will agree that we do not want this carried over till Tuesday.

Hon. Mr. MURDOCK: I doubt that there is a chance of reaching a vote at any reasonable time to-day. I do not want to appear to be an obstructionist, but I listened very attentively to what the right honourable gentleman said yesterday, and I thought that at the conclusion of his remarks I heard him say to throw to one side all the evidence and decide the question—it seemed to me—on suspicion.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MURDOCK: The right honourable gentleman shakes his head. I must have been mistaken. But I should like to see the debate, for there are others who hold the same view that I do.

Right Hon. Mr. MEIGHEN: I must have had a lapsus mentis if I said anything of that sort. I urged honourable members to read, and I think I said, to reread the evidence. It was far from saying that they should throw it aside. I think I should be open to expulsion if I suggested such a foolish thing as that.

Hon. Mr. KING: I quite concur in the remarks of the honourable gentleman who has brought up this question. This is the most important debate held in this Chamber

for many years, and the address of the right honourable leader was one which should be thoroughly considered. I realize the difficulties that the Hansard reporters have had, but I am of the opinion, in agreement with my honourable friend (Hon. Mr. Murdock), that it would be unfair to ask members to proceed until we have had the full text of my right honourable friend's address before us.

Some Hon. SENATORS: Hear, hear.

PRIVATE BILL

THIRD READING

Bill 32, an Act respecting the Ottawa and New York Railway Company.—Hon. G. V. White.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Tanner for concurrence in the report of the special committee appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as it relates to any honourable members of the Senate.

Hon. Mr. MURDOCK: I hope the right honourable gentleman—

Some Hon. SENATORS: Order, order.

Hon. Mr. MURDOCK: I hope that he will recognize the request that was made.

Right Hon. Mr. MEIGHEN: I will go this far: I think it would be a very serious precedent not to proceed with the debate because Hansard may not be out. The debate is going to continue at some length, and, while I have no idea when Hansard will come, it should be out by this time. I am not going to be at all obstinate with the honourable leader opposite with respect to the continuance of the debate. I do not care what our understanding was. If he says that it would not be fair to close the discussion tonight, I am going to yield to his request. However, I expect Hansard any minute, and I do not think we should delay this House when everyone has heard the speech. I do not believe the honourable member thinks I am quite foolish enough to make a statement of the kind he refers to.

Hon. Mr. MURDOCK: We listened to the speech of the right honourable gentleman, whose words we weigh very carefully, realizing that he knows what he is talking about as leader of the House, and personally I should like to see what it was he said.

Right Hon. Mr. MEIGHEN: The honourable gentleman will be able to see it. I presume he intends to speak. We will certainly continue until the honourable gentleman has a chance to see the report before he makes his speech.

Hon. Mr. MURDOCK: I am not worrying about that.

Right Hon. Mr. MEIGHEN: I do not know what it is, then.

Hon. Mr. MURDOCK: The worry is this: We have before us, as has been said, one of the most important questions that have ever come before this body, and yesterday a very extensive and lucid statement was made by the right honourable the leader of the House. Some of us understood him to say something that, to our minds, is entirely contrary to law, justice and the usual practice. I for one want to see whether he said that, because I am assuming that if he did he is backed by those who sit behind him.

An Hon. SENATOR: Order.

Hon. Mr. MURDOCK: We should have that before us. I should like, of course, to hear the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton), but let us see what the right honourable the leader said.

Hon. GEORGE LYNCH-STAUNTON: Honourable members, believe it or not—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: —I have no partisan feeling in this case. If one of my honourable friends on either side were to stand up in this House and say that he had no partisan feeling, I would believe him, and I ask them to accord the same courtesy to me.

I think that some honourable members have a misapprehension of the position of the Senate in regard to this motion. One of the honourable members said to me that a court would not convict on this evidence. That indicated to my mind that the honourable gentleman thought it necessary that these senators should be charged with a crime, or that the aim of the investigation should be to ascertain whether or not they had been guilty of any crime against the law of Canada. That is entirely a misapprehension. We are not necessarily trying to ascertain whether or not these gentlemen have been guilty of a crime.

The Parliament of Canada is the high court of record, and each of its branches has absolute jurisdiction over its members. I confess I was very much surprised when, delving into

the authorities, I discovered how wide that jurisdiction was. The House of Commons may inquire into any of the activities or conduct of its members in and out of the House. The Senate may also inquire into, and pass its opinion upon, the conduct of any of its members in and out of the House.

The British North America Act, section 23, outlines the qualifications of a senator. A man cannot sit in this House if he is not of the full age of thirty years; if he is not a subject of His Majesty; if he ceases to reside in his province; if he ceases to have the property qualification; or if he is convicted of a crime. The Senate does not try him. On certification to the House of the lack of any of the necessary qualifications he is not allowed to sit here, because he is no longer a member.

Our jurisdiction to entertain this case does not arise under section 23, but comes within section 18 of the British North America Act, which enacts:

> The privileges, immunities, and powers to be held, enjoyed and exercised by the Senate and by the House of Commons and by the Members thereof respectively shall be such as are from time to time defined by Act of the Parliament of Canada, but so that the same shall never exceed those at the passing of the Act held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland and by the Members thereof.

Parliament has enacted, in the Senate and House of Commons Act, that the Senate shall have all the powers which the House of Commons in England had at the time of the passing of the British North America Act.

Hon. Mr. DANDURAND: Will the honourable gentlemen read the text of the Senate and House of Commons Act?

Hon. Mr. LYNCH-STAUNTON: Section 4 of the Senate and House of Commons Act, Revised Statutes of Canada, Chapter 147, is:

> 4. The Senate and the House of Commons respectively, and the members thereof respectively, shall hold, enjoy and exercise, (a) such and the like privileges, immunities and powers as, at the time of the passing of the British North America Act, 1867, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof, so far as the same are consistent with and not repugnant to the said Act; and (b) such privileges, immunities and powers as are from time to time defined by Act of the Parliament of Canada, not exceeding those at the time of the passing of such Act held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom and by the members thereof respectively.

Hon. Mr. BUREAU: The law was amended in 1875. To-day our powers and privileges are those of the House of Commons of England at the time of the passing of the legislation by the Parliament of Canada.

Hon. Mr. LYNCH-STAUNTON: Subsection a makes it quite clear that the Senate's powers are now those exercised by the Imperial House of Commons in 1867. What were the powers of the House of Commons? May says that it is the undoubted power of the Commons to discipline its members—to suspend or expel its members; and he cites several cases. Members have been expelled as being in open rebellion; as having been guilty of forgery; of perjury; of frauds and breaches of trust; of misappropriation of public money; of conspiracy to defraud; of corruption in the administration of justice, or in public offices, or in the execution of their duties as members of the House; of conduct unbecoming the character of an officer and a gentleman; and of contempts, libels and other offences committed against the House itself. The notorious Sadleir was expelled from the House of Commons for absconding when he had been charged with fraudulent acts. He had fled the country. It is not a crime to leave the country, but when the Commons was satisfied that he had fled the country he was expelled. There are many other cases, and it is very, very clear that this House has the right to censure, suspend, or expel any member for any conduct unbecoming a gentleman, or unbecoming a senator. In order to justify a vote for the adoption of this report it is not necessary for a senator to find that the honourable gentlemen mentioned therein have been guilty of any crime against the law.

Further, no court in the land has any right to review the decision of the Senate. The Senate is a court of record and is vested with all the necessary powers, from which there is no appeal. No court may enjoin, no court may issue a mandamus to, the High Court of Parliament.

I purpose to consider this report to determine, not whether the honourable gentlemen mentioned have been guilty of a crime, but whether or not they have been guilty of an act unbecoming senators. If I conclude they have been, then I feel that I should, for the preservation of the dignity of the Senate and on grounds of public policy, vote for the adoption of the report.

I listened with great interest to, and I was intensely affected by, the speech of the right honourable gentleman from Eganville (Right Hon. Mr. Graham). I thought it was a noble speech, in so far as it showed the man; but, although I was carried away for the moment, I did not agree with his conclusions. However, I wish to say that I entirely agree with him

when he says that he resents the attempt of a committee of the House of Commons to try to censure any member of the Senate. If a senator has been guilty of a breach of privilege of the House of Commons, then he is, like any other citizen, liable to be haled before the Commons for trial, and if that House deems it necessary he may be censured or punished. I have not considered whether or not the three honourable gentlemen concerned were guilty of any breach of privilege of the House of Commons, because it is manifest that House does not pretend that the three senators were guilty of any such thing, or it would not have sent its report over to us for further action. Therefore, in so far as the Commons committee presumed to censure the senators, I resent its action. I consider, though, that every legislative body in this country, and indeed every citizen of this country, have the right to draw our attention to any alleged improprieties on the part of senators and ask us to inquire into the matter, and discipline the senators concerned if we should come to the conclusion that such treatment is merited.

It is a common thing for the House of Commons in England to impeach members of the House of Lords. The House of Commons in England has the clear right to exhibit articles of impeachment in the House of Lords. I think it follows that the House of Commons of Canada has the right to exhibit to us complaint against the conduct of any of our members. But that House has no right to try any senator. It has no right to try or to censure anyone who is not a member of that House, for any crime, misdemeanour or misconduct, excepting, of course, any person who has been guilty of a breach of privilege of that House.

In deciding how to cast my vote I shall rely not upon contradictory evidence, but upon admissions of charges made. Senator McDougald admits that he made a trip to Bermuda and charged up the expenses of that trip to the Beauharnois Power Corporation. He has not shown that he had any right to do that, for he did not say he was on official business of the company in Bermuda, and I think I am making only a mild statement when I say that in his action he was guilty of conduct unbecoming a gentleman and a senator. Senator McDougald was subpoenaed before the House of Commons committee. He admits that he retained counsel for his personal defence. He admits that during the sittings of that committee he was attending sittings of this House. He admits that he charged up to the Beauharnois Power Corporation, and caused to be paid by that concern, his counsel fee and bill for board while he was in this city in connection with that committee's sittings. He gives no authority, and he cannot give any, for the appropriation of funds of that corporation to pay those bills. I conclude—but I do not ask anyone to act on my conclusion—that Senator McDougald's conduct with respect to those bills was unbecoming a gentleman and a senator, to say the least.

Senator McDougald was the President of the Beauharnois Power Corporation. That corporation launched a prospectus on the public of this country, calling for subscriptions to $30,000,000 of bonds. In my opinion that prospectus is from beginning to end a misrepresentation, and, I may say, fraudulent. It is not fraudulent in law, because he can find in the Companies Act an excuse for everything he has done; but he cannot find an excuse in a court of honour or of morals. That corporation's directorate, of which he was a member, gave to Newman, Sweezey and Company and the Dominion Securities Company $3,000,000 of that money and paid over to the Beauharnois Light, Heat and Power Company, Limited, only $22,500,000. No one who reads the prospectus can gainsay that it indicates the money was to be provided for the building of the great Beauharnois enterprise. The agreement made with the Beauharnois Light, Heat and Power Company, Limited, was not disclosed properly in the prospectus. The agreement provided that out of the proceeds of those bonds $22,500,000 should be lent to the Beauharnois Light, Heat and Power Company, and that out of that $22,500,000 the sum of $4,000,000 should be paid to the syndicate—

Hon. Mr. DANDURAND: I do not want to interrupt my honourable friend needlessly, but I would point out to him that, if my memory serves me rightly, this matter does not fall under the reference to the Senate committee and was not investigated by that committee.

Hon. Mr. LYNCH-STAUNTON: I will accept the honourable gentleman's statement. If it does not fall within the reference I shall not pursue it, because I do not care to expose more faults of Senator McDougald than are necessary.

Hon. Mr. McMEANS: The chairman of the committee is not in the House at the moment, and perhaps I shall be permitted to say that I think the matter referred to by the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) was taken up by the House of Commons committee and was made part of the record of the Senate committee.

Hon. Mr. LYNCH-STAUNTON: I ask the right honourable leader of the House if it is admitted that the matter I am referring to was not within the record.

Right Hon. Mr. MEIGHEN: I think the point taken by my honourable friend from De Lorimier (Hon. Mr. Dandurand) is that the matter now under discussion has no reference to any of the three senators. Is that the point?

Hon. Mr. LYNCH-STAUNTON: I want to be punctilious about this. If the matter is not clearly within the order of reference I do not want to discuss it. I will read the order of reference:

Ordered, that the following Senators, namely: the Honourable Senators Béique, Chapais, Copp, Donnelly, Graham, Griesbach, McMeans, Robinson and Tanner constitute the Special Committee appointed for the purpose of taking into consideration the Report of the Special Committee of the House of Commons, of the last Session thereof, to investigate the Beauharnois Power Project, in so far as the said Report relates to any Honourable Members of the Senate, and that the said Committee be authorized to sit during sittings and adjournments of the Senate.

Hon. Mr. DANDURAND: My honourable friend will have to find in the House of Commons committee's report, which was referred to the Senate, a reference to the prospectus as an element to be inquired into.

Hon. Mr. GORDON: I submit that the honourable gentleman from Hamilton is perfectly in order, because Senator McDougald was interested in the company at the time to which the honourable gentleman is alluding.

Hon. Mr. LYNCH-STAUNTON: Does my honourable friend still insist that I am out of order?

Hon. Mr. DANDURAND: I surely must insist, because this matter was not referred to the Senate committee. No accusation was made against Senator McDougald with regard to the prospectus, and that subject was not inquired into. Therefore he had no opportunity to disprove any accusation that is now made in that connection.

Hon. Mr. LYNCH-STAUNTON: Well, all I can say is that he is lucky. I will give him the benefit of the doubt.

Hon. Mr. TANNER: Honourable senators, the House of Commons report, which is included in the report now before this House, distinctly includes references to the agreement which the honourable gentleman from Hamilton is discussing.

Hon. Mr. DANDURAND: Will the honourable gentleman read it?

Hon. Mr. TANNER: The House of Commons committee had that agreement before it.

Hon. Mr. DANDURAND: Will the honourable gentleman read that?

Hon. Mr. TANNER: See page 176 of the Minutes of the Senate.

Hon. Mr. DANDURAND: What does it say?

Some Hon. SENATORS: Read it.

Hon. Mr. TANNER: At page 176 of the Senate Minutes there is this paragraph, which is part of the committee's report:

At this same meeting, according to the minutes, there was authorized a proposed agreement—

That is the agreement to which, I presume, my honourable friend is referring.

—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.

And then the report goes on with other particulars.

Hon. Mr. DANDURAND: But the honourable gentleman from Hamilton was discussing the prospectus.

Hon. Mr. LYNCH-STAUNTON: No; I am now discussing the agreement. The agreement provides that the Beauharnois Light, Heat and Power Company, Limited, is to be paid $22,500,000, and that the Beauharnois Light, Heat and Power Company shall pay $4,000,000 to the Beauharnois Syndicate, and $3,600,000 interest. So the net result is that the Light, Heat and Power Company got out of that transaction approximately $15,000,000. Now, excepting the $3,000,000 paid to the Dominion Securities Company, there are $7,500,000 unaccounted for. In the absence of any explanation I can quite plainly see where Sweezey got the $600,000 or $700,000—

Hon. Mr. TANNER: Millions.

Hon. Mr. LYNCH-STAUNTON: No; the $600,000 or $700,000 that he paid to Senator Haydon. That clearly is the money of the company. There is no consideration set out, no consideration given for the payment of

that money to Sweezey or his partner, the Dominion Securities Corporation.

Even if that is legal, I say that it is conduct unbecoming a gentleman and a senator. The right honourable member from Eganville (Right Hon. Mr. Graham) took exception yesterday to the statement contained in the report, or made by the honourable member from Pictou (Hon. Mr. Tanner), that it was clear the first directors of that company were the clerks and solicitors, not the men behind the scenes, Senator McDougald and his co-directors. The right honourable gentleman asked members of the Bar whether it was not a common thing for incorporators to use stenographers, clerks and solicitors as the first directors of a company—I have forgotten the word he used—

An Hon. SENATOR: Provisional directors.

Hon. Mr. LYNCH-STAUNTON: —as provisional directors of a company. My answer to that is: sometimes it is done by honest people; I have incorporated a good many companies, and although I recognize that there is nothing wrong in the practice itself, I do not recall ever having done it; but I think it is pretty nearly universal among pickpockets who incorporate companies.

The whole series of agreements was put through by the provisional directors. That, to my mind, is something unheard of. All that provisional directors generally do is to organize the company, pass the formal by-laws, and then elect permanent directors. When activity of the provisional directors is confined to that the practice is unobjectionable, but when irresponsible people who know nothing about what they are doing—stenographers and office boys—are asked to pass upon and enter into great, important contracts which affect the very existence of the corporation, I say that it is insane, if not dishonest. Surely the stockholders are entitled to have these contracts passed on by responsible directors. I have not been much engaged in that class of business, but, as I have said, I have never before seen a case in which such stupendous responsibilities were placed upon the shoulders of office boys while the directors stood behind the door. I think such conduct is unbecoming a senator and a gentleman. In regard to Senator McDougald, therefore, I intend to vote for the report.

Now, as to Senator Raymond, I have not found anything in the evidence which reflects upon him or his honour.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: I do not understand this report to reflect upon him or his honour. I understand the report to say that the committee does not think he should have done what he did—not because it was immoral, not because it was wrong, but because it was imprudent. I am going to make a personal confession. While this wonderful project was in the air a Montreal friend of mine was visiting me in Hamilton and told me about it. He told me there was a syndicate and that he hoped to get some of its shares. I confess that I told him I wished I were in his place, and I confess that if he had offered me any of the shares in that syndicate I would have taken them. Thank God, he did not. I say it in all sincerity. I never dreamed at that time that if I had done so anybody would cast a reflection on me. I was mercifully spared.

From a reading of the evidence I consider that Senator Raymond was in a similar position. An offer was made to him, so far as we know, and he accepted. We have no right to entertain nasty, malicious suspicions about anybody, and I take it that he is not in any way dishonoured or disgraced by anything contained in the report.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: Dogs do not eat dogs. Senator Haydon is a brother lawyer. I do not know him, except to say "Good-day." So far as I have heard, Senator Haydon has heretofore been entitled to the reputation given to him by the right honourable member from Eganville (Right Hon. Mr. Graham). A good name is beyond all price, and to a man in his extremity it should stand for something. I am very much disappointed in Senator Haydon. I speak of his gratuitous calumny of the Hon. Mr. Ferguson. The right honourable member from Eganville made out what appeared to me to be somewhat of an excuse for Senator Haydon, but it is not sufficient. Senator Haydon was fighting for his reputation, and reputation to every man is dearer than his life. The subject had been present in his mind for a year. Surely he realized that to rob a man of his good name is a terrible thing. Mr. Ferguson never did him any wrong, never raised his voice against him. Mr. Ferguson is the representative of this country in the centre of the Empire, and Senator Haydon gratuitously sent all over the Empire a statement calculated to destroy Mr. Ferguson's usefulness. If what he said falsely was said impetuously, why has he not retracted it? He was represented by counsel before the commission, and he had counsel with him at his home. He knows, if he knows anything, that friend and foe alike condemn him for that utterance. I say on this ground alone that he was guilty

of conduct unbecoming a gentleman and a senator.

I do not intend to trouble you longer, honourable gentlemen, with a review of Senator Haydon's conduct in relation to political subscriptions or professional fees. That has been searchingly exposed to you by honourable gentlemen who have preceded me. On the other hand—for there are two sides to every question—it has been carefully and ably explained by the right honourable member from Eganville, of whom I may say that I know of no man better able to present another man's case. Therefore it would be simply a waste of time for me to make another analysis or presentation of that subject.

Hon. C. W. ROBINSON: Honourable gentlemen, it is proper that as a member of the committee I should make a short statement of my position in regard to this investigation. I hardly know whether we are in the position of judges or of advocates in this matter. I have listened to the speeches which have been made, and it seems to me that all idea of a judicial attitude has been thrown aside. I do not wish to speak particularly as an advocate, and do not intend to take up very much time. I do want, however, to address a few remarks to this matter in my own way.

In the first place I should like to correct a statement of the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton), which I know he never intended to make. Possibly he was not familiar with the evidence when he spoke of Senator McDougald collecting his expenses to Bermuda, and said he had no right to do so. The evidence taken before the Senate committee puts a different light upon that matter. It is not very long, and in order to place the matter before this body properly, I should like to read just one or two paragraphs. This is an answer given by Senator McDougald:

I was in Europe at the time. I left Montreal early in June. I want it clearly understood that I was the Chairman of the Beauharnois Company, and the expenses that Mr. Smith is referring to were legitimate expenses paid for by the Board of Directors of the Beauharnois Company. They were paid to me as Chairman for expenses that they thought I was entitled to for services rendered. I had not put in any expense account from the 1st of January that year until the time I left in June. Mr. Henry, the manager of the Company, was in my office one day, and said to me that if I would make out an expense account for that period that a cheque would be sent to my office. I instructed my secretary to make out an expense account. There was a balance on an old trip in 1929, November 22, a balance of $2,500, which included a trip to Europe and other incidental expenses, and nothing for the year 1930 at all, for that six months. And I instructed my secretary to make out an expense account and send it in. I did not tell him what to put in or how to make it up. He went off on holidays immediately after I left for Europe, and the man who was in the office, Mr. Browning, is here to swear to the accuracy of what I say, if he is required. He was asked by someone in the Beauharnois office to send in this expense account, and it was mentioned to him that my Bermuda trip would be included. And he made up my own personal expenses to Bermuda, and not a dollar of Mr. King's in that whatever.

Hon. Mr. LYNCH-STAUNTON: I did not say he did.

Hon. Mr. ROBINSON:

Q. And you have refunded the amount?—A. I refunded the whole amount.

Q. Why?—A. Because I never intended at any time to charge even my own personal expenses on that trip to Bermuda.

I thought it was only fair that that explanation of those expenses should be made at this time.

Hon. Mr. GORDON: When was that money refunded?

Hon. Mr. ROBINSON: I do not know whether I can tell. No, I do not think it says. It was refunded. That is the evidence given before the Senate committee, and I thought it was only fair to correct the statement of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton).

I want to corroborate the statement of the honourable member from Westmorland (Hon. Mr. Copp), who spoke last evening, with regard to the preparation of this report. So far as the hearing went, and the preparation of the report, there might just as well have been only one man on the committee. I do not want that remark to be regarded as any reflection on the other members of the committee. When we were called, as members of the committee, the report was laid before us. It has been stated, and correctly, that a copy had been sent to the honourable gentleman from De Salaberry (Hon. Mr. Béique). I had not had the privilege of seeing a copy, and I do not believe any other member on our side of the House had seen a copy, and although we asked for a longer adjournment in order to give the honourable gentleman from De Salaberry, who had not been very well, a chance to prepare some memoranda, that was refused, and we adjourned until the next day. He was not able to be present, and I may say that I made what I thought was a very good suggestion of an amendment. I suggested that all reference to Mr. Aird might just as well be left out of the report, because we really did not have to deal with that question at all, and it introduced matters of discussion that did

not need to be introduced. That was the way I felt about it. But I found that no consideration was given to any suggestion; the attitude as to the report was, take it or leave it. So that is the position with respect to the report before us. Honourable gentlemen can understand why, as one of the members of that committee, I am not very sympathetic with that report, and am not very eager for its acceptance by this House.

There is another reason why I feel that way. I refer to section 5 of the old report, dealing with the case of Senator Raymond. This is how it reads:

> 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.

What is the implication? The only implication to be derived from this is that it was a payment to Mr. Raymond for his own use, as a bribe to secure his influence. We all know that, as a matter of fact, it was nothing of the kind. He had no interest whatever in that money. He received it as a trustee, a custodian of party funds. He did not even have the privilege that an ordinary trustee company has in handling funds, of collecting the usual commission. Yet there is certainly a plain implication, and one which I do not believe is correct. Not only is that the implication of the Commons committee, but we find that the committee of the Senate has this to say about it:

> While this committee agrees that the facts found in the summary of the Commons report referring to Senator Raymond are established, and with the opinions expressed in such summary, especially that contained in paragraph No. 5 thereof, it is impossible for us to do otherwise than accept Senator Raymond's denial.

I submit, honourable gentlemen, that that statement is untrue. Some honourable gentlemen would like to draw inferences. A great deal of that has been done on suspicion. But what is the inference that must be drawn when the committee of the House of Commons is supported in such a statement by the committee of this House?

Right Hon. Mr. MEIGHEN: Would the honourable gentleman be good enough to indicate to me where the reference to Aird is made in the report? The honourable gentleman said that he wanted it struck out, but I cannot find it.

Hon. Mr. ROBINSON: It is in referring to Senator Haydon.

Right Hon. Mr. MEIGHEN: I do not think so. I do not think there is such a reference there at all.

Hon. Mr. ROBINSON: Perhaps I should have said the evidence in regard to Mr. Ferguson.

Right Hon. Mr. MEIGHEN: Maybe so. There is no reference to Mr. Aird.

Hon. Mr. ROBINSON: We often hear about the necessity of being careful in evidence and stating the truth exactly, which is indeed a good rule for us to observe; and I think it is very important that when a committee dealing with the honour of members of this House brings in its report it should at least observe that rule, or try to observe it. I do not think it has done so. I could not possibly vote for the adoption of such a report as this, even if there were no other reasons.

Now I am not going to deal with the evidence. I am quite as desirous as other members that we should not take too much time. The evidence has been pretty thoroughly dealt with. I desire to make just a few general observations in my own way.

In bringing in this report and moving its adoption the honourable gentleman from Pictou (Hon. Mr. Tanner) made a speech which I am sure we all will say was a remarkable one, a speech which, as an exhibition of industry, care, and great preparation deserves hearty commendation indeed. But the honourable gentleman views this matter in a sort of microscopic way. He examines all the little details to see if he can find where the witnesses have been tripped up in their evidence in some small particular. That has been largely the attitude of the honourable gentlemen who are supporting the adoption of this report. The honourable gentleman from Winnipeg, whom I have in my eye (Hon. Mr. McMeans), said that he was the champion of the widows and orphans.

Hon. Mr. McMEANS: I would rather be the champion of the widows and orphans than an apologist for Dr. McDougald.

Hon. Mr. ROBINSON: The same expression was used by the right honourable leader yesterday, though he qualified it a little. The inference was drawn that some honourable senators and those associated with them have in some way done something to injure the widows and orphans, among others. Who really destroyed the securities of the widows and orphans? Was it not the Parliament of Canada? Was not that enterprise going along fairly successfully, well managed and well handled? Was not the investment of the widows and orphans pretty safe until the

Parliament of Canada stepped in upon the scene? The honourable member from Pictou (Hon. Mr. Tanner) drew a glowing picture of the power of Parliament, with which I entirely agree. The power of Parliament is great, but to my mind that is all the more reason why, in the exercise of that power, a proper regard should be had for the results that will come to the people of this country.

It has been stated that the Government had to bring on this investigation because the matter was introduced by Mr. Gardiner. I hope I am not out of order in referring to anything in connection with the other House. The Government did not bring on the investigation when Mr. King asked it about the matter. It brought on the investigation when Mr. Gardiner made his speech in that House. To my mind it would have been a great deal better for this country that the Government should never have allowed the investigation at all. I do not know whether I shall gain the support and agreement of members of this House, but that is the view that I personally take. In my opinion, there never should have been such an investigation. It has been destructive to business life when we had enough trouble already. It has destroyed the investments; perhaps destroyed is too strong a word: it has had a very damaging effect on the investments of the widows and orphans, if you will—on the investments of hundreds and probably thousands of people all over the Dominion of Canada. It has interfered with a great work being carried on, which would no doubt result in immense benefit to Canada, looked at from the proper viewpoint.

Honourable gentlemen have approached this question with a microscope. To my mind that is not the proper way to view questions such as this. It is too big a question to approach in so small a way, if I may be allowed to use such a word. I do not intend to say anything at all offensive to any member of this House—that is the last thing I would do, and if I should say anything offensive I hope honourable members will correct me at once. To my mind, the proper way to approach a question of this magnitude is to ascend the highest hill—to go to the mountain top and get a proper perspective, so as to understand what this whole scheme meant to this country, and what will be its effects.

Reference has been made to the fact that some gentlemen made $2,189,000. The ears of people are stunned when large figures are mentioned. In a matter of this kind, of course, it does not matter whether the figures are large or small, but I notice that the speeches made on the other side of the House have dwelt with the size of those figures—the hugeness of this amount of $2,189,000 made by some people connected with this affair. I do not suppose any affair of like magnitude is ever promoted, in Canada, the United States, or anywhere else, without fully as much as that being paid out in connection with those who promote it.

Hon. Mr. GORDON: My honourable friend seems to be so fair, impartial and sincere that I am sure that he, having been a member of the committee, will try to enlighten me on this. The $2,189,000 mentioned has not been condemned by anyone. Is the honourable gentleman referring to that money that went to senators, to Frank Jones, and others?

Hon. Mr. ROBINSON: That is one item.

Hon. Mr. GORDON: That is not under consideration at all. No one condemns them for that.

Hon. Mr. ROBINSON: I am not the first one to use these figures; they have been used already in this House. The honourable gentleman knows that. The right honourable leader knows that.

Hon. Mr. GORDON: What I was driving at was that the $2,189,000 found its way into the pockets of gentlemen who are not in this House.

Right Hon. Mr. MEIGHEN: Not altogether.

Hon. Mr. GORDON: One of them.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. GORDON: The $2,189,000 was divided with Mr. Jones.

Right Hon. Mr. MEIGHEN: The net profits of those in the syndicate.

Hon. Mr. ROBINSON: The right honourable leader used the figures, and he knows the explanation. I thank him for helping me out in the explanation. What does this $2,189,000 amount to after all, as compared with the magnitude of this whole work? Less than one-third of one per cent; and that is not a very big commission in view of the magnitude of the work.

In thanking the right honourable leader for his kindness in putting me right on this matter, I want to say that in listening to his remarkable speech yesterday I was thinking about a little time that I took off one night to go to a show. There was a conjurer doing all sorts of tricks; he could bring rabbits out

of hats, he could deal you any kind of hand of cards he liked; but I want to say to this House that the conjurer had nothing on the right honourable leader of this House. I will guarantee that when he got through with this conjurer, the conjurer would not know whether he took the rabbit out of the hat or the rabbit took him out of the hat. I want to compliment the right honourable gentleman upon the remarkable conjury which he displayed in the handling of this question. I have always had a very great admiration for his ability, but I must say that I was consumed with admiration at the ability he displayed in that speech.

Now I think this question should be approached from the proper viewpoint—that we should get the right perspective. What does it all mean, and what does it all amount to? As I look at it and see the different steps that were taken at Quebec, at Ottawa and before the Government, I must say that I have very great admiration for the organizing ability of these gentlemen and the way in which they brought this great undertaking to a stage where it bid fair to be one of the most successful enterprises of its kind in the whole Dominion of Canada. I really think it is not fair for honourable members of this House, or for anyone, to be too critical with regard to some of the ways that were adopted to bring about the success of this great undertaking.

When the application came before the Government, what happened? There was an investigation by departmental chief engineers and by the National Advisory Committee. There were references to the Department of Justice and to the courts in an endeavour to find out in whom rested the ownership of the water-power rights. Finally, there was a reference to the Deputy Minister of Public Works, I believe. I think there were other references, for the purpose of guiding the Government in its decision. To say that the influence of any of these honourable senators, or of anyone else, had any effect upon the Government's decision is to cast a reflection upon every engineer, every official, and every other person who had anything to do with the recommending of this great public work. That is the way I feel about it. I think this suggestion of great influence is absurd.

Mr. Sweezey was very liberal, perhaps more liberal than he needed to be, when he scattered thousands of dollars with a lavish hand. Who would not have taken some of the money if he had had a chance? Mr. Aird took some, as did other people. I believe in one instance money was refused, and I must be fair about this. I understand that the leading members of the Conservative Party refused to accept $200,000. They were wonderfully wise when they did so. At any rate, they displayed remarkable astuteness and foresight in refusing those funds.

Hon. Mr. McMEANS: Wonderful restraint.

Hon. Mr. ROBINSON: I suppose so. They carried on their election, though, in the same old way, and that means they got their funds somewhere. I do not want to make any insinuations as to where they got them, but I suppose some people who had an axe to grind subscribed to the Conservative campaign funds. No doubt my honourable friends opposite will agree with me on that.

Hon. Mr. BARNARD: The axes are still blunt.

Hon. Mr. ROBINSON: Of course, we are not going into these things. I for one do not want to go into them. I have no desire to cast reflection upon any honourable member of this House, nor upon anyone else. My object is to defend, as far as I possibly can, the honour and integrity of all my associates in the Senate. That is the stand I prefer to take.

The right honourable leader of the House referred yesterday to some constitutional authorities that were cited by counsel for Senator McDougald, as showing that each House must be careful to guard its own privileges. I quite agree with the remarks made in this connection by the right honourable senator from Eganville (Right Hon. Mr. Graham) and with some of those made by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). In my opinion it is our duty to protect the privileges of this House. That is another reason why I cannot possibly vote for the adoption of this report. It seems to me the report should have emphasized the fact that we are the custodians of the rights and privileges of our own members. That is common sense. We do not need any authorities to tell us that every legislative body looks after the privileges of its own members. I take it that the Commons committee had a perfect right to examine the honourable senators. As a matter of fact, we gave leave to the honourable senators to appear before that committee. But I believe every reasonable person will agree with me when I say that the Commons committee went beyond its rights when it attempted to condemn, or to pass judgment upon, members of this Chamber.

After the Commons committee had rendered judgment, it sent a copy of its report to us. What for? So that we might act as sheriff, or executioner, or whatever you wish to call it, in carrying out the behest of that committee. Was that a reasonable thing to do?

Some Hon. SENATORS: No.

Hon. Mr. ROBINSON: My mind may be altogether distorted on this question, but that is the way it appeals to me. I think we should stand on our rights in this matter. The right honourable leader of the House says there was a unanimous report of the House of Commons committee. That has been disputed. I believe the report was carried on division.

Right Hon. Mr. MEIGHEN: Not in the committee, but in the House.

Hon. Mr. ROBINSON: In the House, exactly, but not in the committee. I will admit this House unanimously referred the matter to a committee. But two or three wrongs never yet made a right. I will say what they can do, though, and what there is a very grave danger they will do; that is, make a precedent. We need to be careful about that. Throughout these proceedings we have been making precedents. I do not think there has ever been a case similar to this in Canada. If we have any regard for the future welfare of members of this Chamber, we should be very careful what kind of precedent we create.

The three honourable senators mentioned in the report have had a pretty hard time. They were haled before the House of Commons committee, where one of the cleverest lawyers that the Government could find had them on the gridiron. Then they were haled before the Senate committee and subjected to severe examination by two of the ablest lawyers available, who were also selected by the Government.

Hon. Mr. COPP: There were two or more lawyers selected by the Government on the House of Commons committee.

Hon. Mr. ROBINSON: These honourable senators have been tried twice. They were examined and cross-examined at great length; all their activities were pried into as closely as it was possible for the lawyers to pry. But what do we find with regard to the leading lawyer in the Commons committee? It would be interesting to know just what connection he has with this man John Aird. Yet that was the lawyer who cross-examined Mr. Aird with regard to his knowledge concerning campaign funds. Furthermore, one of the members of that Commons committee has been compelled to resign his seat in the House, and it is a matter of very grave doubt whether he was qualified to hold his seat at the time he was a member of the committee. These things show the kind of operation that has been carried on.

The chairman of our own committee (Hon. Mr. Tanner) has said there was no partisanship in it. I have very great admiration for the honourable gentleman, but his ideas of partisanship do not altogether agree with mine.

I repeat that the three honourable senators have had a pretty hard time so far. They have been virtually persecuted; they have been abused.

Hon. Mr. LAIRD: Is the honourable gentleman not aware that Senator McDougald demanded in this House a trial by his peers? Yet he claims that he was persecuted by the committee that was appointed at his request.

Hon. Mr. ROBINSON: Keep your boots on. He is not making that claim; I am; and there is a difference. I am claiming that he was persecuted.

Hon. Mr. LAIRD: He asked for a trial.

Hon. Mr. ROBINSON: I say these honourable gentlemen have been persecuted. If they did commit a small error, if they did go a little way astray, they have been mightily well punished up to this time. If we are to adopt a policy of going beyond the British North America Act and the Senate and House of Commons Act, as was suggested this afternoon, and if we proceed to dive into the ethical conduct of every member of the Senate, I am going to take to the woods, and I think a considerable number of other senators had better do the same.

Hon. Mr. COPP: You would have a large camp.

Hon. Mr. ROBINSON: I do not think we have any right to investigate matters of ethics. May I quote from one of the authorities referred to yesterday by the right honourable leader of the House? At page 313 of the Proceedings of the Special Committee this quotation is given as part of the argument by counsel for Senator McDougald. It is from May's Constitutional History:

> Both Houses of Parliament "must act within the limits of their jurisdiction, and in strict conformity with the laws. . . . The judgment of offences especially should be guided by the severest principles of law."

What does that mean? I think it is an admonition to us to deal only with ques-

tions of law, according to the severest principles of law. But we are going into this matter in the style of an old woman's quilting party. According to the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) we are to investigate everything that some honourable senators ever did.

Hon. Mr. McMEANS: Senator McDougald requested an investigation.

Hon. Mr. ROBINSON: I say we are going beyond the dignity of this body.

Perhaps, honourable senators, I have continued talking longer than I should have done.

Some Hon. SENATORS: Go on.

Hon. Mr. ROBINSON: Some reference was made by the honourable senator from Pictou (Hon. Mr. Tanner) to the so-called Pacific Scandal. I do not know that I should have mentioned it otherwise. The object of his remarks was to show, by comparison, the magnitude of the sums involved in the present matter, to stun our intellects with figures, so that we could not properly understand the issue. He said that at the time of the Pacific Scandal the Government was driven out of power for collecting about $200,000 of campaign funds, and he asked us to consider how small a sum that was in comparison with the $600,000 or $700,000 donated by Mr. Sweezey. Well, it happens that some time ago I saw a copy of a speech delivered by Hon. Alexander Mackenzie on October 27, 1873, with regard to the Pacific Scandal, and in that speech he said that Sir Hugh Allen had contributed to the election fund $360,000, to Ministers themselves $162,000, and to their friends $17,000 or $18,000, and expended a balance of $200,000, making in all $740,000.

Right Hon. Mr. MEIGHEN: Where did my honourable friend get those figures?

Hon. Mr. ROBINSON: From a speech delivered by the Hon. Alexander Mackenzie on October 27, 1873. Now, that $740,000 was contributed at a time when the whole revenue of Canada was probably not one-fifteenth part of what it is to-day. And the whole list of voters in the Dominion of Canada at that time was very small, compared with the present list. That sum would be equivalent to-day to about $3,000,000 or $4,000,000. I am not citing these figures as an argument, but merely attempting to reply to the argument of my honourable friend who sought to emphasize the magnitude of Mr. Sweezey's contribution.

What happened to the honourable gentlemen who revelled in that old fund? For answer, look out on Parliament Hill. The first bronze statue that the early morning sun kisses is that of Sir John A. Macdonald; the last statue upon which the setting sun shines before it goes down behind the western hills is that of Sir George E. Cartier. These gentlemen were two of the most prominent figures connected with the Pacific Scandal, yet this country has seen fit to honour them. Their statues stand guard, one at the east and the other at the west, over our Parliament Buildings, the particular guardian of the Senate Chamber being the statue of Right Hon. Sir John A. Macdonald. I think the country was right in honouring those gentlemen. Our country considered the good work that they had done. They were statesmen, builders of empire, and the trivial matters connected with the Pacific Scandal were not worth considering.

Hon. Mr. LAIRD: But the Government was kicked out over that affair.

Hon. Mr. ROBINSON: Temporarily.

Hon. Mr. HARDY: It came back.

Hon. Mr. LAIRD: Yes, it came back; it had to come back.

Hon. Mr. ROBINSON: If the figure of Sir John A. Macdonald could come through the doors of this Chamber to-day, he would make short work of this motion before us.

What was the bargain made between the Province of Quebec and the Dominion of Canada? The Dominion of Canada had control over navigation, and had the power to decide whether this Beauharnois work would destroy the navigation on a non-navigable portion of the river. Everyone knows that this work, when finished, will tremendously improve the navigation of the St. Lawrence river. I think everyone will admit that. The value of this work to the Dominon of Canada, as estimated by the Government's own engineers—it is to be found somewhere in the evidence—is $16,000,000. That is not my valuation, not the valuation given by Senator McDougald, but the valuation put upon it by the engineers of the Dominion of Canada in their report. This is given for the right to change the channel of the St. Lawrence, to create a navigable channel instead of one with many rapids and navigable only by small boats. The Dominion of Canada gets a proposition worth $16,000,000—a pretty good bargain, I should say. The rights of Canada are well protected. The public of Canada is not suffering very much. And what happens in the Province of Quebec? For this emphyteutic lease—and there is no particular charm about the word "emphyteutic"; it is used in the Province of Quebec, and means a good lease—

Hon. Mr. DANDURAND: A long lease.

Hon. Mr. ROBINSON: A long lease. For this emphyteutic lease the Province of Quebec gets an annual rental of $20,000, payable in advance, for the first five years, and after that $50,000, and in addition to that it gets $1 per horse-power, under an agreement which can be revised every ten years, I believe. When 500,000 horse-power is developed the Province gets a revenue of $550,000 a year. The $2,189,000 that went to the promoters of this work for their endeavours in developing this huge undertaking is a mere bagatelle compared to what the Dominion of Canada and the Province of Quebec get.

Hon. Mr. McMEANS: The honourable gentleman must not forget the other things besides the $2,189,000.

Hon. Mr. PARENT: They are not worth much now.

Hon. Mr. ROBINSON: That is right. They own it after the bonds are taken care of. I am only trying to get the picture of this thing; I am not applying the microscope to it. I want to get a real picture of what it means to the people of the country and to the Province of Quebec. I believe the larger view is the proper one to take.

Hon. Mr. LAIRD: What is the honourable gentleman's opinion of the clause in this contract whereby the Beauharnois Company is compelled to keep off the Island of Montreal. thereby allowing the supply of electric power for the whole city of Montreal to come under the control of a company that exists at the present time?

Hon. Mr. ROBINSON: The honourable gentleman refers to the contract between the two companies. I think that is a small matter. That is my opinion about that.

Hon. Mr. LAIRD: The people of Montreal will not think it is a small matter.

Hon. Mr. ROBINSON: That is one of the difficulties that had to be ironed out. I think that probably Sir Herbert Holt had something to do with that.

Now, honourable gentlemen, I am afraid that I have talked longer than I intended.

Some Hon. SENATORS: Go on.

Hon. Mr. ROBINSON: I hope you will pardon me. I am only trying as a member of this House to give the viewpoint which appeals to me as being the correct one in this matter. My proposition is that I am compelled by my reason, by my judgment, and by everything else, to vote against the adoption of this report. I might quote the words of Sir Leonard Tilley, uttered at the time when Sir John Macdonald was going through his valley of humiliation. Sir Leonard Tilley was one of the most highly respected and honourable men that we ever had in the Province of New Brunswick. He said:

> The charges which had been promulgated against the head of the administration were of the gravest and most serious character. He was bound to say, having been seated with him in council for the last six years, that he did not believe from the evidence that he was guilty of the corrupt charges that had been brought against him. He was prepared to support him, rather than let his influence, small as it might be, give influence to arm the foes raised against him and that were raised against him at that moment to strike him down, and he believed improperly and unfairly.
>
> Rather than give the opportunity of doing an injustice to his right honourable friend, he would follow him and take the consequences of his line of conduct before the country. He considered that he would be recreant to his duty and unworthy of position as a representative of the people if he were to do otherwise.

I take the same stand.

Hon. A. D. McRAE: Honourable senators, as I am a new arrival in this honourable House, it was not my intention to take part in this debate. I have no desire to do so at this time, and should regard it as inappropriate if it were not for the question raised by my very good friend the honourable gentleman from Moncton (Hon. Mr. Robinson), who referred to the reputed offer of $200,000 from the Beauharnois interests to the Conservative Party. This is the first opportunity I have had to state my position with regard to that matter, a matter about which I know probably more than anyone else.

Perhaps before referring to that incident I should explain my present political position. I do this in the hope that I may thereby relieve myself of any handicap which would affect my usefulness in this honourable House. As everyone knows, it is a fact that in the last Parliament I was the chief whip and organizer of the Conservative Party, a position which I took on the distinct understanding with my party and with my leader that my job ceased the day after the election, win, lose or draw. Since that time I have had no responsibility of that nature.

We have heard a great deal about campaign funds, and I think I may add one word, something that is not generally appreciated by the public; that is that the law in regard to campaign funds was changed in the last Parliament, on the motion, as I remember, of the member for Winnipeg North Centre, Mr. Woodsworth. Under this change it was

made legal for corporations to contribute to campaign funds. Previous to that time it had been illegal. Mr. Woodsworth's intention was, I believe, to enable labour unions to make contributions to the labour candidates in different sections of the country. The unanimity with which the motion was approved was wonderful. I am sure we shall have ample time next year to discuss campaign funds in connection with the amendments of the Elections Act. Already we have heard considerable about the subject here. I noticed that the right honourable senator from Eganville (Right Hon. Mr. Graham) suggested that senators should in future be debarred from collecting campaign funds, and I want to say that in this I agree with him one hundred per cent.

Someone has said that there are campaign funds and campaign funds. That, I presume, means that there are reasonable campaign funds and unreasonable campaign funds. If I may go one step further, I would say that there are decent campaign funds and indecent campaign funds.

Hon. Mr. PARADIS: It depends on where they come from.

Hon. Mr. McRAE: That is a matter of conscience. I never accepted a dollar of campaign funds from any individual or corporation that asked anything for it, and I have never asked for or accepted a dollar for any purpose that I am ashamed of.

Now I come to the reputed contribution of $200,000 by the Beauharnois interests to the Conservative Party. I was here during the early part of the hearing of the House of Commons committee last year, and I was at the Coast when this incident came out. When I got the report I was left smarting under the inference that I had solicited campaign contributions from the Beauharnois interests. I was in a somewhat embarrassing position, inasmuch as the negotiator was no longer alive. However, my embarrassment was relieved by Mr. Sweezey, who made the statement before the present Senate committee that the man with whom he discussed the matter was Mr. Howard Smith. When I returned from the South after Easter the work of the committee was still under way, and I prepared a statement that I wished to make under oath before the committee in regard to this matter. I submitted that statement to counsel for the committee and was advised by him that it was outside of the scope of the committee and would not be received. I have carried that statement around with me, in the anticipation that some honourable gentleman on the other side would mention the incident. I am grateful to my very good friend the honourable gentleman from Moncton (Hon. Mr. Robinson) for bringing the question up early, because a statement made by me now may save a good deal of discussion afterwards, in which event I shall feel that my remarks have not been entirely wasted.

I have with me an exact copy of the statement submitted to Mr. Smith, counsel for the committee, and which he told me would not be received. With the permission of honourable gentlemen I will read this, and I ask you to take it as being of the same force and effect as it would have been had I given it under oath before the committee.

The statement I wish to refer to will be found in the evidence of Mr. Sweezey, on page 823 of the Report of the Special Committee of the House of Commons, and reads as follows:

"Q. Have you told us of the Federal contributions?—A. Yes, sir.

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?—A. I do not know that, but I presume that may be so."

The facts regarding this matter are as follows:

About two weeks before the election—I think it was early in the week of July 13, 1930—Mr. Howard Smith called on me at the Mount Royal Hotel, Montreal, and said he could get me a $100,000 contribution for the Conservative Party. I asked him who was so enthusiastic about our success and he said, "Beauharnois," to which I replied, "Nothing doing."

Then followed a discussion in which I explained to Mr. Smith the position my leader, supported by his party, had taken in the House of Commons on the Beauharnois project; that in my judgment an inquiry into Beauharnois development was a certainty if we carried the country; that it was patent why such a contribution was now offered; and under the circumstances if I were to accept a dollar of Beauharnois money, I would be false to my trust.

Later in the same week Mr. Smith again called on me and said that he thought the offer could be increased to $200,000. I told him the same principle applied to a $200,000 contribution as to a $100,000 contribution and I could not entertain it. After some discussion he asked if I did not think I was taking a lot of responsibility on my shoulders in refusing the offer. I asked him what he had in mind and he suggested that I put it up to my leader. I told him that I would do so; that Mr. Bennett would be in Montreal in a few days, but I was quite certain what his answer would be.

When Mr. Bennett arrived on the following Sunday I referred the matter to him and his immediate reply was, "Not a damned cent!" The answer was so inevitable that there was no further discussion about it. Mr. Smith called

on me the next day and I told him the Chief said, "Not a damned cent!" That ended it.

I wish to refer to the reference the Right Honourable Mr. Mackenzie King made to this matter as recorded in the verbatim report of his London speech, apparently from manuscript, which appeared in the issue of the London Advertiser of October 21 last. In the first column on page 13 of that issue will be found the following words:

"The return of the contribution made to the general fund of the Conservative Party was on the grounds of party expediency and not public policy."

Then again he says:

"Later the contribution given to the Treasurer of the Conservative Party was returned, he, according to Mr. Sweezey's statement of what he had been told, having had instructions from Mr. Bennett to return the contribution."

Then Mr. King later refers to the organizer (myself) as having accepted the contribution.

I want to say here under oath that these statements of the right honourable gentleman are absolutely and totally untrue.

I never solicited a dollar from the Beauharnois interests—never accepted a dollar from them and consequently never returned a dollar to them—Beauharnois, Sweezey or any other so-called Beauharnois interests. On the contrary, from start to finish, I absolutely and positively declined to accept any contribution from that source.

I wish to make it very clear, honourable gentlemen, that I make this statement in the hope of saving this honourable House and the country any further discussion of the matter. I cannot say that I appreciate the compliment extended by my very good friend the honourable gentleman from Moncton (Hon. Mr. Robinson) on our good luck in refusing this money. I think it is the obligation of every campaign solicitor, every custodian of campaign funds, at least to keep within the bounds of his own conscience. This I could never have done had I accepted money from the source referred to.

Hon. R. DANDURAND: Honourable gentlemen, I must admit at the outset that towards the end of July, 1931, when the report of the evidence which was being taken in the other Chamber reached the press, I was considerably perturbed. There were statements which seemed to go uncontradicted and which, to my mind, needed explanation from some members of this Chamber whose names have been mentioned. But I soon discovered the unfairness of the work of the Commons committee. Looking through the investigation proceedings, I found that an inquiry was being conducted by a prosecuting attorney who had beside him no one to represent the other party. The Conservative Party was there represented by a strong party man named Mr. Peter White, and he seemed to have the full direction of that committee, examining and cross-examining the witnesses,

stopping them when they were in the course of making an answer, and keeping them to the point where he wanted to have them.

Now I would draw the attention of this Chamber to the draft report, which was prepared by the chairman of the committee. That chairman was a Minister of the Crown, a member of the Cabinet, and was representing his party officially as a Minister and as a member of the House. Having penned that draft report, he brought it into the committee, and for a day it was examined by all the members. But towards the end of the sitting he was asked by the minority members, the three Liberal representatives—

Right Hon. Mr. MEIGHEN: If my honourable friend will permit me—is this in the record of the committee? If it is not, the honourable gentleman has no right to be reciting it.

Hon. Mr. DANDURAND: No.

Hon. Mr. McMEANS: May I ask the honourable gentleman to get this matter straight? He spoke of the Conservative Party having a prosecuting attorney.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. McMEANS: This investigation was not carried on by the Conservative Party. It was based on a charge made by Mr. Gardiner, who is one of the Progressive Party, and the organized Conservative Party was not in it.

Hon. Mr. DANDURAND: But the whole committee was presided over by the Minister, the Hon. Mr. Gordon. It was the committee, or the Hon. Mr. Gordon, or the Department of Justice, who selected the prosecuting attorney, and it so happened that he was Mr. Peter White.

My right honourable friend may ask me where I am getting this information. For a number of years we have been in the habit of refraining from quoting the Official Report of the other House, but we could always say that we had seen the information in the newspapers. Well, what I am stating I have read in the newspapers.

Right Hon. Mr. MEIGHEN: Surely the honourable gentleman is not suggesting that he ought to seek to modify the effect of the official document of a House by reading something from a newspaper. Here is a document submitted to us. He can look at the terms of this document. I do not think my honourable friend should go so far as to say that the report is not a fair account of what took place.

Hon. Mr. DANDURAND: No. I am stating that the report came before the House of Commons and was discussed. I read at the time the discussion that took place, and I will say that I read it in the Montreal Gazette. I have to refresh my memory by looking at Hansard. I am not citing Hansard, but am merely stating what took place in the Commons, as reported in the press. Yesterday, as I understood, the honourable gentleman from Pictou (Hon. Mr. Tanner) read from Hansard some extracts from speeches of the Right Hon. Mr. King. I let him make those citations, for I intended following him to-day.

Right Hon. Mr. MEIGHEN: I do not want honourable members to think I am unfair. I thought a senator could not cite from Commons Hansard in this House, unless he was quoting from a previous session. I may be wrong, but I think that is what the rule says. I am not objecting to the honourable member quoting from Hansard, but I want him to let us know whether he was exposing what took place in the committee.

Hon. Mr. DANDURAND: I will cite the exact text of Hansard. When the report was brought in, Mr. Mackenzie of Vancouver said, in answer to a remark from the Hon. Mr. Gordon, who claimed that the report had been made unanimous:

Mr. Mackenzie: 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.

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: 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.

Mr. Mackenzie: 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.

Now, I say this was an unfair position to take towards the members of a party whose friends in this Chamber were being violently or unjustly assaulted. It was unfair on the part of the Minister of the Crown, Hon. Mr. Gordon, who sat every day in Council, who had the assistance and co-operation of his colleagues in discussing these matters, to deny the leader of the Liberal Party the opportunity to examine—hastily, if you will —this draft report which was being presented in that committee.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman suggest that reports should be submitted to leaders of parties before they are concurred in?

Hon. Mr. DANDURAND: No, I do not suggest that, but I say that in connection with the lengthy report which was in the hands of Hon. Mr. Gordon, covering the whole operations of the Beauharnois Company and containing a criticism of the evidence that had been presented, copies of that draft report having been offered to members of the committee the day before, the request of the members representing the Liberal Party on that committee was a fair one. They asked only to be allowed to examine the draft for themselves, quietly, for a few hours, with the intention of considering seriously the whole economy of it in order to decide whether they would adhere to it or would express their dissent. I say it was a fair request, but they were denied the right to examine it thoroughly.

Right Hon. Mr. MEIGHEN: No; the honourable gentleman is wrong. They were denied the right to a copy for submission to any political leader. I think the denial was perfectly right. There was plenty of time.

Hon. Mr. DANDURAND: Of course, on that point I disagree with my right honourable friend, who does not seem to realize that the documents were being prepared by Hon. Mr. Gordon, chairman of the committee and Minister of the Crown, who could confer with his colleagues every day, and who did confer--for Ministers meet during the session every day. Now, who wielded the pen in the drafting of that report? Hon. Mr. Gordon.

Right Hon. Mr. MEIGHEN: Were not the other members of the committee at liberty to meet with their leader every day? There was exactly the same right on both sides.

Hon. Mr. DANDURAND: But that report was brought in at ten o'clock in the morning, after it had been prepared and penned by Hon. Mr. Gordon, who took the responsi-

bility for it. He was presenting to the committee a document of many foolscap pages and asking the members to pass hurriedly from one clause to another and declare their adoption of the report within a certain time. They were not provided with a copy and given a chance to ponder over it for twenty-four hours, or twelve, or even fewer hours. So I say the protest of Mr. Mackenzie was a just one.

Right Hon. Mr. MEIGHEN: If they were not given sufficient time, why did they not put on record their protest, and refuse to concur? They concurred in that report; that answers the whole case.

Hon. Mr. DANDURAND: No; Mr. Mackenzie officially says he did not concur.

Right Hon. Mr. MEIGHEN: Why did he not put that on record?

Hon. Mr. DANDURAND: He did the next day.

Right Hon. Mr. MEIGHEN: Perhaps some concessions were offered before his concurrence was obtained, and then he went into the House and said he did not concur. I do not admire that conduct.

Hon. Mr. BUREAU: Is this to be a conversational debate, or has the member who has the floor a right to make a speech? If we do not agree with him, we can rise afterwards and make an objection.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: It remains with the honourable gentleman who happens to be addressing the Senate to decide whether he will allow any interruptions.

Hon. Mr. BUREAU: A member must ask permission to ask a question of the member who is speaking. That is the only interruption that is allowed under the rules.

Right Hon. Mr. MEIGHEN: The honourable gentleman is right.

Hon. Mr. DANDURAND: When I was admitted to the Bar the first piece of advice given to me, as a junior, by the senior counsel in the partnership into which I was entering was this: "My friend, in the course of your practice you will frequently be asked by an opponent to place some admissions on the record in order to save costs. Denials are made right and left by plaintiff and defendant, but when we come to grips with the facts and the evidence we find that there should be some admissions. I warn you that when you are asked to put into the record certain admissions that may seem fair, you should yourself draft them; otherwise you will often find yourself confronted with a document which goes much further than you intended when you admitted the statement of your opponent." It has been my experience at the Bar that this advice is quite sound. Your opponent presents a situation to you in a certain aspect, and with your mind concentrated on that you may sign the document. Very often you will find that it goes beyond what you thought.

Here is a document of twenty foolscap pages, and more, brought into that committee at ten o'clock in the morning, and members were asked after a few hours' hurried examination to concur in the report. I quite understand Hon. Mr. Mackenzie's protest against the assertion that this was a unanimous report.

Now, what was the spirit and what seemed to be the object of that committee in the investigation that took place? I find it in many instances. I will cite only one, from page 798 of the Commons report. Senator Raymond was being examined:

Q. Mr. Jones says, in his evidence, at page 391, given before the Select Committee, the following:—

> "Q. In your work, when you were pressing for the granting of the application, what do you say as to whether or not you were assisted by any Senators?—A. I repeatedly appealed to some, perhaps as I do to anybody else, to do what they could to hurry it up, because it seemed to me it was dragged out—
>
> "Q. That is hardly an answer.—A. Well, then, I can say—
>
> "Q. What would you say as to whether you were assisted?—A. What do you mean by the word 'assisted'?
>
> "Q. It is a common English word?—A. Well, my answer is that anybody who took an interest in it and who listened and got his views as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.
>
> "Q. I see.—A. I certainly asked Senator Raymond over and over again if he could not do something to get some action."

Is that true?—A. No doubt it is true.

Q. I beg your pardon.—A. No doubt it is true that he has asked me.

Q. In spite of his asking you, you did nothing?—A. I did nothing; I do not think I could do anything.

Hon. Mr. Mackenzie: I think the words "over and over again" explain the whole thing.

Mr. White: I do not think so.

Hon. Mr. Mackenzie: We differ again.

Mr. White: He may have done something, and was asked to do more.

Hon. Mr. Mackenzie: It was not very effective. when he was asked so frequently.

Mr. White: It appeared to be effective in March, 1929.

The whole effect was to try to establish that that Order in Council 422, of March 9,

1929, had been obtained through political influence; and I find in the speeches that I heard from the honourable gentleman from Pictou (Hon. Mr. Tanner) and my honourable friend from Winnipeg (Hon. Mr. McMeans) the same leitmotiv.

We agreed to the appointment of a Senate committee to investigate a matter affecting the honour and integrity of three of our colleagues. For this committee of the House four delegates were chosen—four who stand as high as any other four delegates that could be found in this Chamber. Among them stood one of the seniors in this Chamber, whose reputation for fairness and for legal ability is accepted by every honourable member. I refer to the honourable senator from De Salaberry (Hon. Mr. Béique). When I consulted my friends around me as to the selection of members for the committee and suggested the honourable senator from De Salaberry, I was told that he was supposed to have prejudices against one of the senators involved in the Beauharnois matter. I knew fairly well the honourable gentleman's state of mind, and at the same time, I will confess, my own state of mind was similar. I felt that I need not hesitate to suggest as a member of this committee an honourable gentleman who would require answers to some questions that were in his mind.

I confess that I had some doubts, based on my experience of human nature, as to whether the committee would adopt a judicial attitude. I was much afraid that the party spirit would dominate the committee, and that, perhaps unconsciously, the members of the majority would be influenced by their natural allegiance to their party leader, who does not sit in this House, but who unfortunately expressed an opinion, which I am sure he now regrets.

Hon. Mr. TANNER: What about your friends? They are free from party influences, I suppose.

Hon. Mr. DANDURAND: The senior member of the committee from this side of the House (Hon. Mr. Béique) was disposed to approach the whole question in a judicial spirit, though he perhaps had some slight prejudices in consequence of what was said to have been established by evidence given before the committee appointed by the other House. I realize that there is a difference between being judged by your peers and being judged by your political enemies. The result of the work of the committee, to my great regret, is a partisan pronouncement.

Hon. Mr. TANNER: Both ways.

Hon. Mr. DANDURAND: I am glad that my honourable friend admits so much for one part of the committee.

Hon. Mr. TANNER: You must apply that to your side.

Hon. Mr. DANDURAND: My honourable friend from Westmorland (Hon. Mr. Copp) has told us that the report was submitted to the committee by the chairman, and that four members of the committee had had no opportunity to incorporate their opinions into that report. I know that the honourable gentleman from De Salaberry (Hon. Mr. Béique) was asked to prepare a statement of his views, in order that they might be submitted to the committee for consideration. He came to Ottawa, after rising from a sick bed, being accompanied by his good wife, who was constantly protesting that he should still be in bed, and his request for an extension of time over the week-end, in order to prepare his statement, was refused.

Hon. Mr. TANNER: He had just as much time to prepare a draft as I had; he had a week.

Hon. Mr. TESSIER: He was sick.

Hon. Mr. DANDURAND: I have just said that he had been in bed. But my honourable friend the chairman of the committee was quite well and was assisted by all the counsel he needed for whipping the report into shape.

Hon. Mr. TANNER: I was in just as poor health as he was that week, but I worked.

Hon. Mr. DONNELLY: Will the honourable gentleman pardon me if I interrupt him? The action of the committee has been criticized seriously by the honourable senator from Westmorland (Hon. Mr. Copp), more mildly by the honourable senator from Moncton (Hon. Mr. Robinson), and now by the honourable senator from De Lorimier (Hon. Mr. Dandurand). I do not wish to make a speech, but I should like to have a minute or two to show just what happened.

Hon. Mr. DANDURAND: The honourable gentleman can do so after I am through.

Hon. Mr. DONNELLY: Very well. I will.

Hon. Mr. DANDURAND: The honourable chairman of the committee (Hon. Mr. Tanner) declared more than once that the committee would not present any conclusions, but merely the facts, to this Chamber. If he changed his mind, or if a majority of the members changed their minds, I should have expected, had I been a member of that committee, that after all the evidence was in

there would be a quiet conference around the table for the purpose of discussing the whole matter from every angle. But there was not. The majority of the committee met separately, more than once, and the report was brought in to the other members by the chairman. I find that only one copy of that report was handed to the honourable gentleman from De Salaberry (Hon. Mr. Béique) for his examination; the other three members from this side of the House had no copy of the report submitted to them before the committee was called to consider it.

When my honourable friend the chairman of the committee decided that the report should contain certain conclusions and condemnations, if any were found to be justified, did he expect that his report would be accepted by the minority with eyes closed? Did he think they would swallow the whole thing without protest? I never heard of such a procedure before. I never heard of the majority of members of a quasi-judicial body bringing a completed report to the minority and asking for assent or dissent. If to-day the Senate is in the sorry predicament of division, that fact is due to the action of the majority of that committee, who did not deem it proper to consult with their colleagues before the report was prepared.

Hon. Mr. TANNER: The trouble with my honourable friend is that his statement of the facts is not correct.

An Hon. SENATOR: In what way?

Right Hon. Mr. MEIGHEN: In every way.

Hon. Mr. TANNER: If my honourable friend would state the facts—

Some Hon. SENATORS: Order, order.

Hon. Mr. TANNER: My honourable friend is stating imaginary facts, not facts.

Hon. Mr. DANDURAND: I did not rise to speak until the four members of the committee from this side of the House had spoken, and at least two of them stated the facts as I have mentioned them.

Hon. Mr. BUREAU: Do not accept that term "imaginary facts." That ought to be withdrawn, for the dignity of the Senate.

An Hon. SENATOR: Hear, hear.

Hon. Mr. DANDURAND: What have the majority of the committee members accomplished by bringing in such a report to this Chamber? They have succeeded in dividing the Chamber, and their report will carry no weight beyond the area where the Tory Party is camping. The boast will be made that the motion for adoption of the report was carried here by a few votes. But what does it matter? A majority here is merely the result of the accident of death. Had such a report been brought in last year, the result might have been different. Everything depends upon what senators are removed in the natural course of events.

Every possible effort of the chairman of the committee and of the attorneys of the committee has been exerted to show that political influence played a part in the obtaining of Order in Council No. 422. But what are the facts? My honourable friend from Moncton (Hon. Mr. Robinson) has alluded to some of them. The Beauharnois Light, Heat and Power Company, Limited, applied for approval of its plans, in January, 1928, to a department of the Government. The application was not pressed at the time. Why? Because the company then had a request before the Legislature of Quebec for amendments to its charter. These amendments were obtained in March, 1928. The emphyteutic lease—emphytéotique, in French—about which we have heard, was obtained as a result of an Order in Council in April, but was signed only under an agreement of the 23rd of June, 1928. At that moment the Beauharnois Company was in possession of all the rights it could obtain from the province, and it needed only the approval of its plans by the Federal Government. Who appeared on the scene just after that lease was obtained? Mr. Frank Jones. In the first week of July he obtained an interview with the Prime Minister.

Hon. Mr. GORDON: 1928?

Hon. Mr. DANDURAND: 1928. Mr. King told him that he had vaguely heard of matters that had been going on in Quebec, but that he had nothing definite before him; his first idea was to ascertain how the project would affect the St. Lawrence Waterway development. He added to Mr. Jones that Ontario had already sought approval of plans for power development, and that decision had been postponed pending an agreement with the United States, for the water-power was in the international section of the river.

Mr. Jones, who was made aware of the general objections in the mind of the Prime Minister at that time, said he thought he could procure evidence that Hon. Mr. Ferguson, Prime Minister of Ontario, was favourable to the project. They separated. Mr. King left for Europe; he was present at the signing of the Kellogg Treaty at Paris in the summer, and in September he attended the Geneva Conference. Towards the end of October he returned, and at the first Council

meeting after his arrival in Ottawa he found the application of the Beauharnois Light, Heat and Power Company, Limited, before the Council. In substantiation of the facts that I have just recited, may I read a letter which Mr. Jones wrote to the Prime Minister, Mr. King, on November 30, 1928? It will be remembered that the application from the Beauharnois Company had come before Council only in that month of November.

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 co-operation 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.

There was enclosed in that letter a copy of a letter from Hon. Mr. Ferguson to Hon. Mr. Taschereau, the Premier of Quebec. Part of that letter is reproduced at page 4359 of the Debates of the House of Commons of 1931, and 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 provisions 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.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. Mr. DANDURAND: Honourable members of the Senate, the letter of Mr. Jones which I have just read was written in November. How did the Government proceed to examine into that question? I may say that no problem which came before the Government of Canada during my term of office—and I sat in the Council for eight years—was given more serious study than the one presented to us by the application of the Beauharnois Light, Heat and Power Company. That problem was studied from all angles. The provinces, through their Prime Ministers and others, had met in Ottawa in 1927, and had asked that the question regarding water-powers be submitted to the Supreme Court. It took some time to reach an agreement as to the terms of the reference to the court. After the first attempt, which failed, an Order in Council acceptable to the provinces was passed on the 31st of May, 1928, and the reference was made to the Supreme Court.

The pleadings before that tribunal took place in October; so that when the matter came before us in Council in November it was sub judice. But the whole application had been referred to the Department of Justice for an opinion, and during the summer the Government engineers were at work on the matter. Later on a reference was made to an inter-departmental board of engineers. This board gave considerable attention to the technical problems, and reported in January. The Government, before passing judgment on that application, decided to grant a public hearing. That hearing took place on the 15th of January, 1929, and all parties who were interested in power matters in and around Montreal were present to explain their positions. The opinion of the Supreme Court was given on the 7th of February, 1929. This will give honourable members an idea of the measures that were taken by the Cabinet to make sure that it was on safe ground.

Mr. Geoffrion was examined before the committee of the Senate, and he gave that committee some idea of the task that he had in hand. He said, at page 26:

In Ottawa my troubles were entirely legal, not engineering. The theory I held, and I still hold—and I think it is clearly a sound theory—is that the whole power belonged to the province, so we had asked for a grant from the province. We now came to the Dominion only for approval or disapproval under the Navigable Waters Protection Act. If we were right on that question, all the Dominion Government had to do was to get its engineers to report on the subject. If the engineers reported favourably, namely, that this was not an interference with navigation, they were bound to give us their approval. The decision is a judicial one. If they thought it was an interference they were bound to say no. That was a matter for the engineers almost entirely. . . . I have my engineers, and they were fighting it out with the Government engineers, but there arose a second point. That was that these waters belonged to the Dominion. I first tried to convince the Department of Justice that that was not right. I was anxious not to take any reference to the Supreme Court, because I was in a hurry, and that reference might have gone to the Privy Council, and that takes long. So I suggested to the Government that they should put in the Order in Council a clause stating that this was only an approval under the Navigable Waters Protection Act, and that if it turned out that the Dominion was the owner of the waters then the matter would be reopened. That did not succeed at that time. They insisted on a reference to the Supreme Court. At last we got a judgment which was considered a victory for the province.

Honourable members of this House have an idea of the various questions that had to be examined into and decided upon before the plans were approved. The Government decided that the province had some rights in the water, and that although the judgment of the Supreme Court was not very clear, it could not very well refuse to accept the situation. Nevertheless, the Government decided to await the opening of Parliament in order to submit to the House, as soon as it was signed, the Order in Council approving of the plans. That was done because Parliament, under the Navigable Waters Protection Act, had the right to annul or vary that Order in Council. The Order in Council was brought before the House the very day it was passed. That took place in March, 1929. We are now in April, 1932, and I think I can affirm that that Order in Council has stood the test. It is the full justification of the Government that passed it. It was commended by the Right Hon. Mr. Bennett in the session of 1931. I cite from page 4402. He said:

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.

That is, the conditions imposed were in that Order in Council. He goes on:

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 Minister of Public Works, indicated that if they were observed the public interest would be protected.

And he proceeded to declare that the company had not followed to the letter the prescriptions of that Order in Council. The Prime Minister only questioned the right of the preceding Government to proceed to approve of those plans by Order in Council. He withdrew that Order in Council and submitted to Parliament an Act authorizing him to proceed to give sanction by an Order in Council. He thought that Parliament had the right to intervene in a matter of that nature, and we could not sanction plans which threatened to divert all the water in the St. Lawrence.

Under the conditions imposed by that Order in Council 422 the work proceeded, and it has proceeded to the complete satisfaction of the parties most interested at this day outside of the bond holders—the complete satisfaction of the men who in recent months have been advancing the money. I refer to the letter of Mr. M. W. Wilson, dated January 8, 1932, and addressed to the Prime Minister, Mr. Wilson being the representative of the Bank of Montreal, the Royal Bank, and the Bank of Commerce. In that letter is to be found this statement:

The work has been laid out on a time schedule calculated to bring the power plant into production by October 1, 1932, the date when the two contracts for the sale of substantial and increasing blocks of power to the Hydro-Electric Power Commission of Ontario and Montreal Light, Heat and Power Consolidated call for initial deliveries. The reports of the company's officers and engineers show that, so far, the work has been carried out in such manner that it is now up to schedule as to time, and is also within the estimates of cost made at the outset. It has progressed to such a point that it is reasonable to assume that if carried on without interruption, the power plant can be brought into production by October 1, 1932, and at a cost not exceeding the original estimate for such installation.

This explains what was done during the November, December, January and February prior to the time when the Order in Council was deposited on the Table of the House of Commons. I think no one in this Chamber will claim that too much time was taken for the study of that question. The departmental engineers had to study and re-

port upon it; the Department of Justice had to be satisfied; and the Supreme Court was studying the respective rights of the provinces and of the Federal Government in the water-power on the St. Lawrence.

I attended a considerable number of meetings of Council, and during all that time I found the atmosphere in and around the Council absolutely serene. Apparently it was not so outside. The principal promoter, Mr. Sweezey, was busying himself trying to meet all the opposition which he had met in Quebec. His excuse for retaining that array of counsel is to be found in his inexperience, which is evident when one reads his testimony, and his fear of the mighty opposition that was all around him.

The large corporation interests in power in Montreal and in the province had shown their hand in the Legislature in 1927 and 1928. They had succeeded in having an amendment rejected in 1927, but they failed when they tried to oppose the amendments that were proposed in 1928.

Now, Mr. Sweezey came to Ottawa, and he was quite sure that his opponents were on his heels. In fact some had reached here before him. When he went to the Hon. Mr. McGiverin to retain him, he found that Mr. McGiverin was under a retainer by the enemy; and when he went to Mr. Daly, a barrister of Ottawa, he found likewise that Mr. Daly was retained by some other interest. He paid considerable sums of money in order to protect himself and to further his interests. If he had consulted me, I should have told him that, as he was himself an engineer, probably he did not need any other engineer; and as he had Mr. Geoffrion, a good lawyer, he did not need any other; and thus I should have caused injury to the Bar of Ottawa.

I listened to my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton), who knows something about retainers. My honourable friend the chairman of the Senate committee (Hon. Mr. Tanner) and others have been wondering what those high fees were for, since apparently there was no special or very great legal work to be performed, or departmental work to be attended to. I want to say that retainers are very often given without any definite understanding as to whether there will be any work performed for them. Some large corporations that I know of have been in the habit of retaining certain high-class barristers in Montreal—and I am quite sure that the same thing is done in Toronto—simply to make sure that other corporations will not be able to retain them.

Hon. Mr. McMEANS: To create an atmosphere.

Hon. Mr. DANDURAND: I am speaking now of high fees and retainers given by large corporations to eminent counsel.

Hon. Mr. GILLIS: Name some.

Hon. Mr. McMEANS: The evidence says the intention was to create an atmosphere.

Hon. Mr. DANDURAND: No.

Hon. Mr. McMEANS: That is what the evidence says.

Right Hon. Mr. GRAHAM: You have not stuck to the evidence, though.

Hon. Mr. DANDURAND: I sat in Council during those months when the lawyers were employed by Beauharnois, and I can say that the atmosphere in Council was most serene. We did not know there was apparently a storm outside; we cared not a fig what the outside atmosphere was.

The trend of the inquiry in the Commons and in the Senate has revealed a conviction on the part of some people that certain senators were using their political influence to help Mr. Sweezey obtain approval of his plans. But could senators do anything of that kind? Some innocent and inexperienced people, like Mr. Sweezey, may think that they could. There seems to be a general opinion throughout the country that if you want a favour from the Government you must obtain that favour through a friend of the Government. Of course, no one will dispute my statement that if any person wanted a favour of a member of the present Cabinet, and if he had the opportunity of seeking that favour through any senator, he would approach a senator on the Government side of the House. That would be only natural. After all, a friend at court is more valuable than an enemy, and it is only reasonable that an inexperienced gentleman like Mr. Sweezey should think that he needed all the attorneys in Ottawa, or as many as he could get, to help him. I do not know whether they were all Liberals. I do not know about Mr. Daly—

Hon. Mr. McMEANS: He did not act for them.

Hon. Mr. DANDURAND: No, because he was retained for someone else.

Hon. Mr. GORDON: I wonder if that was just an excuse.

Right Hon. Mr. GRAHAM: A suspicious mind.

Hon. Mr. BUREAU: No company ever engages a member on the Opposition side, either in the Senate or the House of Commons, to present a Bill.

Hon. Mr. LYNCH-STAUNTON: Oh, yes.

Hon. Mr. BUREAU: Never.

Hon. Mr. DANDURAND: But surely such a common impression as that to which I have referred should not work to the injury of any of our colleagues. I have asked the question whether any senators could possibly have used influence to help in getting an Order in Council passed. When a matter of importance comes before a Government, whether Liberal or Conservative, it is examined simply on its merits.

I am reminded of an incident that took place in the other House in the session of 1903. Mr. Tarte, who had been Minister of Public Works, had left the Government in October or November of 1902, on the return of Sir Wilfrid Laurier from Europe. Mr. Tarte was sitting in the House beside members of the Cabinet, of which he was no longer a member, in the sessions of 1903 and 1904. On one occasion the Opposition was attacking the Government as best it could, in an attempt to find something with which the Government as a whole could be reproached. It happened that Mr. Tarte had been a Minister jointly responsible for the action which was under discussion. After the debate had proceeded for some time, Mr. Tarte rose and spoke to his new friends, on the left of the Speaker, in words to this effect: "I think that you are making an error in spending so much time discussing an Order in Council, a ministerial action of the Government, in an attempt to find something crooked. My experience is that when a matter comes before a Government and is presented to Council, it is considered on its merits. Council is composed of some of the very best men from every province, whether Liberal or Conservative, and there is nothing that can prevent the best judgment of a majority of the Cabinet from prevailing. After a matter has been discussed and examined from all angles, the decision that is reached is, in the opinion of the Ministers, or a majority of them, in the best interests of the country. If you are trying to find something with which to reproach the Government, I suggest that you scrutinize the administration of the departments separately, and if one of those departments appears to be operated below the proper standard you should make further inquiries and you may find something on which to base an attempt to upset the Government. But you will never find any such basis of attack in any action by members of a Government as a whole."

For eight years I was a member of Council —and I am by no means the only Privy Councillor in this Chamber—and I can say that all matters that come before the Government of Canada are treated seriously, conscientiously, and in the light of what the Cabinet considers to be the best interests of the country. That does not mean that a Cabinet will not err. But I appeal to every Privy Councillor in this House to say whether the people of Canada cannot have this assurance, that our Government is administered in the light of the highest ideals and with a view to the best interests of the country.

Now I come to the question of campaign funds. The view of the majority of the committee on this matter may be summarized in these words: contributions from people expecting favours should not be accepted. That is a very good doctrine. But I ask my honourable friends, is it constantly or generally applied? Do the trustees of campaign funds for either of the great parties, Conservative or Liberal, ever inquire as to the motives of people who send in subscriptions, or who are solicited for subscriptions?

Hon. Mr. McMEANS: The motives are patriotic, in most cases.

Hon. Mr. BUREAU: That depends on the party.

Hon. Mr. DANDURAND: On both sides of this House are honourable members who have been trustees of campaign funds of their respective parties. I wonder if a collector of campaign funds who is calling on a prospect for a large subscription, say in Montreal, has in the back of his mind any question as to whether the prospect, if he makes a contribution of $5,000 or $10,000, will have a motive for doing so.

Hon. Mr. LYNCH-STAUNTON: Make him go to confession.

Right Hon. Mr. GRAHAM: He may be a Presbyterian.

Hon. Mr. LAIRD: He would not be a Presbyterian if he gave $10,000.

Hon. Mr. DANDURAND: Party treasurers go where the money is to be found, just as taxing authorities impose taxes according to the ability of the citizen to pay. Campaign funds are collected from people who are known to be among the faithful, people who have in their hearts the noble passion. Only the few contribute large sums.

Hon. Mr. McMEANS: The honourable gentleman is speaking for Quebec now?

Hon. Mr. DANDURAND: If from Toronto, or Winnipeg, or Montreal—

Hon. Mr. BUREAU: Or Halifax—

Hon. Mr. DANDURAND: —or Halifax, a list of subscriptions were produced by the treasurers of both parties, it would be found that many large corporations had subscribed to both funds.

Hon. Mr. GORDON: Do they do so in equal proportions?

Hon. Mr. DANDURAND: I have heard that many of them will give 75 per cent to the Government forces and 25 per cent to the Opposition. I have known of cases where the reverse happened.

Hon. Mr. BUREAU: In some cases it is fifty-fifty.

Hon. Mr. DANDURAND: The wish of the committee that senators should abstain from collecting funds, particularly from parties who expect advantages, is nothing more than a pious wish, if it goes no further. If we resolved that henceforth, contrary to the custom that has prevailed for many years, senators should not be collectors or treasurers of party funds, in my opinion our action would be puerile. Such action would by no means result in a cure of the ills affecting the body politic.

If honourable senators who have been entrusted with the handling of party funds were to produce a list of subscriptions received by them, it would be found that at least half of the contributors had had something to do with the Government or had expected to receive favours of some kind. Prior to July, 1930, I met men who were incensed at the Robb budgets and who threatened me with their displeasure if the Government did not give them some—

Hon. Mr. HATFIELD: Tariff concessions.

Hon. Mr. DANDURAND: —if the Government did not come to their rescue in some way. It would be interesting to read the list of subscriptions to the Conservative Party from Montreal in July, 1930. I am sure that I should see certain names there.

Hon. Mr. McMEANS: The honourable gentleman did not subscribe, I suppose?

Hon. Mr. BUREAU: Order. That is cruel.

Right Hon. Mr. GRAHAM: His subscription would have been taken.

Hon. Mr. DANDURAND: As I have said, the adoption of the recommendation that senators should not receive subscriptions for their parties, and especially from people who expect advantages from the Government, would not curtail the practice of contributing to party funds. Money is now spent for campaign purposes by thousands of dollars where in the past it was spent by hundreds. The remedy is elsewhere. If we want to cure the evil, we must abolish, or materially diminish, the need of money. Why is money so much in demand at election time? Apart from publicity in the columns of the newspapers, of which my right honourable friend to my right (Right Hon. Mr. Graham) spoke yesterday, I say that the main need for money is to meet the expenses necessarily incurred in inducing the elector to decide to exercise his franchise, and in bringing him to the poll. The next obligation to be met is in towns of ten, fifteen, twenty-five thousand or more, for the registration of the voters. Another large expenditure is necessary in order to notify all the electors where they may vote.

Now, honourable senators, I desire to make a statement, and I preface it with the truism that democracy exercises sovereignty. It used to be the duty of the king to choose his ministers. Demos has declared that it is now our privilege. To that I would add that it is also our duty, and I would suggest compulsory voting. If the elector is made to come to the poll, even though it be only to put a blank ballot into the box, he will begin to realize that a duty has been imposed upon him. He now has a privilege, but in very many places the Ford motor car is no longer regarded as a proper vehicle for the conveyance of electors to the polls.

Hon. Mr. GORDON: That applies more to the ladies, does it not?

Hon. Mr. DANDURAND: To all.

I would suggest permanent lists under the supervision of a permanent electoral officer. There also should be permanent returning officers who would maintain the voters' lists and keep them up to date, from day to day. If this were provided for by the State it would, I think, remedy the evils resulting from the subscription of money by large corporations, which gives them, perhaps, an undue influence in the halls of parliaments throughout the world. Furthermore, I would recommend the adoption of the system which prevails, I think, in the city of Montreal, whereby notice of where they are to vote is sent to electors by a permanent returning officer. In my opinion, if that were done, we should save ourselves the humiliation of canvassing men who lack the flame, the passion of party politics, but who subscribe because they think it will be to their advantage to do so, or because they fear they may be treated with hostility or indifference in moments of need if they do not. We should

free Parliament from the domination of big interests, and clear up and purify the atmosphere.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I submitted my idea of compulsory voting, permanent lists and notification to the electors by the returning officer to Hon. Mr. Cahan the other day, and he said he thought it would go a long way towards bringing better times. "But," he asked, "how will you protect the candidate against personation?" That is a problem that I leave to members of the Commons and members of the Senate who have run elections.

After having affirmed in the presence of my right honourable friend (Right Hon. Mr. Meighen) that contributions to the two large parties have come mainly from people who, if the truth were known, expect favours from the Government or are desirous of retaining those that they have, I say that the Senate cannot condemn senators for having acted in accordance with what has been the universal practice throughout the land for many an election. I am sure the right honourable gentleman, who has been Prime Minister of this country, has experienced, like every other Prime Minister, the humiliation of seeing his best friends sent on the errand of collecting money for an election. It is all very well to say that campaign funds are needed; we all know that; but to this moment no effort has been made to define clearly where those subscriptions should come from. We say we will draw a line between subscriptions that are decent, as someone has said, and those that are indecent. Between the two there is a vast difference, and in regard to the second class there are such varying shades of opinion that the collector has a wide field in which to work. That being so, I repeat: Can a senator rise in his place in this House and cast a stone at his colleague? I do not pretend to be more holy than my neighbour. I would say, "Physician, cure thyself."

The right honourable the leader of the Government in this Chamber has presented a brilliant argument in favour of the report of the majority of the committee, but I venture to say that it has come from one angle only, that of the prosecution. I stand by the opinion of our delegates who were sent to that inquiry. The senior among them, the honourable member from De Salaberry (Hon. Mr. Béique), stands as high in the estimation of this Chamber as any member of the Senate; he stands as high as any other Montrealer in the city of Montreal; he is esteemed by all, respected by all, admired by all. As I have said, he entered that committee with the intention of doing his duty judicially. He was surprised—I may repeat it for him—to find an atmosphere that was somewhat different from what he had expected, but he listened to the evidence—prejudiced as he had been, I am sure, at the outset, when the news came from the other Chamber—and when he returned from the committee he said, "I shall vote against that report." You have heard his speech.

As to the right honourable gentleman from Eganville (Right Hon. Mr. Graham), I will not, because he is here, say what we all think of him. It was said this afternoon that he was loved for his humanity. He also, and the honourable member from Moncton (Hon. Mr. Robinson), and the honourable gentleman from Westmoreland (Hon. Mr. Copp) have declared that they cannot reconcile themselves to voting for the report. We, on this side, who selected them, shall not disown them; we shall vote against the report.

Hon. J. J. DONNELLY: Honourable members of the Senate, I rise merely to make a statement in regard to the opportunities which were given to the four members of the special committee from the other side of the House. Perhaps before making that statement I should explain my position. When this report was brought into the Senate, I, as a member of the committee, thought it would be my duty to speak in support of it, but after listening to the able, complete and eloquent presentation of the arguments of the chairman in favour of its adoption, and the eloquent summing-up of my right honourable leader, I felt that there was no need for me to delay any longer the taking of the vote.

When that report was brought into the Senate, I felt and believed it to be a fair and proper report, based upon the evidence. I believe so still.

Now I come to the statement that I wish to make. I notice that there is only one member of the committee present on the other side of the House. I will be careful to make my statement as correctly as I can. If I err, I shall be pleased to have the honourable gentleman correct me, as I know he is capable of doing.

On Thursday, the 14th of April, there was an informal meeting of the committee in room 258, the smoking room. Eight members were present. The honourable member from Grandville (Hon. Mr. Chapais), owing to illness, was absent, and the clerk of the committee was not present. At that meeting there was a general discussion as to the method

of preparing the report, which resulted in the chairman of the committee being instructed to prepare a draft report. The honourable senator from De Salaberry (Hon. Mr. Béique) said that he also would prepare a report, and the honourable senator from Edmonton (Hon. Mr. Griesbach) assured us that he too would bring in a draft report. Other members were invited to bring in reports on particular features, if they so desired. That was on Thursday, April 14.

On Wednesday of the following week, April 20, I met the chairman of the committee, and we further discussed the preparation of the report. We decided that we should make an effort to have the report brought in as soon as possible, and also that it was proper that the four members of the committee from the other side of the House should have an opportunity to study the draft report before it was presented in the House. The chairman told me —I was in his room—that he would take a copy of the draft report, go and see Hon. Mr. Béique, and give it to him, and at the same time find out if he had his report ready. The chairman went to the room of Hon. Mr. Béique, taking a copy of the report with him, and when he came back told me that the honourable gentleman was not in his room, but was attending a committee. Later on, about the middle of the day, on April 20, the chairman of the committee handed a copy of the report to the honourable member from De Salaberry (Hon. Mr. Béique). I asked the chairman if he had told him to take it up with the other members of the committee. He replied that he had made a notation on it that it was for the consideration of the honourable gentleman from De Salaberry and the other members of the committee.

The chairman then had notices sent out for a meeting on Thursday morning. When we met on Thursday morning we were rather surprised to be informed by Mr. Graham, Mr. Copp and Mr. Robinson that they had not seen a copy of the draft report. We felt that it would be unfair to expect them to go on without having an opportunity to read the report. Copies were then prepared, and Mr. Graham and Mr. Copp assured us that, as they were in the same room, one copy would be sufficient for them. Another copy was given to Mr. Robinson, and the suggestion was made that we should meet again at 2.30.

Right Hon. Mr. GRAHAM: The first suggestion was 12 o'clock.

Hon. Mr. DONNELLY: Possibly. As a matter of fact, we did meet at 2.30. Honourable gentlemen then claimed that they were not ready to consider the report, and asked for more time. We then adjourned until Friday morning.

As a matter of fact, one copy of the report was handed to Mr. Béique forty-eight hours before the report was presented, with the expectation that he would give his colleagues an opportunity to study it. When it was found that he had not done so, they were given copies of the report, and had at least twenty-four hours within which to examine into it.

When we met on Friday the three members I have referred to presented a signed statement. I do not think I need deal with that, as the right honourable gentleman from Eganville (Right Hon. Mr. Graham) has read it, and it is now a matter of record.

There is just one other point. Some objection has been taken on the ground that a request was made by Mr. Béique for a further postponement of consideration of the report, on account of illness. As I stated a moment ago, we had a meeting on the 14th. On Friday, the 15th, the Senate adjourned until Tuesday the 19th. If honourable members care to look over the Minutes of the Senate they will find that Hon. Mr. Béique is entered as being present in the Senate on the 19th, the 20th and the 21st; also, I understand, although I was not present, he was active in different committees. So he had had a week to prepare his report. He did read a portion of his draft report to the chairman of the committee, but he did not care to hand it over to him.

In view of the fact that the honourable member from De Salaberry had been present in the Senate and taken part in the deliberations of committees, the chairman and other members of the committee did not feel that they should delay the report any further by complying with his request. On Friday Mr. Béique was not present. He did tell us on Thursday that he would not be present on the Friday; that he was feeling very well, but that he was going to Montreal on personal business and, as I understood him, not on the ground of illness. There had been some criticism of the committee the day before. It was the honourable member from Brandon (Hon. Mr. Forke), I think, who called attention to the fact that the committee had been deliberating for two months. We also heard that prorogation was not very far away if we could get through with this matter, and therefore we were eager to get along as quickly as we could.

I submit that every reasonable opportunity was given to the members of the committee to study the draft report. I do not think that honourable senators will disagree when I say that at the last meeting there was not much hope expressed of a unanimous report.

Right Hon. Mr. GRAHAM: I have no right to say a word unless I am permitted to do so.

Hon. Mr. DONNELLY: Just here I should like to state that it is not proper to discuss what took place at such meetings, but the fact that the honourable senator from Westmorland (Hon. Mr. Copp) and the honourable gentleman from Moncton (Hon. Mr. Robinson) have done so to some extent is my justification for making this statement. As far as I am concerned I have no objection, on the ground that he has already spoken, to the right honourable gentleman from Eganville (Right Hon. Mr. Graham) making any statement he wishes to make.

Right Hon. Mr. GRAHAM: If I may refer to the committee for a minute, I am free to say that had we had three months to consider the report it would have made no difference, I think, with the majority of the committee. Not a line would have been erased nor a line added, no matter what was our view. I think that was the decision arrived at. They brought in, not a draft report, but a report all ready to be introduced into the House that afternoon. We did think that after the minority of the committee had in their wisdom and humanity deferred meetings and adjourned meetings for two weeks because of the illness of one of the committee members on the side of the majority, they might have returned the compliment on account of the honourable gentleman from De Salaberry (Hon. Mr. Béique), who is 87 years old, and who, although well at a particular time, may be unable two hours later to carry on work requiring concentration.

I have nothing more to say. I do not think that if we talked about this all night we should get any nearer together.

Hon. Mr. DONNELLY: I would just remind the right honourable member that at the last meeting on Thursday morning, the honourable gentleman from De Salaberry was present and said he was quite well.

Right Hon. Mr. GRAHAM: Exactly; as I know; but within two hours he might not be able to concentrate. My honourable friend will likely be like that when he gets as old.

Hon. Mr. DONNELLY: I do not hope to get as old.

Right Hon. Mr. GRAHAM: I hope you live to be a hundred.

Hon. A. C. HARDY: Honourable senators, it is not my intention to occupy much time in this debate. So far as I can see, everything that I could say has been said, and very much more. But as one of the earlier appointees of the late Government to this House I feel that in so important a matter as this I should not sit silent, merely voting when the time comes. I want to express my opinion, as shortly as I can, on one or two points.

My chief feeling about this whole proceeding, beginning with the discussion in the House of Commons, is that it is a matter of partisanship from one end right to the other. This is especially true of the persecution of the senators on this side. I doubt that we should have heard anything about the Beauharnois matter if those men had not received party contributions. There, I think, was the root of the whole affair. I will pay my compliments to the honourable gentleman who acted as chairman of this committee (Hon. Mr. Tanner) on the very able speech he delivered the other night, not as chairman, but as prosecuting attorney. I do not think I ever before heard a chairman's address quite so full of partisanship, absolutely disregarding everything explanatory from the other side and considering only those things which he might work up to condemn the men who were being charged. There is only one inference for us to gather from the attitude of the chairman: although counsel for the committee has said, and it has been stated, I believe, in this House, that no charge was laid, we know that these men were condemned and sentenced, and their executioner was appointed, long before the committee itself was formed. If that is not partisanship I should like to know what it is. We had the condemnation of those men on public record weeks before any evidence was taken. If, then, we on this side feel that an injustice is being done, we may well ask for sympathy from the general public, and for consideration of the whole matter from our standpoint.

Much has been said about the report itself. I am not going to discuss that at length. I will only say that, far from being a report of the Senate, it is simply the report of the House of Commons with a few paragraphs attached. Practically all the evidence is from the Commons. With the exception of a few paragraphs here and there about evidence taken before the special committee of the Senate, our committee merely ratifies, confirms and approves, paragraph after paragraph, the findings by the committee of the House of Commons. On some points there is merely a line or two from the findings of the Commons committee. The right honourable gentleman who leads this House (Right Hon. Mr. Meighen) said the other day that that report could not have been partisan,

because it was unanimous. I am not going to discuss again the question of unanimity. We have heard a good deal about it. As to whether the report is partisan or not, we have merely to look it over and observe what evidence was adduced, what evidence was put down, and what evidence was suppressed.

Regarding the evidence taken before the Senate committee, so far as it relates to the report, I would point out one thing in particular. As shown on page 53 of the Senate evidence, when counsel brought in the name of John Aird, Jr., and the question of provincial matters was raised, the chairman said: "We have nothing to do with that. It is outside the scope of our inquiry altogether." Yet when the name of Hon. Howard Ferguson was mentioned the committee met and arranged to hear Mr. Ferguson's evidence, which was entirely without the terms of the reference to the committee. The committee insisted on hearing Mr. Ferguson on this provincial matter; it even called a special meeting, and it would not wait for counsel, even an hour.

Hon. Mr. GORDON: Will the honourable gentleman permit me to ask him a question?

Some Hon. SENATORS: No, no.

Hon. Mr. HARDY: I do not give way to you. If the honourable chairman had kept his head for a moment, when Senator Haydon mentioned Mr. Ferguson's name he would have taken the proper course—ruled all that evidence out. That evidence had nothing to do with the inquiry and did not come within its scope. It is not within the jurisdiction of this House, or of Parliament itself. I think a great deal of bitterness, not only in this debate, but in feeling throughout the whole province of Ontario, would have been eliminated had the chairman there observed a strictly non-partisan stand—had he stuck to what he had previously said, as reported on page 53, that those provincial matters were entirely out of the committee's jurisdiction.

I have said that these honourable gentlemen had been condemned before they were heard, or before any evidence was taken. Some twenty years ago a very distinguished parliamentarian referred to the right honourable leader of this House—I am sorry he is not here—as the gramophone of two very famous—perhaps I should say notorious—railway buccaneers. It is strange that the whirligig of time should have placed that same right honourable gentleman in this House and that he should be playing the same musical instrument at the behest of the very man who designated him as the gramophone of Mackenzie and Mann. It is amazing what extraordinary circumstances occur through the passage of time. We are constantly seeing fresh illustrations of the old adage that politics makes strange bedfellows.

The decision that we have before us concerning the three honourable senators was made in advance of the hearing of evidence. We who are on the minority side of the House, though we may be helpless to prevent the adoption of the report, are justified in stating our position and opposing, as far as we can, the attempts to undermine the position of not only these three honourable members, but of the whole Liberal Party, to which they belong.

I think I need say very little at all about the case of Senator Raymond, after what has been said by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) to-day. It seems to me that the proper thing for the chairman of the committee to do is to ask that Senator Raymond's name be deleted entirely from the report. The right honourable leader of the House said yesterday:

> The committee makes no express censure of Senator Raymond. The committee does say, evidently more by way of guidance for the future than for any other purpose..... that it disapproves of the action of senators in becoming largely interested in companies which are dependent upon government concessions...

The latter part of those remarks has nothing to do with Senator Raymond, though perhaps the right honourable gentleman had his eye directed particularly towards this side of the House when he made them. I repeat that if there is no censure of Senator Raymond his name should be deleted from the report.

The evidence concerning senators Raymond and McDougald has been discussed so thoroughly that I should be wasting the time of the House if I went into the matter further. But I want to say that I agree with every word uttered by the right honourable senator from Eganville (Right Hon. Mr. Graham). I have known Senator Haydon for nearly thirty years, personally and professionally. I have been associated with him as a colleague on university and charity organization boards, to which he contributed not only wise counsel, but also financial assistance beyond what his means justified. I know that his honour, his kindness of heart and his generosity are such as to make him a true gentleman. When he says that he did not take a contingent retainer, or a retainer of any kind inconsistent with his office, I believe him. I do not care how the right honourable leader of the House, in his extraordinary way, manipulated the evidence last night. The right honourable gentleman was running true to form. That is the sort of thing that has made him the most

outstanding debater and the most outstanding failure in the political life of Canada to-day.

The chairman of the committee says that great consideration and kindness were shown to Senator Haydon. As to that, I would ask honourable senators to read the evidence.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HARDY: I believe that some members of the committee deliberately blinded themselves to the condition of Senator Haydon. I was told by two persons—I do not say they were members of the committee, but they were connected with it—that Senator Haydon was not as ill as he was alleged to be. One person said to me, "He is no more sick than you or I." That shows the spirit in which Senator Haydon was approached. I know what his condition is, and I say that if he used language unbecoming a witness, he had every excuse for doing so. If he at times showed any asperity, we should make every allowance in his favour because of the grinding examination to which he was subjected.

A great deal has been made of the retainer that was paid to the law firm of McGiverin, Haydon and Ebbs. Well, $50,000 is a handsome sum. But I do not think that anyone who is connected with business in a large way will say that $50,000 was an extraordinary retainer to be paid by a $75,000,000 company. Any company of that size that has to pay no more than $50,000 as a legal retainer is getting away very cheaply. If I am allowed to make a personal reference, I can say that I know the same law firm got a much larger fee for work that did not take them six months. Indeed, the fee was larger than the $50,000 plus the annual payments of $15,000 that were to be made by Beauharnois to this firm for three years. The party who paid this larger retainer felt that he was getting good value for his money. I know, because I was one of the interested parties.

I must make some reference to the great speech that was made by the right honourable leader of the House last night. Whether we sit on this side or the other side, we must admit that it was a great speech. It was the kind of speech that has built up for him the reputation of being the keenest and most incisive debater in Canada. Last night was the first time I ever had the pleasure of hearing him speak at length, because I never had an instrument that would enable me to hear him in the House of Commons. His extraordinary mental activities are nothing less than amazing. He has a marvellous memory, one such as very few men possess. While I listened to his extremely acute deductions I could not help wondering why he is leading this House instead of leading another House, or occupying a very much higher position than is available in Parliament. I think the explanation is that he has been engaged in mental gymnastics for so long that his particular ability is well known and is discounted. We realize that he could come here to-morrow and make a speech just as incisive and just as cutting in favour of the honourable gentlemen mentioned in the report as was his speech of last night in attack upon them. In other words, I believe that the people of this country do not think he is sincere.

Some Hon. SENATORS: Order, order!

Hon. Mr. SCHAFFNER: Shame, shame!

Hon. Mr. TANNER: Shame! Order!

Hon. Mr. HARDY: I do not mean that he is not sincere—

Hon. Mr. TANNER: I rise to a point of order. No honourable member can accuse another of insincerity.

Hon. Mr. GORDON: And particularly in the absence of the honourable member who is accused.

Hon. Mr. HARDY: I withdraw it. I think it is, then, that the people do not believe in his real sincerity. I am convinced that if we gave the right honourable gentleman a piece of an old shoe-lace, a shred of cloth and a footprint, he could hang almost any honourable member of this House on the evidence.

Hon. Mr. TANNER: Evidently the honourable gentleman does not like him.

Hon. Mr. HARDY: He spoke last evening of certain lawyers who were employed in parliamentary work here, and he said that they had tried to create an atmosphere.

Hon. Mr. DONNELLY: That is the evidence.

Hon. Mr. HARDY: The right honourable gentleman said that apparently they were not lawyers but perfumers. I wonder if his mind takes him back five or six years to the time when two or three companies, with capital of millions each, were formed in the city of Toronto, and at the head of the prospectus of each company appeared his name, Right Hon. Arthur Meighen, as that of Chief Counsel and Chairman. Was that name put on those prospectuses to create an atmosphere? I know it created a very sweet perfume when a canvasser came to my office. I subscribed for a very substantial sum, and I told the canvasser that I did so for one reason, that the right honourable gentleman's name was there. But that perfume does not smell quite so sweet to me to-day.

May I refer to one aspect of the inquiry concerning Senator McDougald, as to whether he had an interest in power development such as he spoke about in April, 1928. It never occurred to me, and I do not think it did to any other honourable member of this House, that the senator's denial referred to anything but Beauharnois. That was the matter before Parliament at the time, and I consider too much stress has been laid upon the charge against Senator McDougald that he made a deliberate misstatement, in view of his connection with the Sterling Company. Each honourable member will have to reach his own conclusions on this matter, but I do not think it is fair to emphasize the charge that he was interested in Sterling when he said he had no interest in Beauharnois. I repeat that I believe it was in the minds of all honourable members at the time that his reference was simply to Beauharnois.

My good friend the honourable gentleman from Winnipeg (Hon. Mr. McMeans)—I use that term advisedly, because he is a good friend of mine—said that he approached discussion of the committee's report with the greatest delicacy. I wonder what the honourable gentleman would do if he got into full play. I am not going to take exception to what he said, because I know he means kindly. He has strong opinions on everything, but that is all right. However, if he was treating the matter with real delicacy last night, I should not want to be in his road if he ever broke into a real riot. He referred to the Bermuda voucher. I have that voucher here. This is the first time I have seen it. The evidence of Senator McDougald with regard to this matter appears at page 180 and following pages in the printed report of the special committee of the Senate. It should not be necessary to make any further explanation on this point, because the evidence is clear and complete and was accepted as such by the committee.

The account rendered by Senator McDougald's office to the Beauharnois Company, Exhibit No. 118 in the proceedings of the House of Commons select committee, in no way, directly or indirectly, covered any expenses of Right Hon. Mr. King or of Senator Haydon. As explained by Senator McDougald, at pages 180 and following of the Senate committee's proceedings, it related solely to his personal expenses on his trip from Montreal to Bermuda and return, and his personal expenses incurred while in Bermuda, and in no way, either directly or indirectly, to the expenses of the other two gentlemen named.

It has already been explained that the account was rendered to the Beauharnois Company by Senator McDougald's office without his knowledge, in his absence, and in the absence of his personal secretary, as the result of a telephone message from someone in the company to a book-keeper in the senator's employ. The account was worded as follows:

> April 20, 1930. Expenses of trip to Bermuda Honourable 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.

I hold in my hand the voucher, attached to which are receipted accounts. I fancy that honourable gentlemen who sat on the committee have seen these documents. Not one of them has anything to do with the expenses of Right Hon. Mr. King. I should like permission to place the documents on Hansard, without their being read. But if it is desired, I shall read them.

Hon. Mr. McMEANS: Put them on Hansard.

Hon. Mr. GORDON: I suggest we take them as read.

Hon. Mr. TANNER: Do I understand the honourable member wishes to put Exhibit 118 on Hansard?

Hon. Mr. HARDY: Yes, Exhibit 118 of the House of Commons committee.

Hon. Mr. TANNER: Exhibit 118—the whole of it. That is all right.

The statements marked Exhibit No. 118 follow:

360, St. James St.,
Montreal.

The Beauharnois Light, Heat & Power Co., Ltd.,
Dr. to
Hon. W. L. McDougald.

Nov. 22, 1929. Expenses of trip to Europe, trips to Ottawa, hotels, etc..		$2,500 00
Apr. 20, 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	852 32
		$3,352 32

OK

(Initialed) HBG.

(Rubber Stamp) Exhibit No. 118 H. of C. Select Committee on Beauharnois Power Investigation, 31.

(Rubber Stamp) Beauharnois Power H. of C. Committee, 1931—Papers Produced.

(Copy of Cheque)

Montreal, June 13, 1930. No. R. 369
Beauharnois Power Corporation Limited
(Crest)

11
—
1

Pay to the order of Hon. W. L. McDougald...$3,352 32
The sum of Exactly $3,352 & 32 cts.
Beauharnois Power Corporation Limited.
(Excise stamp)
(Signed) Hugh B. Griffith, Treasurer.
" R. A. C. Henry, Vice-President.
To
The Royal Bank of Canada
Montreal.

Negotiable without charge at any branch of the Royal Bank of Canada in Canada.

(Stamped on face) Paid Jun 19, 1930, ledger, the Royal Bank of Canada, Montreal.

(Endorsed) For Deposit in Bank of Montreal to the credit of Hon. W. L. McDougald.

(Endorsed) Bank of Montreal, Jun 18, 1930. Cleared Jun 19, 1930, Montreal.

(Endorsed) Bank of Montreal, Montreal, Jun 18, 1930.

(Copy of Voucher)

June 13, 1930. No. R 369
.. ... Hon. W. L. McDougald 3,352 32

This payment covers your accounts of November 22, 1929, and April 20, 1930, as per statement rendered, in the name of Beauharnois Light, Heat & Power Company.

Certified correct: Chief Accountant: Approved:

256-258

McDougald, W. L. 4/14 L 33 00

Guest Account

Hotel Bermudiana, Hamilton, Bermuda.
No. 15687.

Memo.		Date	Explanation	Amount Charged	Amount Credited	Balance Due
.....	1	April 14—30	Laundry.....	* 3 91	.....	* 3 91
.....	2	April 14—30	Valet.....	* 4 50	.....	* 8 41
.....	3	April 14—30	Buffet.....	* 1 05	.....	* 9 46
.....	4	April 14—30	Buffet.....	* 2 15	.....	* 11 61
.....	5	April 14—30	Room.....	* 33 00	.....	* 44 61
.....	6	April 15—30	— Porter.....	* 0 35	.....	* 44 96
.....	7	April 15—30	Livery.....	* 8 00	.....	* 52 96
.....	8	April 15—30	Laundry.....	* 2 20	.....	* 55 16
.....	9	April 15—30	— Cable.....	* 11 64	.....	* 66 80
.....	10	April 15—30	Valet.....	* 4 00	.....	* 70 80
.....	11	April 15—30	Buffet.....	* 4 65	.....	* 75 45
.....	12	April 15—30	—News Co. ( ).....	* 0 20	.....	* 75 65
.....	13	April 15—30	Buffet.....	* 4 10	.....	* 79 75
.....	14	April 15—30	Room.....	* 33 00	.....	* 112 75
.....	15	April 16—30	— Porter.....	* 0 35	.....	* 113 10
.....	16	April 16—30	Laundry.....	* 2 61	.....	* 115 71
.....	17	April 16—30	Valet.....	* 3 00	.....	* 118 71
.....	18	April 16—30	Livery.....	* 3 00	.....	* 121 71
.....	19	April 16—30	Buffet.....	* 16 00	.....	* 137 71
.....	20	April 16—30	Room.....	* 33 00	.....	* 170 71
.....	21	April 17—30	— Porter.....	* 0 60	.....	* 171 31
.....	22	April 17—30	— Cable.....	* 8 22	.....	* 179 53
.....	23	April 17—30	Laundry.....	* 2 16	.....	* 181 69
.....	24	.....	Livery.....	* 12 00	.....	* 193 69

256-258 00 Guest Account

McDougald, W. L. 4/14 L 33

Hotel Bermudiana, Hamilton, Bermuda.

No. 15724

Memo.		Date	Explanation	Amount Charged	Amount Credited	Balance Due
	1		Fwd			* 193 69
	2	April 17—30	Valet	* 3 25		* 196 94
	3	April 17—30	Buffet	* 2 65		* 199 59
	4	April 17—30	Buffet	* 3 30		* 202 89
	5	April 17—30	Room	* 33 00		* 235 89
	6	April 18—30	— Porter	* 0 60		* 236 49
	7	April 18—30	— Cable	* 15 68		* 252 17
	8	April 18—30	Room	* 33 00		* 285 17
	9	April 18—30	Laundry	* 1 61		* 286 78
	10	April 18—30	Valet	* 1 50		* 288 28
	11	April 19—30	— Porter	* 0 25		* 288 53
	12					
	13	April 19—30	— Cash Cr		* 288 53	* 0 00
	14					
	15					
	16					
	17					
	18					
	19					
	20					
	21					
	22					
	23					
	24					

Hon. Mr. HARDY: Mr. King's name was placed on this account, not because any of his charges were included in it, but merely for the purpose of identifying the particular trip. Here are the actual receipted vouchers which go to make up this account, and it shows they were for one person only. Perhaps I had better read one or two of the items:

April 14—Room.
April 17—Room.
April 18—Room.

And so on—one room, all the way down, amounting to $288.53 for several days. These are attached to Senator McDougald's account, in which mention is made of Mr. King's name. Government counsel must have examined these accounts and must have known that they related solely to Senator McDougald's personal expenses. It is apparent on the face of it that there is every reason to believe that the chairman of the committee in the Commons, and possibly other members, had full knowledge of the character of the account and the vouchers attached. Nothing could more effectively disclose the political purpose and bias of the whole inquiry than the fact that Government counsel should have permitted an impression to be given to the committee, and through the committee to the public, that the accounts submitted to Beauharnois had reference to some expenses of Mr. King's. In the course of his examination Senator McDougald was simply shown by counsel the account sent in to the Beauharnois Company, and was not shown or permitted to examine the receipted vouchers, attached thereto, which went to make up the total.

Senator McDougald fully explained to the Senate committee, as shown at page 182 of the committee proceedings, how it was that his personal account of $852.32, fully accounted for by the receipted vouchers thereto attached, came to be sent in to the Beauharnois company. He stated that Mr. Browning, the man who received the telephone message to prepare Senator McDougald's account, and who prepared the statement and sent it in, was ready to swear to the accuracy of the explanation of what had been done. Senator McDougald's statement, however, was accepted by the whole committee, including the honourable senator from Winnipeg (Hon. Mr. McMeans), and Mr. Browning was not called as a witness.

I have now produced Exhibit No. 118, and I invite every honourable gentleman in this House to peruse it carefully. I believe counsel for the committee did not act fairly and rightly, and that what he did was done deliberately. I think he acted as he did to de-

ceive, first, Senator McDougald, and then the public at large, in order to bring in the name of Hon. Mr. Mackenzie King. I say it was most unfair and most unprofessional, and I believe, as a member of the Bar, that if such action had taken place in a civil case, counsel might very well have been the subject of discipline by the Benchers of the Law Society of this province.

One word more and I shall have finished. The right honourable gentleman (Right Hon. Mr. Meighen) made a very moving appeal to us to forget partisanship and to consider the political morality of the whole situation. I am just going to ask the right honourable gentleman whether, when he made his impassioned appeal to this House, he had in mind a certain telegram which he sent to Robert L. Borden, Ottawa, Ontario, in 1917, and which on being decoded read: "Would like"—

Some Hon. SENATORS: Order.

Hon. Mr. HARDY: —"one thousand soldier votes at large"—

Right Hon. Mr. MEIGHEN: Would the honourable gentleman permit me?

An Hon. SENATOR: He cannot hear you.

Hon. Mr. HARDY: —"for Manitoba."

Right Hon. Mr. MEIGHEN: The honourable gentleman knows, or ought to know, that no such telegram was ever sent; that it was denied from the beginning; that the signature of the telegram produced was clearly not mine, and that I knew nothing of it—a fact that was established finally and definitely.

Hon. Mr. HARDY: No action was ever taken by the right honourable gentleman.

Right Hon. Mr. MEIGHEN: Against whom should I take action?

Hon. Mr. HARDY: That was made public, and it is part of a published booklet.

Right Hon. Mr. MEIGHEN: Certainly it was made public, and it was exposed as a fraud.

Hon. Mr. HARDY: If such is the case I will just refer the right honourable gentleman to that and will withdraw any further reference to it. We know what happened at that time, and I have no hesitation in saying that when the right honourable gentleman assumes to give us on this side of the House any lectures on political morality we can hurl them back at him.

Hon. Mr. GORDON: Honourable members, I rose in my place a while ago to ask the honourable gentleman a question. I was inspired to ask that question because I thought that he had been unfair to the committee, and I wanted to find out if he knew the real situation. He wanted to know—

Right Hon. Mr. GRAHAM: He cannot hear a word you are saying.

Hon. Mr. GORDON: He usually hears better than he is hearing to-night. He is all "het up."

Right Hon. Mr. GRAHAM: So is somebody over there.

Hon. Mr. GORDON: He suggested that the committee was unfair because it had brought the Hon. Howard Ferguson here and had not called John Aird.

Some Hon. SENATORS: No, no.

Right Hon. Mr. GRAHAM: He did not say that.

Hon. Mr. HARDY: I said that John Aird's name should not have been brought in, and neither should that of Howard Ferguson.

Hon. Mr. GORDON: Should not?

Hon. Mr. HARDY: No, neither of them.

Hon. Mr. GORDON: Howard Ferguson was brought here because of Senator Haydon having mentioned his name. Howard Ferguson is a public servant; the other man is not.

Hon. Mr. HARDY: I said that the chairman of the committee should have ruled out Senator Haydon's statement; that it never should have appeared on the record, but should have been ruled out the moment it was submitted.

Hon. Mr. GORDON: Senator Haydon should not have made it.

Hon. Mr. HARDY: Probably he should not have made it. It had no bearing whatever on the case, and should have been ruled out.

Hon. Mr. GORDON: I think that when he made it he must have been in the same state of mind that the honourable gentleman is in to-night.

Hon. Mr. HARDY: He was worse, I assure you.

Hon. W. E. FOSTER: Honourable gentlemen, after my remarks on another topic earlier in the week I desire to give expression to my views in the shortest possible time, thereby, perhaps, striking an average and restoring myself in the good graces of honourable members by observing the unwritten rule of the Senate that speeches should be as short as you can make them—although there have been a few marathons during this debate.

My particular object in rising at this time is to take advantage of the opportunity, as I think I should, to make some remarks in reference to the activities of the National Advisory Committee. I happened to be a member of that committee from its formation in 1924, and at a later date was chairman for a short period of time. I feel that it is due to the other members of the board that I should give some explanations in reference to certain questions that have arisen, in order to clear up certain misunderstandings. I believe that the sincerity of the report of that committee has been challenged, and I think this is an opportune time for me to answer.

The right honourable member from Eganville (Right Hon. Mr. Graham), in his very able address of yesterday, went into the early history of the National Advisory Committee. He read the Order in Council defining the powers and duties of that committee, and mentioned the names of various gentlemen who occupied positions on it. I think he established in the mind of this House the fact that the gentlemen named in the recommendation to the Governor in Council for appointment to the board, even though they were interested in power projects, were actuated by no other desire than to serve the interest of the public as far as they possibly could, and to keep out of their deliberations anything that might have a bearing upon their private interests in projects of that kind.

I do not intend to follow the line taken by the right honourable member from Eganville (Right Hon. Mr. Graham) in referring to the activities of that committee. I should like, however, to ask honourable gentlemen to cast their minds back for a moment to the work that this committee had in view, and to remember that it involved the consideration of one of the greatest, one of the most colossal projects ever proposed on the North American continent.

I shall pass over the two years that elapsed after the joint board of engineers appointed by the governments of the United States and Canada started on their work of survey and investigation. Permit me to say, however, that during these two years a great deal of propaganda was circulated, and a great deal of free advice was received by the committee from all kinds of tide-water associations, and others who thought they knew what should be done. In fact, there was so much of it that if one had undertaken to peruse it all one would not have been able to accomplish very much else.

Now I shall endeavour, as far as I possibly and reasonably can, to establish to the satisfaction of the right honourable gentleman who leads the Government (Right Hon. Mr. Meighen) that some of the observations that he made in his very able address last evening were such as he would not have made had he given to this phase of the matter the attention that he gave to the evidence and certain other portions of the subject-matter under discussion. I think that when I point out certain things to him he will be fair enough to realize that.

The first point that I want to clean up relates to the statement, which has been made from time to time, that in connection with the work of the National Advisory Committee there was submitted a minority report. I should like honourable gentlemen, when they get an opportunity of doing so, to look at the end of this report signed by Mr. Beaudry Leman and the late Hon. Mr. Turgeon of the Province of Quebec. It will be noted that what it contains are merely observations by certain members upon the report of the Advisory Committee. There are twenty-four clauses, and I think that if honourable gentlemen read those observations carefully and closely they will find in them little or no deviation from the principle of the report of the National Advisory Committee. Therefore I do not think it is reasonable to state that this was a minority report.

Then I should like to point out that these observations are signed by Mr. Beaudry Leman, of the city of Montreal, a gentleman of reputation who has occupied the very important position of president, I think, of the Banque Nationale.

Hon. Mr. DANDURAND: General manager.

Hon. Mr. FOSTER: In any event, he has occupied a very important position in the city of Montreal, and I do not think that anybody who knows him would say that in making those observations he was actuated by anything but a desire to serve the best interests of the people of Canada, or that the fact that he was interested in power companies would change his opinion or have any influence whatever upon any suggestions or observations he might make as a member of the National Advisory Committee.

In this connection I should like to call the attention of honourable gentlemen to a statement made last evening by the right honourable the leader of the Government touching this phase of the matter. He said:

> Possibly this is the place to refer parenthetically to that section of the speech we have just heard which was designed to convince honourable members that a grave injustice had been done that Advisory Committee, and that

this in some unspecified way affected the guilt or innocence of those accused. I had never known that the report of the Commons committee contained any sneer on this National Advisory Board. On the whole, I think, pretty good men were appointed. But there is contained in the report, in the course of a review of the occurrences, a reference to the appointment of that body, stating the names of only two members—Right Hon. Senator Graham and Sir Clifford Sifton—and the way in which the members are referred to is this: it is said that the committee "included" those two men and other men "interested in hydro-electric development." That is the sneer.

Now I want to refer the right honourable gentleman to the Report of the Special Committee of the House of Commons on the Beauharnois Project. I would ask him to turn to page 937 of the report, where the chairman, apparently, was examining Hon. Senator McDougald. In referring to the National Advisory Committee he said:

Q. When you were sitting upon this committee and when you joined in the majority report you were interested personally and privately to the extent that you were interested in the Sterling Industrial Corporation? — A. That is right.

Q. And Beaudry Leman and Adelard Turgeon, who signed the minority report, were, you say, interested in Shawinigan and some other properties?—A. I did not say that. I said they were directors of the Shawinigan Company.

Q. I suggest to you this: What possible chance did Canada have?

That appears in the report of the House of Commons committee: "What possible chance did Canada have?" That observation by the chairman of the House of Commons committee is something, I think, beyond what is termed by the right honourable gentleman a "sneer."

Right Hon Mr. MEIGHEN: I did not refer to that. I referred to the report.

Hon. Mr. FOSTER: I quite understand that, but I think it casts a greater reflection than the statement referred to by the right honourable gentleman. On behalf of my associates on the Advisory Committee I wish to protest against an observation of that kind by the chairman of the committee in the other House.

I wish also to congratulate the right honourable leader of the Government on the presentation which he made of this case last night. It was certainly a very able presentation, but to some of us it was too lawyer-like. I do not say that as a reflection on the legal profession, for I have a son just about graduating in law, and I have no doubt my feeling towards the legal profession will soon be enhanced. Be that as it may, I take it that what we laymen in this Senate really require is not a lawyer's argument, but common reasoning. Personally I should like to know what is the custom regarding campaign funds, a matter which has been brought into this discussion—in fact, one of the most important features of this whole investigation. I have run a few elections myself, and I have been the head of a government in a small way, and from my experience I probably know what is the custom in regard to campaign funds within the sphere I occupied for some time.

Right Hon. Mr. GRAHAM: You have heard of them.

Hon. Mr. FOSTER: But I should have liked to hear from the right honourable leader of the Government on that subject. I should like to learn, with regard to lawyers who are members of this body or the House of Commons, what latitude they are allowed in the practice of their profession in the way of promoting legislation or using their influence as members of Parliament in matters such as we now have before us. I have always thought that legal men were entitled to great latitude.

Right Hon. Mr. GRAHAM: They take it anyway.

Hon. Mr. FOSTER: With regard to their relationship to Parliament and the introduction of private legislation, I know that they are entitled to a great deal of consideration. I should like also to have been enlightened as to how far a member of this House or the House of Commons should go in accepting retainers.

For the last three weeks, in the Banking and Commerce Committee, we have been considering very important legislation regarding insurance. We have discussed very important clauses of the Insurance Act, which will have a far-reaching effect on the citizens of Canada, a large proportion of whom carry more or less life insurance. I do not believe there is a member of that committee who would not consider such matters from the broad standpoint of the interest of this country. The members would not be actuated by selfish motives or personal interest, but would make every possible effort to promote such legislation in the best interest of the people of Canada generally. It is therefore strange to me that another committee, such as the one to which I had the honour to belong, which undertook a work of magnitude, one of the greatest projects on this North American continent, should have its intentions challenged. If this course is pursued, how can we ask public men to give their services gratuitously on such tribunals?

I am going now to get back to the purpose for which I rose, and that is to refer to another matter in connection with the Advisory Committee discussed by the right honourable leader of the Government last evening. Speaking about the report of that board, and the fact that in that report there was no recommendation with regard to the north shore of the river, he said:

But will honourable gentlemen be astounded to learn that the committee never made any such recommendation at all, and that this virtue, which has been so strongly stressed as appertaining to Senator McDougald, simply does not exist? I have read the report, I have it here, I have submitted it to honourable gentlemen opposite, and I defy anyone to find a recommendation in the report of the National Advisory Committee in favour of the north side or of any side. The report of the committee makes reference to the report of the Joint Engineering Board, which apparently was composed of three engineers from Canada and three from the United States, and it adopts that report—concurs, is the word used—to the extent of the finding that the canalization scheme of the whole St. Lawrence is feasible. Beyond that one article of concurrence it does not adopt a word of the report. Indeed, in two special instances it declares that there will have to be further investigation before anything of value can be got out of the Joint Engineering Board's report. I repeat that in the report of the National Advisory Committee signed by the majority, which included Senator McDougald, there is not a word of adoption, of concurrence, in any way, with reference to the north side or any other side, directly or indirectly.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. FOSTER:

One can comprehend how hard put these counsel were to try to find something in this long procession of events to place to the credit of Senator McDougald, when they laid stress on the importance of something that did not exist. No one for a moment can argue that it did exist. Therefore, Senator McDougald in this regard never acted against his own interests.

I would point out to the right honourable gentleman that after those two years and a half in which the Joint Board of Engineers was carrying on its work, we gathered together in Ottawa expressly to take into consideration the report of that Joint Board. On receiving its report we made a report to the Government of Canada. And this is what we said:

We concur in the finding of the Joint Board of Engineers, etc.

I would draw my right honourable friend's attention to clause 6, on page 20. Let us see whether or not this clause has any indirect reference to this matter. I want to read all the clause. It starts off:

The Committee has given careful thought to the financial side of the international situation.

Then it goes on:

We are of opinion that it would not be unreasonable to expect the United States to undertake the entire work, both for navigation and power, in the international section, and we are further of the opinion that even if the United States should do so the preponderance of outlay will have been with Canada. In support of this contention, the following figures are submitted, based on expenditures by both countries on the present through waterway, and on the estimated cost of the presently recommended scheme with 27-ft. navigation.

The recommended scheme for navigation was a scheme recommended by the Joint Board of Engineers.

Right Hon. Mr. MEIGHEN: Certainly, recommended by the engineers, but not adopted in this report.

Right Hon. Mr. GRAHAM: I think the report covers it entirely.

Right Hon. Mr. MEIGHEN: No, no.

Hon. Mr. FOSTER: A layman like myself cannot argue this matter with a legal gentleman like the right honourable leader.

Right Hon. Mr. MEIGHEN: Yes, you could if it were here.

Hon. Mr. FOSTER: But I ask what scheme was referred to. It was the scheme based on the report of the Joint Engineering Board.

Right Hon. Mr. MEIGHEN: I said that; I said that the Engineering Board had recommended it; but I said that the Advisory Committee never did.

Hon. Mr. FOSTER: Let me follow that a little further. What did the National Committee do? We laid out a scheme along certain financial lines, did we not?

Right Hon. Mr. MEIGHEN: Pretty nearly.

Hon. Mr. FOSTER: And an alternative scheme that the Government could follow out.

Right Hon. Mr. MEIGHEN: You discussed that scheme.

Hon. Mr. FOSTER: If the present Government proceeds with the project it will follow that plan. There is an indirect reference to the Joint Engineering Board in regard to this financial operation. We lay the financial scheme before the Government, and we say:

Proposed works as recommended by the Joint Engineering Board.

What are some of those proposed works? In the national section this 27-foot navigation and a development of 949,000 horse-power at a cost of $199,670,000, on the north side of the

river. Now, where do we get these figures? From the report of the Joint Board of Engineers. I claim it is an indirect reference to that report.

Right Hon. Mr. MEIGHEN: I never denied that there was a reference to it, but you do not adopt it.

Right Hon. Mr. GRAHAM: I think the right honourable gentleman did not read this part of the report.

Right Hon. Mr. MEIGHEN: I read it, and I sent it to my right honourable friend, and he could not find the recommendation.

Right Hon. Mr. GRAHAM: They accepted the north shore.

Hon. Mr. FOSTER: I am now going to refer to certain statements made by the honourable member for Pictou (Hon. Mr. Tanner), chairman of the committee which investigated this matter. He refers to the report of the National Advisory Committee, and he challenges the good faith of that report; there is no question about that. I am not going to read all that he said. He stated that in one part of the report we advocated that owing to the general conditions existing in this country, due to the high debt of the country and the financial situation, the scheme should not be proceeded with, but we recommended that it should be gone on with by private agencies. He did not stop at that. Referring to a member of this House who was a member of the National Advisory Committee, he made this statement:

There was the situation. Yet Senator McDougald said he forgot about Sterling because the majority of the Advisory Committee said the development should be on the north side of the river. But the majority also said: "Don't go on with the north side at all. Don't make a move. You have not the money." And then they said: "Get along with this Quebec section. Turn it over to private interests. We know them; we can put our hands on them."

I ask honourable gentlemen if they think that is a fair statement to come from one selected to judge in a fair, unbiased manner the actions of an honourable member of this Senate.

Hon. Mr. TANNER: Read the two paragraphs.

Hon. Mr. FOSTER: Please allow me to proceed a little further. As to the indirect reference—I will put it that way if it will suit my right honourable friend better—as to the proposal for the construction of this national section at the cost of $200,000,000, joined in by all the members of that committee who were associated in this report, including Senator McDougald: if that had been gone on with, where would the Sterling Corporation come in?

Hon. Mr. TANNER: Why does my honourable friend not read the two paragraphs—the one paragraph that recommends the Government not to go on, and the other paragraph that recommends going on with the Quebec section?

Right Hon. Mr. GRAHAM: It will only make it worse.

Hon. Mr. FOSTER: This is paragraph 3:

We have carefully considered the financial aspects of the project. If it were seriously suggested that Canada should undertake to finance as a public undertaking—

Hon. Mr. TANNER: Yes, that is what I said.

Hon. Mr. BUREAU: You have no kick coming, then.

Hon. Mr. FOSTER:

—the immense outlay that would be required even in the domestic section of the St. Lawrence, or assume one-half of the fresh financial obligations involved in the project as a whole, we would unhesitatingly recommend that no action be taken until such time as the Dominion shall have had opportunity to recover from the heavy financial burdens imposed by the war, by our railway obligations growing out of the war, and by the necessity, since the war ended, to find the large sums required for needed public works throughout the Dominion.

Hon. Mr. TANNER: Read the other paragraph.

Hon. Mr. FOSTER: I am going to. It was for the Government to say whether they wanted to spend $200,000,000 on such a project, and it was our business to suggest various ways in which development could be carried on. We were not putting in a report that the Government had to follow. The first suggestion was that the development could be financed as a public undertaking at a cost of about $200,000,000. But there was another possible way. We said, in paragraph 4:

We are of opinion, however, that an arrangement might be made which would make possible the undertaking at little, if any, public expense, so far as Canada is concerned. The St. Lawrence, between Montreal and Lake Ontario, consists of a national and international section, and, with the exception of the Welland Canal, the international problem continues throughout to the head of the lakes. We believe that the first concern of this Committee should be, and of the Government will be, the national aspects of the proposed undertaking, and we regard it as most desirable that the initial development take place in the purely domestic section of the river lying within the Province of Quebec. We believe that if a

reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.

The Government did not proceed to follow the first suggestion, which would have involved an expenditure of $200,000,000, but apparently they have gone ahead, in accordance with paragraph 4, with the building of a canal in that river. In this way the Government have got a canal, as was pointed out by an honourable member this afternoon, valued at $16,000,000. Furthermore, considerable revenue is being obtained by the Province of Quebec. I ask honourable members if there is anything wrong with a recommendation that had such results as those. There is nothing wrong, as far as I can see. No criticism can be made of the National Advisory Committe for making these alternative suggestions. And I want to say here that I believe that no member of the National Advisory Committee, including the honourable senator from Wellngton (Hon. Mr. McDougald), used his position on the committee to further his personal interests, if he had any.

May I briefly refer to the honourable members whose conduct has been the subject of inquiry? The right honourable leader of the House said last night that a distinction must be drawn between Senator Raymond and the other two senators, but that his actions were considered by the committee members to warrant a rebuke. Now, before we vote for or against the adoption of the committee's report I think we should know whether Senator Raymond's name has been removed from the report and whether or not he has been given a clear discharge. As far as I can see from reading the report, he has not been freed from censure, and I do not think that honourable members should get the impression from certain remarks made by the right honourable leader of the House and by the chairman of the committee that Senator Raymond is no longer involved in the report. If the committee considers that he did not do anything inconsistent with his position as a senator, the report should state that.

As to Senator McDougald, it seems to me that the main charge is that he deceived honourable members of this House. In plain language, he either lied to the House or he did not. As far as I am concerned, in passing judgment upon the address which he made in the Senate on April 19, 1928, I am prepared to accept his sworn evidence that he acquired his interest in the Beauharnois Corporation after he made the address. And in that regard I am not guided by his evidence alone, for it has been corroborated by the testimony of Mr. Barnard and Mr. Banks. According to the sworn evidence of these gentlemen, the Beauharnois transaction, so far as Senator McDougald was concerned, was not completed until some time in May. It has been said that the transaction was a concocted or mysterious affair of some sort. But what do we find? There was nothing very strange about it. It took place after Senator McDougald made his address. Mr. Barnard testified as to the particulars and dates, and told about the receipt given by the late Mr. Winfield Sifton for payment for his shares. It seems to me that there is nothing at all in these charges against Senator McDougald.

I am not very well acquainted with Senator Haydon, but from his standing in this community I should judge that he would not swear to anything that he did not believe was true.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. FOSTER: Senator Haydon, or his law firm, received a retainer of $50,000. I do not need to go into the details concerning it. It has been stated that he accepted that retaining fee for the use of his influence in getting an Order in Council passed. But I submit that all the influence in Christendom would be of no avail for such a purpose. If the Prince of Wales came to Canada and used all the influence at his command, he could not get such an Order in Council through unless there were a favourable report by departmental engineers. What influence could have resulted in the passing of an Order in Council such as this, unless the engineers had reported that the proposed development would not interfere with navigation? If the engineers said that it would interfere with navigation, no influence would have been strong enough to get the Order in Council through. It was yes or no.

Hon. Mr. TANNER: Will my honourable friend permit me to ask him a question? How is it that the Order in Council was passed before the plans of the company were approved?

Hon. Mr. FOSTER: Certainly the plans had to be approved. The approval was part of the work done by the departmental engineers.

Hon. Mr. TANNER: How did the company succeed in getting the Order in Council through before there was that approval?

Hon. Mr. FOSTER: That never happened.

Right Hon. Mr. MEIGHEN: Yes, it did.

Hon. Mr. FOSTER: I say the payment of the retaining fee and the alleged use of influence had nothing to do with getting the Order in Council passed.

Hon. Mr. TANNER: But it did.

Hon. Mr. FOSTER: Time was the essence of the whole thing. Honourable members know the procedure connected with the passing of Orders in Council. Time was very important in this instance. There were clouds on the company's financial horizon and it was necessary that action should be taken with as little delay as possible. And I say that if Senator Haydon did make any representation to a member of the Government with regard to the urgent necessity of getting the Order in Council through, having in mind that the principle of the Order in Council was not involved, he did not do anything unbecoming a senator.

Hon. Mr. DANDURAND: But he swears that he did not make any such representation.

Hon. Mr. TANNER: That was why they retained him—

The Hon. the SPEAKER: Order.

Right Hon. Mr. GRAHAM: Suspicion.

Hon. Mr. FOSTER: In conclusion, may I say that I do not need the assistance or advice of anyone in making up my mind as to how I shall vote on this question. I have cast too many votes in various legislative halls to be stampeded on a question of this kind. I have voted on moral and political matters as they came to my attention, and I think I can judge as to whether the matter before us is of a political or moral character. But if I did need any assistance in making up my mind as to how to vote, if I required a crutch or support of some kind, I would get it from the honourable senator for De Salaberry (Hon. Mr. Béique). He is a distinguished leader of the Bar of Quebec, of which he has been a member for the past sixty-four years, and his high record is well known to every member of this House. He says that there is nothing in the evidence to support the findings of the committee. Therefore, after summing up the whole question, and in the light of the statement of that eminent gentleman, I shall vote against the adoption of the report.

Hon. W. A. BUCHANAN: Honourable senators, I desire not to make a detailed reference to the evidence, but merely to make a few observations before the debate is closed. I was particularly impressed by the appeal of the right honourable leader of the House last evening. I have been impressed by him on many occasions in my parliamentary experience, and I have occasionally yielded to some of the pleas he has made. I have great admiration for his abilities and respect for his views. But what he said at the conclusion of his speech last night set me thinking. At the moment I was rather overwhelmed by his passionate appeal for non-partisan consideration of the matter that is now before us, but in cooler and quieter moments I wondered whether there was anything of a non-partisan character in the report that was submitted by the special committee.

I was particularly influenced by the speech of the honourable gentleman from Westmorland (Hon. Mr. Copp), who followed the right honourable leader, and also by that of the honourable gentleman from Moncton (Hon. Mr. Robinson) this afternoon. They revealed some facts concerning the operations of the committee, especially in connection with the drafting of the report that was submitted to this body. It seems to me that if there had been a desire for non-partisan consideration of the evidence that was submitted, all the members of the committee should have been asked to gather together and attempt to frame a unanimous report. I shall be told at once that such a report would have been impossible. It may be so, but I think that the people of the country would have been better satisfied if an attempt had been made to draft a unanimous report. No such attempt was made. On the contrary, the majority prepared a report and handed it to the minority for acceptance or rejection. As far as I have been able to gather from what has been said here, the minority were not given an opportunity to submit amendments.

In view of these facts, what conclusion must we inevitably reach? I submit the only possible conclusion is that the report presented to us is a partisan report. There was no attempt to make it a report representative of both parties in this Chamber.

I am not fully satisfied with all that has been revealed in connection with the Beauharnois matter; there are a number of things that I should like to have cleared up. But I never will be content to accept the findings of a party majority and allow them to influence my opinion of my honourable colleagues in this House. I feel that as a result of what this committee has done we are not giving to the public at large a correct picture of what goes on here, but that on the contrary the people are being led to believe that in this Chamber we are pronounced partisans and view important questions from a partisan standpoint. Rather would I see a decision reached by some body that would

view the matter from a judicial standpoint, and convey to the people of this country a complete understanding of the whole situation.

Strong political partisanship was also evidenced, I think, in the earlier speeches in this debate. I have no complaint to offer as to the speech made by the right honourable the leader of the House. I think he made the type of speech that one would expect from him. While he did not stir any party passions within me, I felt that some of the earlier speeches bore out the character of the report submitted to the House.

There are two or three matters in connection with this investigation that I think have left in the public mind the impression that all the guilt lies with one party in this country. Reference has been made to campaign funds. I am no hypocrite in regard to campaign funds. I feel that there is a good deal of hypocrisy on this question, but the blame goes back to the very people who criticize campaign funds and the methods of raising them—the people themselves. If it were not for the failure of the people of this country to put their hands into their pockets and help the political parties in which they believe, there would be no necessity for the taking of money from corporations or wealthy individuals. We know that through the years contributions have been made to the political parties of this country by corporations and individuals who were seeking favours from the Government. I can recall a speech delivered by a very distinguished gentleman, now the leader of the Government of this country, in which he alleged—and I think with every foundation—that one Canadian railroad was a generous contributor to the funds of both the political parties of that time. If that railroad was a contributor, undoubtedly it was expecting something in return.

Whether money comes into the hands of the party through a senator, a member of the House of Commons or some other individual, it is wrong to convey to the people of the country the idea that only one party is receiving contributions, or that only one party is seeking contributions, from corporations in Canada. I say that the evil can be removed only by a change in the attitude of the public of Canada towards the cost of elections, and contributions for the expenditures of candidates.

While there is no recommendation concerning it, there is emphasis placed upon the pyramiding of shares in connection with this Beauharnois project, in order that the people of the country may be led to believe that one person has made a great deal of wealth through his investment. Into that matter I do not care to go, in so far as the evidence is concerned, but I should like to say this, and I think this is the proper occasion on which to say it: that the people of Canada as a whole are very critical of the methods of finance that have been adopted in Canada in recent years. It is not right to say that the financial operations of this company, or its methods of finance, were peculiar to it alone. Those methods have been the methods of all the large corporations in Canada for many years. I do not say for a moment that any honourable members of this House have participated in such operations, but I do say that all the large financial companies have on many occasions proceeded in a similar way to allot stock. So, to convey the impression that this was an unusual case, and that a senator was getting a greater benefit from it than anyone else, is to mislead the public.

I believe that if the committee, in its efforts to clean up politics in business in Canada, had gone further in its recommendation in connection with campaign funds, and had struck boldly at watered stock and pyramided stock, it would have satisfied the people of the country that it was caring for more than party politics and party advantage.

Now, honourable senators, I came to this Chamber with a perfectly open mind on the question before us; in fact, as the publisher of a newspaper I have on two or three occasions uttered criticisms of some of the methods practised in connection with the organization and financing of this company; but I am not prepared to accept this report as submitted to this House, because it would compel me to accept findings with which I do not agree in regard to several colleagues in whom I have the greatest confidence, men in whom I am still willing to believe, particularly when they make statements upon oath before a body of fellow senators. I do feel, however, that in the interests of this House and of those senators something must be done by a non-partisan tribunal of some kind to clear up the whole question and to satisfy the people of Canada at large.

Hon. Mr. HUGHES: Honourable senators, I understand that an agreement has been reached that the House should adjourn at 11 o'clock. I therefore beg to move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

ADJOURNMENT

Right Hon. Mr. MEIGHEN moved:

That when the Senate adjourns it do stand adjourned until 3 o'clock on Tuesday next.

Hon. Mr. HUGHES: Daylight saving?

Right Hon. Mr. MEIGHEN: What about the Commons?

Hon. Mr. MURDOCK: Daylight saving.

Some Hon. SENATORS: Standard time!

Hon. Mr. McGUIRE: The railroads run on standard time.

Right Hon. Mr. MEIGHEN: But we want to sit at the same time as the Commons, I think.

The motion was agreed to.

The Senate adjourned until Tuesday next at 3 p.m., daylight saving time.

THE SENATE

Tuesday, May 3, 1932.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Hon. F. A. Anglin, Chief Justice of Canada, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5 p.m. for the purpose of giving the Royal Assent to certain bills.

UNFAIR COMPETITION BILL

FIRST READING

Bill 5, an Act respecting Unfair Competition in Trade and Commerce.—Right Hon. Mr. Meighen.

CANADIAN NATIONAL RAILWAYS FINANCING BILL

FIRST READING

Bill 34, 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 1932.—Right Hon. Mr. Meighen.

NEW ZEALAND TRADE AGREEMENT BILL

FIRST READING

Bill 62, an Act respecting a certain Trade Agreement between Canada and New Zealand. —Right Hon. Mr. Meighen.

Hon. Mr. HUGHES.

Right Hon. Mr. MEIGHEN: Honourable senators, in view of certain conversations I have had with the honourable leader opposite (Hon. Mr. Dandurand), I may explain that we are asking only for the first reading of this Bill to-day. It was the intention, when I spoke to him, to ask for the second and third readings, that the Royal Assent might be obtained at 5 o'clock. The request in that respect is withdrawn. I am glad to say the Senate will have time to give full consideration to this measure. I suggest that, if the House will agree, the second reading might be on Friday next. As to that, the only point in my mind is that I know some honourable senators would like not to be called for Friday next, on account of Thursday being a holiday, but I do not like to take the responsibility of putting this treaty off longer.

GOLD EXPORT BILL

FIRST READING

Bill 45, an Act respecting the Export of Gold.—Right Hon. Mr. Meighen.

REFUNDS (NATURAL RESOURCES) BILL

FIRST READING

Bill 64, an Act to authorize the Refund of Moneys received in connection with the administration of the Natural Resources.—Right Hon. Mr. Meighen.

EASTERN BANK OF CANADA BILL

FIRST READING

Bill 65, an Act respecting the Eastern Bank of Canada.—Right Hon. Mr. Meighen.

Hon. Mr. DANDURAND: Is this a Government Bill?

Right Hon. Mr. MEIGHEN: Yes, I am advised so.

CANADIAN NATIONAL RAILWAYS (CONSTRUCTION) BILL

FIRST READING

Bill 70, an Act respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railway.—Right Hon. Mr. Meighen.

DESTRUCTIVE INSECT AND PEST BILL

THIRD READING

Bill 18, an Act to amend the Destructive Insect and Pest Act.—Right Hon. Mr. Meighen.

PRIVATE BILL

THIRD READING

Bill 46, an Act to incorporate the Lake of the Woods International Bridge Company.—Hon. G. V. White.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE

The Senate resumed from April 29 the adjourned debate on the motion of Hon. Mr. Tanner for concurrence in the report of the special committee appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as it relates to any honourable members of the Senate.

Hon. J. J. HUGHES: Honourable members, on rising to present my views on the question now before the House I shall refrain, for two reasons, from going into the history and preliminary details of the Beauharnois Power Corporation or the Beauharnois Light, Heat & Power Company: first, because I could not do so if I would, and second, because I think such a mass of details only beclouds the issue and produces no practical results. I shall try to get at the kernel of the thing in my own way, and in the shortest possible time.

The case appears to me to be about as follows. If these men, or any of them, have broken any law of the land which entails a penalty, or if they have violated any provision of the constitution which determines the qualifications of a senator and defines his duties and responsibilities, they must bear the consequences, however unfortunate or unpleasant these consequences may be. On the other hand, if they have broken no law of the land, nor violated any provision of the constitution which determines the qualifications of a senator and defines his duties and responsibilities, to inflict any punishment upon them, in property or in character, would be, as I see it, the rankest injustice that could well be conceived. If these men have done nothing but what hundreds of other men, both in and out of Parliament, have done since Confederation without incurring any penalty, for the Senate to inflict punishment upon these men would be adding extreme partisanship to injustice. Further, if this honourable House should so far forget what is due to itself as to be influenced in its decision by political party affiliations, every honest person in Canada should rise up and demand the abolition of the Senate. Since I have had a seat in this honourable House I have seen hardly a trace of party politics, and I do not think I have seen even a trace in the consideration of weighty matters. I fear, however, that that condition of things is at an end, and I very much fear that its passing will not be to the advantage of either the Senate or the country.

The question, then, is: Have these men broken any law of the land, or violated any principle of the constitution which determines the qualifications of a senator and defines his duties and responsibilities? As I read the British North America Act and the Senate and House of Commons Act, they have not. I am not learned in the law, and therefore I may not be able to appraise all the fine points in it. We laymen must leave the technical interpretation of the law to the lawyers, who, by the way, are almost sure to disagree. We are compelled to interpret the law for ourselves when, as in the present instance, we are obliged to act in a judicial capacity. We have therefore to try to catch the spirit of the law rather than the letter, knowing, as we do, that the letter killeth, whereas the spirit quickeneth and giveth life.

In considering this question we must not lose sight of this important fact: though the case against the accused has been argued by the three ablest lawyers in this House, and perhaps in Canada, not one of them has asserted that these men have offended against the plain meaning of the law in the plain sections of the Acts I have mentioned. The honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) cites section 18 of the British North America Act, which refers to the privileges, immunities and powers we senators possess, and which he brushes aside. But we are not concerned, for the moment, about our rights. Two of us are being tried for offences against the law, but even the honourable member from Hamilton intimates, almost states, that no offence against the constitution or statute law has been committed. He positively states that Senator McDougald could find justification for all his financial transactions in connection with this matter in the Companies Act, which is the law of the land. He says, however, that Senator McDougald and Senator Haydon have offended against honour, and against the ethical standards which govern public life, that Senator Haydon uttered a gratuitous and untruthful statement about the High Commissioner in London, and that, therefore, both senators should be formally censured by this House and driven from public life; and that from a decision by a majority of this House there is no appeal.

Now, it must be apparent to everybody that if this code of honour and these ethical stand-

ards depend upon a decision by a majority of either House, they may vary from time to time as the political complexion of Parliament changes. So it has come to this, that the British North America Act and the Senate and House of Commons Act, under which we thought we were living, and which we thought protected us, may be suspended or abrogated, and any member of either House who may have the misfortune or the temerity to offend the majesty of the majority, may be destroyed, may be driven out of public life, and his place declared vacant and filled by a person of the right political faith. And this is not Russia; this is Canada in the twentieth century, where freedom has broadened down from precedent to precedent. I very much fear that the serious economic conditions with which we are now faced may not be our worst troubles in the near future. Perhaps we should be grateful to the honourable member from Hamilton (Hon. Mr. Lynch-Staunton) for laying bare the weakness of his case, and exposing the motive behind this whole business.

The honourable member from Hamilton stated that Senator Haydon uttered a gratuitous calumny against Hon. Mr. Ferguson, and that a man's reputation is dearer to him than his life. If I understand the situation correctly, Senator Haydon made no direct charge against Hon. Mr. Ferguson. He said Mr. Sweezey had told him certain things regarding the honourable gentleman. These things Mr. Sweezey denied under oath, and Mr. Ferguson also denied them under oath. I whole-heartedly agree with the honourable member from Hamilton when he states that a man's reputation is dearer to him than his life, and I certainly think Senator Haydon, under the circumstances, should not have made the statement he did make. But perhaps senators, like other men, have feelings in regard to their reputations. Even Liberal senators should have some rights, and this whole thing, from beginning to end, bristles with partisanship against the senators accused. Yes, every man's reputation is very dear to him, and therefore we should all be very careful how we act towards our neighbours. A man of our race, who understood human nature well, wrote as follows:

> Who steals my purse, steals trash; 'tis something, nothing;
> 'Twas mine, 'tis his, and has been slave to thousands;
> But he that filches from me my good name
> Robs me of that which not enriches him
> And makes me poor indeed.

I commend these sentiments to honourable gentlemen opposite and to every member of Parliament.

The next question that arises is this: Have these men, and have hundreds of others, both in and out of Parliament, done things for which we as a nation are suffering to-day, and for which our children's children will continue to suffer in the days to come, if a remedy be not found? I believe they have, and I believe that that is the question to which we should address ourselves.

If the natural resources of this earth could and would be justly and equitably administered for the benefit of all the people who inhabit it, there is not a single individual in all the world who would want for the real necessaries and perhaps some of the comforts of life. But in all ages and in all climes these natural resources have been exploited by the few for their own particular advantage, and in consequence multitudes of men, women and children have borne miseries and suffered hardships that the beasts of the fields have not endured, and in many cases the wealth so acquired has been a curse rather than a blessing to the few who possessed it. Perhaps the greatest exploitation of all has been the seizing, or the acquiring for a trifle, by the few, of large portions of the most advantageous parts of the earth's surface, such parts being called their land, and other men being compelled to pay for the mere right of living on and improving it. This method gives the few the ownership of the land on which towns and cities have been built, and the enormous and constantly increasing value which growing communities always give to land, instead of being taken for community purposes, goes to the few, for their personal enrichment, while industry has to bear a load of taxation which is almost impossible to carry.

We may be on the eve of fundamental world changes and no man now living can tell what the next decade may bring forth. Of one thing we may be almost certain: it will bring forth fundamental changes in the economic systems of the world. It appears to me that while such momentous changes are impending, and while hundreds and thousands of our fellow citizens are hungry and distressed, the members of Parliament could be better employed than in tearing each other with tooth and claw. But whatever may happen, if we follow the advice of Him who said, "Whatsoever you would that men should do to you, do you also to them in like manner," we shall not go far astray in our conduct towards our neighbour.

Canada has been dowered with enormous natural resources, which are being exploited every day by the captains of industry—the pillars, I presume, of church and state. I do

not for a moment adversely criticize these men. They are breaking no law, and many of them are most worthy citizens. But the system under which they operate is, I believe, altogether wrong, and to allow this to go on, to recognize and legalize it, while singling out two or three men for condemnation for similar activities at Beauharnois, would, as I see it, be such an outrage that the very stones would cry out against so great an injustice.

I realize that to put the world right would be too big a job for the Canadian Senate, but we can surely contribute our quota or our mite to so great a cause, and, more surely still, we ought to be able to put our own house in order. Reform of the Senate has often been mooted in Parliament and in the press, and it would be no reflection on the intelligence of the Fathers of Confederation to say that time and circumstances have worked such changes that the instrument they fashioned for the government of Canada has outlived its usefulness, in part. Some reform is, in my opinion, overdue, and if it is undertaken, the body best fitted to bring it about is the Senate itself. And here let me say that I whole-heartedly subscribe to the last paragraph in the committee's report on this Beauharnois affair, which reads as follows:

> This Committee feel it to be their duty to express the opinion that senators of Canada should not place themselves in the position of receiving contributions from or being interested in an enterprise dependent on specific favour, franchise or concession to be made by a government whose conduct is, under the constitution of Canada, subject to review by both branches of Parliament.

The only fault I have to find with this resolution or affirmation is that it does not go far enough, and the distance I would travel will appear as I proceed in my remarks.

The judiciary in Canada has the confidence and respect of the people to a considerable degree, even though appointments to the Bench have not always been as carefully and as prudently made as they should have been. The administration of justice in the Dominion is so far ahead of what it is in some countries where the elective method prevails that we are justified in congratulating ourselves upon this branch of our governmental system. Would it not be possible to have conferred upon the Senate more of the powers and more of the responsibilities of the judiciary than it possesses now? I have always thought that it was a reflection upon the Senate to have its judicial powers confined to divorce cases only. If such a reform were deemed advisable, changes would doubtless be necessary in the constitution of the Senate, and perhaps more care would be exercised in the making of appointments to it.

The two leaders, and other men in this House, if divorced from party politics, would in my opinion do credit to any judicial body in the world; and then there are other men in the Senate whose legislative experience and talents are not employed to the extent they might be in the service of the country. If such changes as I have imperfectly hinted at were brought into effect, it would be necessary for men when accepting a seat in the Senate to give up all connection with party politics, and perhaps with professional life; also to give up all personal connection with industrial corporations and business affairs, excepting possibly the business of farming, at which there would be no danger of becoming wealthy. An age limit might have to be fixed at which senators should retire, with the provision that if active and useful they could be reappointed, with the concurrence of the Senate. I have said "with the concurrence of the Senate" because the Senate itself would be the best judge of the usefulness and activity of its members.

A legislative and judicial body so constituted and selected would surely have the confidence and respect of the country, and, what would be more important, would be worthy of such confidence and respect. Would it be too much to hope that we might have a body worthy of such confidence and respect? To such a body might well be committed all parliamentary investigations and inquiries, and all work done now by royal commissions. The judges, who have now to do work of that kind, may not always have sufficient time to do it and their regular work well. Moreover, parliamentary investigations are not always carried on in a manner free from political party prejudices; and royal commissions, considering themselves bound by the rules of evidence that prevail in law courts, have a procedure not sufficiently elastic to bring out all the facts and circumstances that it might be desirable to elicit in the public interest. It could surely be arranged that Senate investigations would combine the good points in all other forms of investigations, and eliminate the weak points in all other forms. I should suppose that the Commons and the judiciary would be glad to be relieved of such work, and the Senate should be able to do it well.

Such changes and such additional work given to the Senate would necessitate the paying of an indemnity sufficient to give poor yet capable men a decent living, and might

necessitate the paying of retiring pensions. To rich men the size of the indemnity would make little difference, but to all, the honour of belonging to such a body and the opportunity it would confer of giving service to the state would, I believe, induce the best men in the state to seek such service, or at all events to accept a call to such duty. I have not lost faith in the Senate yet, and I hope that nothing will occur in the next few days or the next few weeks to destroy that faith.

If the Beauharnois incident be the immediate cause of bringing about such a reform as I have tried to visualize, it will have been worth all it cost, and, in all probability, never again will any member of this honourable House be even suspected of being faithless in the discharge of his duty to his country.

Hon. A. B. GILLIS: Honourable senators, I gather from the remarks of the honourable gentleman who has just taken his seat that, though he did not state his intention in so many words, he is not going to support the report of this committee. A few weeks ago we listened to a dissertation by the honourable gentleman. Whether it was a speech or a sermon I have some difficulty in deciding. In the course of his remarks he dwelt upon our duties as Christians; he told us what we ought to do as individuals and as a nation, and very clearly pointed out the course that we should follow. Is he going to turn his back upon the principles enunciated in that very strong dissertation and oppose a motion to adopt a report which, upon sworn testimony, condemns the attitude of certain members of this House and their connection with a certain public utility of Canada? The honourable gentleman, I am afraid, has forgotten that consistency is a precious jewel. If he follows that course he will have to take a turn or two through the valley of humiliation in order to get back to the same plane that he occupied when he made his speech, or sermon, a few weeks ago.

A great deal has been said by members of the committee who sit on the other side of the House to the effect that they have not been fairly treated in connection with the report brought in. They claim that they did not have an opportunity of studying the report or of proposing any amendments to it. Well, I think I can show in just a moment that they had every possible opportunity, and that their complaint is merely a lame excuse for their inability to suggest any amendments or bring in a different report.

The honourable member for Westmorland (Hon. Mr. Copp) made several statements that are not supported by the evidence or the facts now before this House. I will give one example which shows how indifferent he was to the facts. At page 345 of Senate Hansard he is reported as saying:

> I want to say that four members of that committee had no opportunity of seeing one word of that report or of making a single suggestion as to what the report should be. The report was laid on the table in the committee room and we were told to take it or leave it.

Now let us see what are the facts in this connection. They are as follows:

First, that the members of the committee met on the 14th of April for an informal conference and talked the matter over.

Second, that at that meeting the other members of the committee asked the chairman to prepare a draft report, and he suggested that any members who felt so disposed might also make drafts.

Third, that all the members of the committee had from the 14th of April to the 20th of April to consider matters and make such drafts as they were disposed to make.

Fourth, that the Senate resumed its sittings on the evening of Tuesday, the 19th of April, and the chairman the next day, immediately after luncheon, waited on Senator Béique, as the senior member, to ascertain whether he had made a draft report, and handed to Senator Béique a draft report which had written at the top, "For the inspection of Senator Béique and his colleagues on the committee." Senator Béique did not have a draft report ready at the time.

Fifth, at the same time the chairman told Senator Béique that a meeting of the committee would be held the next day, April 21, at 10.30 in the morning.

Sixth, the committee met at the time mentioned, on April 21, and the chairman submitted his draft report. Senators Graham, Copp and Robinson said they had not seen the draft report which had been given to Senator Béique. Thereupon copies of the draft report were given to them, and the committee adjourned until 2.30 o'clock that afternoon.

Seventh, that no one but Senator Béique was responsible for the fact that he omitted to show his colleagues the draft report which he had received from the chairman on April 20, or to consult with them about it.

Eighth, that when the committee met at 2.30 in the afternoon of April 21 there was no suggestion from the Liberal members, except one from Senator Robinson, that the Ferguson episode should be eliminated, and another from Senator Béique, that the committee

should adjourn until the following week because he was leaving for Montreal on private business.

Ninth, that after discussion, the committee adjourned until the next day, Friday, April 22, at 10.30 o'clock, to give the members further time for consideration of the report.

Tenth, that when the committee met on Friday, April 22, the Liberal members had nothing to submit, that they were wholly opposed to the draft report, and that they put on file the protest that the right honourable senator from Eganville (Right Hon. Mr. Graham) has read to this House.

Honourable senators, I submit that there is absolutely no ground for the statement that has been made on the other side of the House, that Liberal members of the committee did not have an opportunity to see and examine carefully the draft report.

I want particularly to call the attention of the honourable gentleman from Lethbridge (Hon. Mr. Buchanan) to the remarks I have just made. I am sorry he is not in his seat at the moment. He seems to have been impressed by statements made by members of the committee on his side of the House that the draft report was not submitted to them in time for full consideration, and that this draft was forced on the minority members, who had no chance to make suggestions. But the fact is that the minority had from the 14th to the 20th of April to put their ideas on paper, yet they failed to do so. What excuse have they for their neglect? They have no excuse. If the honourable gentleman from De Salaberry (Hon. Mr. Béique) was unwell, other members could have worked on the draft. The committee met on the 20th of April at mid-day, and the draft report of the chairman was submitted. The members then had until the morning of the 22nd of April to formulate their objections or suggest any other form of report. How much more time could they have wanted? The honourable member for Lethbridge will see that the minority were given all the time any reasonable person could ask for. It was the duty of the members of the committee to give prompt attention to the business referred to them by the House. I have outlined what occurred in connection with the various sittings of the committee, and I say again that there is no ground for any complaint by members of the committee that they did not have the fullest opportunity of examining the report and making any suggestions they desired.

This debate has been carried on for a considerable time, and it has been repeatedly stated that practically everything necessary to be said in connection with the matter under discussion has been said. As far as speakers on this side of the House are concerned, I fully agree with that. The chairman of the committee (Hon. Mr. Tanner) made a splendid address in moving the adoption of the report. He went into every detail, based his statements upon the evidence submitted before the committees of both Houses, and presented a report that was based upon that evidence. He deserves a great deal of credit for the trouble he has taken to place before this Chamber the findings of that committee. He did so without the slightest indication of partisanship. I attended nearly all the meetings of that committee, and I defy anyone to produce a single iota of evidence that the chairman showed the slightest partisanship in any way, shape or form. We should feel grateful to him for his work, and I think the House ought to commend very highly his industry.

Then there was the speech of the right honourable leader of the Government in this Chamber (Right Hon. Mr. Meighen). I have had the plesure of listening to him on many occasions, and I am prepared to say that the speech he delivered here on this matter a few nights ago was probably one of the ablest speeches, if not the ablest, ever made in the Parliament of Canada. He went into the whole question very fully, dealt with every detail and showed us clearly what our duties are in connection with the matters involved.

The honourable senator from De Salaberry (Hon. Mr. Béique) also spoke to us. He is one of the oldest members of this House and is regarded as one of the most eminent legal minds in Canada. Without a doubt he is a man of exceptional ability in his own profession. But what do we find in his address? He, no doubt, had gone very carefully into the evidence, considering it from every standpoint. He spent a good deal of time trying to justify the stand of Senator Haydon, but when he came to Senator MacDougald he had very little to say—just a few words—four short lines:

> As to Senator McDougald. I followed closely the long examination to which he was subjected, and I was satisfied with the way in which he answered every question.

The honourable senator for De Salaberry is, as I have stated, a very able lawyer, and I say that if he had considered there was anything sufficiently strong in the evidence to justify his commending Senator McDougald for his actions, he certainly would have referred to it.

Our genial friend from Eganville (Right Hon. Mr. Graham) also spoke to us. We are always

glad to hear him. He delivered a somewhat lengthy speech; in fact, I think the principal feature of his speech was its length. His personal friendships towards the men whose actions are under consideration were shown very clearly. He devoted a large portion of his speech to painting Senator Haydon as a man who is as pure as a lily; he exhausted almost every adjective in the English language to show him to be a man above reproach, a man of unusually splendid character. As he was speaking the thought came to me that a well-known Shakespearian sentence might be paraphrased in this way: "Methinks he doth paint too much."

I think that Senator Haydon is about equal to the average citizen; that is, aside from the senator's connection with Beauharnois, of course. I have nothing to say against him. I suppose he is perhaps as good as the average lawyer; though I may be wrong in making that statement. But he is no better than the average citizen.

The right honourable senator from Eganville (Right Hon. Mr. Graham) devoted a great deal of time to the members of the National Advisory Committee. He acted the part of an auctioneer. Placing each of the members on a pedestal, he asked, "What about this man's character?" And if no one from this side of the House responded, he would say, "Agreed—he is as pure as a lily." He put them up one after the other and knocked them down, according to his inclination. Why did he do that? So far as I have been able to gather, no one has ever cast any aspersions on the integrity of the majority of those men. I was at a loss to understand my right honourable friend's argument in that respect.

Then the honourable leader of the other side of the House (Hon. Mr. Dandurand) spoke. I fully expected a lengthy outburst, of the usual brilliancy. For many years I have been a great admirer of his, although I do not agree with him politically. I have known him on many occasions, by the use of brilliant tactics, to crawl out of a very difficult hole. But I do not think his heart was in the work this time. In that portion of his speech relating to the Commons committee he tried to show that that committee had not been unanimous. I happened to be in the gallery of the House of Commons when the report was agreed to unanimously. Not a single member dissented from it.

Hon. Mr. DANDURAND: Except Hon. Ian Mackenzie.

Hon. Mr. GILLIS: I will deal with that point in a moment. Mr. Mackenzie was in the House on that occasion, but he did not dissent. His opportunity to dissent occurred when the motion for the adoption of the report came before the House. I believe he discovered the next day that he had made a mistake. This reminds me of a little story, which I should like to tell. I am a Scotchman, and it is said the Scotch are rather dull in seeing the point in a story. I do not agree with that view, of course. The story is told of the late King Edward that when he was Prince of Wales he was once on a shooting expedition in the Highlands and got caught in a severe storm on the moors. In trying to get back to his quarters he lost his way, but was fortunate enough to come to a home where he was received with the usual Highland hospitality. After the evening meal was over the Prince entertained the family by telling all the funny stories he could think of, but there was not even as much as a smile on the part of his dour listeners. Later on the Prince went to bed, and about 4 o'clock in the morning he heard loud noises downstairs, roars of laughter, chairs and tables being banged around. On being asked what the trouble was, he was told, "Why, sir, they are seeing the points in the stories that you told last night."

Now, something like that happened to Mr. Mackenzie. He did not embrace his opportunity to protest when the motion was before the House, but next day it dawned upon him that he should have made a protest.

Hon. Mr. MacARTHUR: May I interrupt the honourable gentleman?

Hon. Mr. GILLIS: Yes.

Hon. Mr. MacARTHUR: Did I understand my honourable friend to say that this report was unanimous?

Hon. Mr. GILLIS: Yes.

Hon. Mr. MacARTHUR: I say it was not unanimous. Will the honourable gentleman permit me to ask him whether he read the Prime Minister's speech?

Hon. Mr. GILLIS: The Prime Minister had nothing to do with it.

Hon. Mr. McMEANS: Order!

Hon. Mr. GILLIS: Will the honourable gentleman kindly keep his seat till I am through with my remarks?

Hon. Mr. MacARTHUR: He said it purported to be unanimous.

The Hon. the SPEAKER: Order!

Hon. Mr. GILLIS: I say that the House of Commons committee brought in a unanimous resolution.

Hon. Mr. MacARTHUR: I say they did not.

Hon. Mr. GILLIS: And I say, in addition, that when the report was completed the House of Commons committee passed a unanimous vote of thanks to the chairman for the report he had prepared.

Hon. Mr. MacARTHUR: May I be allowed to say a word on that?

Hon. Mr. GILLIS: We will allow the honourable gentleman all the time he likes. We are not in a hurry. When I have finished my remarks he can go on with his. What he has stated is not true.

Hon. Mr. MacARTHUR: That remark is not parliamentary.

Some Hon. SENATORS: Order, order!

The Hon. the SPEAKER: I think that word should not be used.

Hon. Mr. GILLIS: The honourable gentleman from Moncton (Hon. Mr. Robinson) is not, as a rule, inclined to say anything to which we can take exception. In this instance his remarks were very mild; but he made one little error, or probably two. Although, as I have already shown, the members of the committee had no ground for complaint regarding the treatment they received, the honourable gentleman from Moncton stated that the committee might as well have been a one-man committee. It may be so. In my opinion, the only kind of report to which he and those associated with him on the other side of the House would agree would be one that whitewashed those who are implicated in the matter before the Senate to-day.

The honourable member said also that it was a mistake to bring the investigation on. As has already been explained by a number of speakers, the investigation was not brought on at the instance of the Conservative Party. On two occasions an independent member of the House of Commons, Mr. Gardiner, a Progressive from Alberta, made statements of such a character that action had to be taken. His allegations pointed to an outrageous situation that the people of Canada could not ignore. The honourable gentleman advanced, as another reason why the inquiry should not have been proceeded with, the argument that it disorganized business. If we are to follow such an argument to its conclusion, we should say that the proper course would have been to allow certain men to continue their depredations in the process of making additional millions, for the benefit not of the country, but of themselves alone.

The tone of this debate has been high, up to a certain point. I have been in this House for ten or eleven years, and though we have had many warm debates, sometimes on political lines and sometimes on public questions, we have always observed the rule, which I think is almost sacred in this House, that we do not allow personalities to enter into our discussions. But the other night we found the honourable member from Brockville making a statement of a personal nature that was uncalled for, and that was not true to the standard required to be observed in the debates in this House. It was unfortunate.

Hon. Mr. MacARTHUR: Pardon me—

Hon. Mr. GILLIS: Will you sit down, please?

The Hon. the SPEAKER: Is the honourable member rising to a point of order?

Hon. Mr. MacARTHUR: Yes. I was just wondering whether it was Senator Graham or Senator Hardy who was meant. One is from Eganville and the other from Leeds. Brockville is not the designation of either.

Hon. Mr. GILLIS: I hope the honourable member, when I finish, will spread himself and say something.

Hon. Mr. MacARTHUR: I really do not know which senator is referred to.

Hon. Mr. GILLIS: I say it was an unfortunate incident. That gentleman has the distinction of being the first member of this House who has stooped to tactics of that kind. If he is satisfied with what he has done in that regard, and with the record that he has created, I hope he will enjoy the laurels that are coming to him.

Now, we have two men to deal with in connection with this report. I will speak first of Senator Haydon. Some honourable gentlemen opposite have asked us not to deal with him, because of his illness, but someone told me the other day that he was met on the street, and another told me he saw him in a bootblack shop, and saw him going around the streets. If he is really ill he has my sympathy. But we are not dealing with his private affairs; we are dealing with his public connection with this Beauharnois deal.

We find that the firm with which Mr. Haydon is connected received, for imaginary legal services, the sum of $90,000 or $95,000. It is claimed that they got this through the Beauharnois, and I think that is quite true. It is claimed that they got this money for legal services performed. But have they ever submitted an account showing the nature of those

legal services? I do not think they have. Every concern that we have a record of, that worked for the Beauharnois people, have submitted their claims. Take the claim of our genial friend Col. Thompson. I do not know whether he is in the gallery or not. Some people call him a lobbyist. I do not care what they call him; he is an honest man. He said that he worked for the Beauharnois people for two and a half years and got $6,000, and that if he had got any more the payment would have been excessive. But we find that the firm with which Senator Haydon is connected got $90,000—for what? As I have said, they never submitted an account. They claimed it was for work that had been done in the past, for work that was being done, and work that was to be done. They put in all the tenses. A little later on we find that this same gentleman, acting as treasurer for the Liberal Party, received some $700,000 or $800,000 for that party. Is that in keeping with the dignity of this House? We do not need to side-track the question: there is no doubt that this money—the $700,000 or $800,000 and the $90,000—all came through Beauharnois.

Is it reasonable to suppose that, even if Mr. Sweezey was the possessor of a large fortune, he would have made this gift to the Liberal Party for campaign purposes? The $90,000 was paid to the Haydon firm for one purpose only—the use of their influence in obtaining the consent of the Government to Order in Council 422. If Senator Haydon could get $700,000 or $800,000 for campaign purposes, he must have had a considerable pull with the Government; such as to be able to secure the passing of this particular Order in Council.

Then we come to Senator McDougald. Before the committee he admitted that he made approximately half a million dollars out of this deal; and he made really more than that, for he ought to have a number of shares which were of great value. Did he get that money by honestly earning it? Did he get that by honest business methods? Is it reasonable to suppose that a man in a month or two, or a few months, could have secured that immense wealth without grafting? I use the word advisedly.

Then we have the Sifton deal. That is the most mysterious part of it all. Why was it necessary, in order to carry that transaction to its conclusion, to go to New York and deposit money in the bank there? There are financial institutions in this country amply capable of carrying out such a deal. It is a mysterious deal from beginning to end, and it involves matters that should be properly investigated.

The honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) a day or two ago stated on the floor of this Chamber that several million dollars were still unaccounted for. I have not been able to go into the details of that statement, but that money has not been investigated, and such a large amount as that should be traced. There are seven millions, and probably more, to be accounted for. Where did those millions go? They came from the people of Canada, from one end of the country to the other, who were induced by the promises contained in the Beauharnois prospectus to invest freely in this project. Some tribunal ought to be set up for the purpose of making an inquiry to ascertain who got the benefit of this money. We have only scratched the surface of this iniquitous affair, and we want to find out who received the rest of the money involved in this transaction. We have done our duty in bringing this matter to the attention of the public. Now the Government ought to institute a commission of some kind that would have full authority to go fully into every detail and force out the information necessary in order to expose those who are still implicated. In regard to the Sifton deal there is no question that some other party or parties are implicated; otherwise they would not have had to use those complicated methods in order to close the deal.

Honourable members, I want now to make a few general remarks. We should have it thoroughly impressed on our minds that we are now dealing with a matter of outstanding importance. It may be truly said to be one of the most important subjects that have ever come before the Senate of Canada, and probably it is the most vital. Other great questions that have been debated and considered in this House related to concerns outside of the life of the Senate itself. As I see the matter, we are faced with the question whether this Senate is to be of use to this country or whether it is to go down in history with a blackened character.

The Senate is in this striking position, that it is the sole instrument for purifying itself. Members of the other Chamber at regular intervals go back to the people. Then the people deal with them. If they have been faithful in the discharge of their duties, the people are likely to approve of them and send them back to Parliament. If they have not proved faithful, the people usually punish them. So it is with governments. Governments come and go. Sometimes they are defeated, even though they have merits;

sometimes they are returned to power, even though they are without merit. The principle I am striving to bring to your attention is that the people of the country have regular opportunities to deal with members of Parliament and with governments.

We must take it to heart that in this Senate we are in an entirely different position. We are given places here, and we hold them, no matter how many governments may come and go; no matter how many members of Parliament may be allowed to sit in the House of Commons for a few years only. When we contemplate this vital fact, it will surely be deeply impressed upon our minds that we owe it to ourselves and to the country to see to it that nothing ever happens that will bring dishonour upon the Senate, or raise questions in regard to the integrity of members of this House in the discharge of their great and onerous duties to the people.

Speaking as a member of this Senate who comes from the Western country, I want to tell you, honourable members, that everywhere throughout that growing part of Canada people are discussing this weighty question. Never before were they so much interested in the question of a Senate in this country. Heretofore they have regarded the Senate in a questionable way; I mean they have been wondering whether or not this Senate is of real and practical use to Canada. But now there is an entirely different phase to what is being said in the West. A new issue has been injected into the discussions, and I wish to tell honourable members that the issue which is before the people in the Western parts of this country is not so much as to whether we do or do not perform work of value, but whether or not this Senate deserves public respect, as having that measure of honour and integrity which all public bodies must have.

In private life, honour and integrity are the essence of success. A man who does not have regard for these two things may prosper for a while, but in the end he comes to disaster. So it is in business life. Whether in private life or in business, honour and integrity are the foundation of the respect which fellow-countrymen have for one another. I may say to you, honourable members—and I am sure that I voice the general opinion and judgment of the people in the Western regions of Canada—if anywhere or in anything the people of this country demand sterling integrity and honour, and the upholding of these principles, they demand them in this Senate and in the conduct of its members. I can safely assure honourable senators that the Western country will not for long stand for a Senate whose character is besmirched. It cannot be pretended for a moment that this Senate can be of any use to the people of Canada if they have no respect for it, and no confidence in its integrity. That goes without saying, and it is to me a lamentable fact—and I am sure it will deeply impress the people of the country from which I come—that honourable members on the other side of the House have now given clear evidence that they are ready to serve party prejudices, instead of standing by the honour of the Senate of Canada.

As it has been pointed out, honourable members, we have under consideration one of the greatest natural resources of Canada. We of the West are deeply interested in it. We are far removed from the sea, but we look upon the great St. Lawrence river as a probable means of giving us access to the sea. We consider the great St. Lawrence river and everything related to it as the property of the people of Canada, and the Western country will not stand for any gambling with that great natural resource by honourable members of this House, who should be safeguarding and promoting our interests, in common with the interests of all Canadians. And when we see that honourable members of this House have been engaged in this gambling, and in the course of a few months have walked off with millions of dollars which they never earned, is it any wonder that there should be a spirit of revolt throughout Canada, a spirit of unrest, and that honest people who have to work for their money, who have to earn it with hard labour, should feel that injustice is being done to them, and that the honour of this branch of Parliament is being dragged in the mud? Surely honourable members on the other side of the House will not condone such offences and declare by their speeches and their votes that honourable members who are entrusted with the people's interests in this Parliament should be allowed to conduct themselves in such a manner. Is it right, is it just, can it be defended, that a few men, including honourable members in this House, should be permitted to acquire immense riches in a few months by the manipulation of a great public utility of Canada? I say to you, honourable members, that the people of this country will not stand for any such thing, and the sooner this truth becomes imbedded in the minds of honourable members of this House, the better it will be for themselves and the country at large.

Now, there is no question remaining unsettled in this matter. I am only a layman. I do not pretend to be able to apply a critical,

legal mind to the evidence which has been given, but I try to apply common sense, and I find that in the Western country that is the one thing that is being brought to bear on the consideration of these questions. That common sense tells us at once that there is no doubt about the guilt of the honourable members whose names are mentioned in this report. Legal men may split hairs here and there, but splitting hairs will not save the honour and integrity of the Senate of Canada. We must get down to fundamental facts, and those fundamental facts are clearly established by the evidence submitted to this House.

These honourable members have been given full and fair opportunity of clearing themselves. Last year, when the matter came before this House, we withheld final judgment. Honourable gentlemen need not pretend that the evidence adduced before the House of Commons did not impress them deeply. They were not slow to say that it clearly showed that the honourable members referred to had brought dishonour upon the Senate of Canada. That, I say, is established beyond question by the fact that not a voice was raised in protest, and that the Senate adopted without a dissenting voice the resolution which was deliberately drawn up by a committee composed of honourable members from both sides of the House.

Now, honourable members, I ask you, are we to go back upon that action? Are we to say to ourselves and to the country at large that we did not know what we were doing? If we take such an attitude we confess that we are not fit to be here; that we are not fit to occupy the high positions to which we have been appointed. It has been pointed out that honourable members in this House are men of experience and are not carried about by every shift of wind; that we are stable, we are deliberate in our actions, we are mature. If we claim all this, and if we are right in claiming it, then we cannot make the excuse that we did not understand what we were doing when at the last session of Parliament we passed the resolution accepting the condemnation of the senators named in the House of Commons report, but agreed to give them a further hearing if they so desired. I submit to honourable members that it would be a most humiliating act on the part of this Senate of Canada to make such a profession before the people. It would be more than humiliating; it would be, as I have already stated, a confession of our inability to discharge properly our responsible duties.

Hon. Mr GILLIS.

I was pointing out a few moments ago how the members of the House of Commons and of governments are placed, and I want to remind you of the difference in regard to the Senate of Canada. We are placed here presumably to occupy our positions during life. We remain here notwithstanding changes of government, and surely under such circumstances we cannot deny that our very positions place upon our shoulders tremendous responsibilities, far greater than the responsibilities upon the shoulders of members of the House of Commons; and if there is one duty we owe to the people of Canada it is the duty of seeing that our own household is clean, honourable and respected by the people of Canada.

The honourable members who were accused before the House of Commons committee have been given every opportunity that they could desire to make sufficient answers to the complaints against them. This Senate has done fairly by them. They have no reason to complain; they have had the fullest opportunity to appear before the Senate committee; and that Senate committee was conducted, I would say, without the semblance of any partisanship. Time and again eminent counsel who appeared before the committee on behalf of the accused senators expressed publicly their admiration of the fair manner in which the committee conducted its work. I attended the sittings of that committee very often, and I can say with truth that on no occasion did the accused members or their counsel find reason to complain of the attitude of the committee. So, I repeat, those honourable members have had the fullest and fairest of opportunities to make good any defence they had in regard to the accusations against them; and I point out that any reasonable man who studies the evidence given before the House of Commons committee, or before the special committee of the Senate, can come to no other conclusion than that the findings now submitted in the report before this honourable House have been fully proved and are justified.

As I understand the situation—and I believe I am correct—there is not at this stage of the affair any question of law involved. The whole question which we are called upon to consider at the present moment is whether or not the honour and integrity of this House have been assailed by the conduct of the accused members of this House. And, on consideration of the evidence before this House, how can any member who is not perverted by party prejudice come to any other

conclusion than that these honourable members have treated with the utmost contempt the honour of the Senate of Canada, and that they have done it because they were determined to make huge riches by manipulating a great public utility?

Honourable members on the other side of the House may labour under the delusion that they are doing a party service in this respect, but this is not at all the time for party service; it is a time when the Senate of Canada should be giving the whole country true, unbiased, national service. This is the action that the people of the country will expect from the honourable members of this House; and I say to you, honourable members, in conclusion, that any honourable member who thinks that he is doing himself, this Senate or his country, in any measure, a good service by projecting party politics into the consideration of the subject will find himself greatly disappointed in the end. He will find that the people will resent such action; that they will conclude that instead of being a great national body, free from undue influence, the Senate is more prejudiced in politics than even the Commons. For be it remembered that in the House of Commons, representing the people, where we usually look for the fiercest party fights, there was a remarkable and striking unanimity of the members in denouncing the conduct of the senators accused.

Hon. J. H. KING: Honourable senators, because of the acoustic properties of the Chamber I found it difficult to follow my honourable friend who has just taken his seat (Hon. Mr. Gillis), but if I heard him aright, he was convinced in his own mind that the committee report submitted to the House of Commons was concurred in by all the members of the committee.

Some Hon. SENATORS: No, no.

Hon. Mr. KING: That is what I caught from this distance. I want to say that the records show that that is not true, and I would refer my honourable friend to Hansard of July last.

The honourable gentleman also implied that those members who had appeared before the committee of the House of Commons and the committee of the Senate had been received and treated with great courtesy. And in his last statement, which I could not entirely follow, he indicated that he was speaking for a group, not for himself, for from time to time he used the word "we." I cannot believe that my honourable friend was speaking for a group. I quite realize from his statement that he is well satisfied with his career thus far.

I wish to apologize for taking up any more time in this House. As far as I am concerned, I should be well satisfied to leave my views unexpressed and rely upon the statements of my honourable leader (Hon. Mr. Dandurand), the right honourable senator from Eganville (Right Hon. Mr. Graham), my honourable friend the senator from De Salaberry (Hon. Mr. Béique), and the honourable gentlemen from Moncton (Hon. Mr. Robinson) and Westmorland (Hon. Mr. Copp). Four of those honourable gentlemen were members of the committee, and not only read the evidence, but heard it, and they have not hesitated to come before this honourable body and state in fair and definite terms why they could not be parties to the report. So, as far as I am concerned, I should be satisfied to leave aside any arguments that I might make, and to adopt the arguments made by them. However, I happen to have been a member of the Government which dealt with the matter under discussion from the year 1922 to the year 1930, with the exception of a brief period during 1926, after my right honourable friend the leader of the Government in this House (Right Hon. Mr. Meighen) assumed office in July. Having been in that position, I feel that it is my duty to make a statement. From the knowledge that one obtains from being a member of the Government, I know of the great care that the Government took in dealing with this matter. Questions pertaining to water-powers and power privileges usually come before the Public Works Department and are dealt with by Council upon the recommendation of the Minister of Public Works. That is the procedure in most cases, but because this application involved the rights not only of the Federal Government, but also of a Provincial Government, it became necessary for the Government of Canada to exercise great care—and it did exercise that care.

The application came before it early in 1928, and it was received. We knew that there had been an application before the Government of Quebec for certain rights which the promoters thought were within the power of the province. They had taken over a right granted, I think, by that province. The Federal Government, knowing the difficulties that existed between the Provincial Government and the legal authorities of the Dominion Government, decided to move carefully. It was agreed between the two Governments that there would be a reference to the court to try to determine the rights of the two governing bodies. That reference was made, and although the court decision was not definite and not explicit—in fact, we know that the court suggested that each case would have to be adjudicated upon as it came up—the Federal Government felt that this matter should be

dealt with in relation to the judgment rendered by the Supreme Court of Canada. The court indicated that the Provincial Government had definite rights, and the Quebec Government dealt with the matter on that basis and gave certain rights to this company.

What had the Government to go on? If it took the position that the right of granting power was within the province, then all it had to do was to see that navigation on the St. Lawrence river was protected. That was the whole story, and no one can contend that there was more. That was the attitude the Government took. However, as I say, it went carefully into the matter. It had a great deal of knowledge secured from the International Joint Engineering Board and special committees set up to study the question of international waterways. Then the Government went further, and set up an interdepartmental committee composed of the engineers of the Department of Public Works, the Department of Railways and the Department of the Interior —departments which were familiar with and had to do with water-powers—and upon the advice of that interdepartmental committee Order in Council P.C. 422 was passed.

My right honourable friend the leader in this House (Right Hon. Mr. Meighen) made a very wonderful speech the other day. I am going to base my remarks upon what he said, and I am very glad that he finds it convenient to be in his seat at this time. The paragraph that I refer to is so fine that I shall quote it to the House. I think it can go on record again. It is:

> It behooves us in the pursuit of this inquiry to exact from all concerned the utmost fairness and a sternly judicial attitude towards our fellow members. So far as those senators especially associated with myself are concerned, I have been anxious, and am still, that no pressure of any kind be brought to bear. My desire has been that they should examine the facts in a spirit not only of fairness but of sympathy for all concerned, and come to their conclusions under the compulsion of conscience and of nothing else. There never was a case where anything in the nature of party prejudice or party ambition had less right to intervene. Those feelings ought to be foreign—and I want to give everyone credit for a desire to make them foreign—to the problem; and I hope by my own remarks to-day to convince honourable members that I have at least tried to view the subject wholly apart from all considerations of that kind.

I think we will all agree that the sentiments expressed are very fine, or, as the ladies would say, beautifully expressed. But my right honourable friend failed to realize what had happened before those sentiments were expressed in this honourable body. I wish for a few moments to review what has led up to the situation in which we find ourselves, a situation which, as my right honourable friend has said, never occurred before in the six decades that this body has been in existence. We find that in 1930 a member of the House of Commons—

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Hon. F. A. Anglin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Hon. the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Patent Act.

An Act to amend the Petroleum and Naphtha Inspection Act.

An Act respecting debts due to the Crown.

An Act to amend the Opium and Narcotic Drug Act, 1929.

An Act to amend the Yukon Quartz Mining Act.

An Act respecting the Canadian Pacific Railway Company.

An Act respecting certain patents of Autographic Register Systems, Limited.

An Act for the relief of Eva Corker Trill.

An Act for the relief of George Senkler Morgan.

An Act for the relief of Agnes May Jack Evans.

An Act for the relief of Mabel Constance Small Cossar.

An Act for the relief of Olive Pearl Beattie Watkins.

An Act for the relief of Assad Kalil Eddy, otherwise known as Joseph Canille.

An Act for the relief of Georgina Linda McIndoe Howard.

An Act for the relief of Antonio Poliseno.

An Act for the relief of Dorothy Gertrude Silcock Wilson.

An Act for the relief of Beulah Isobel Phillips Eakin.

An Act for the relief of George Seymour Dixon.

An Act for the relief of Audrey Meredith Mann Redpath.

An Act for the relief of Ethel Seigler Nissenson.

An Act to amend the Destructive Insect and Pest Act.

An Act to incorporate Lake of the Woods International Bridge Company.

The Right Hon. the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting of the Senate was resumed.

THE BEAUHARNOIS PROJECT

REPORT OF SPECIAL COMMITTEE ADOPTED

The Senate resumed the adjourned debate on the motion of Hon. Mr. Tanner for concurrence in the report of the special committee appointed for the purpose of taking into consideration the report of a special committee of the House of Commons, of the last session thereof, to investigate the Beauharnois Power Project, in so far as it relates to any honourable members of the Senate.

Hon. Mr. KING: Honourable senators, before taking my seat I was trying to give a bit of the history of the developments that had led up to the necessity of our discussing certain matters arising out of the proceedings before the Senate and the House of Commons committees. I should like to correct one thing, if I may. Early in my remarks I mentioned the taking over of certain rights by the Beauharnois Company. I referred to the Robert interests. I may have implied that those interests were within the power of the Provincial Government. That is not correct. I understand the application was made to the Public Works Department some twenty odd years ago, and certain rights were granted.

I was about to deal with certain statements made in 1930 by a member of the House of Commons, Mr. Gardiner. I suggest that in those statements Mr. Gardiner rather implied that the company had done some wrong in its organization. There was no implication in Mr. Gardiner's statement as regards the Government, or members of the House of Commons, or members of this Senate, but he was doubtful as to the activities of this company, how it had incorporated, and what it had secured in the way of public domain for its advantage.

We pass from that time on through a general election, at which the positions of the parties were reversed: the Government of Mackenzie King went out of power, and that led by the present Premier came into power. Mr. Gardiner repeated his statements, and an investigation was undertaken by the House of Commons. But is it not curious, and does it not appear unfair to every honourable member of this House, that Mr. Gardiner, the accuser, should be nominated by the Government as a judge on that committee?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KING: No one will take any exception to that statement. No more improper procedure could have taken place in any court of justice in this Empire of ours. In fact it was not defended as a proper attitude or proper procedure by the Government, who control the appointment of committees. I will repeat: Mr. Gardiner accused the company of irregularities—of having secured rights and privileges as against the public interest; yet he became a judge on that committee.

The committee having been formed, many witnesses were called. A member of our own honourable body appeared voluntarily before the committee because his name was mentioned. He gave his evidence frankly, saying he invested in this company. He was commended by one of the members of the committee for his frankness. In a day or two it developed that Mr. Sweezey had intimated there were campaign contributions. What was the action of that committee? They said that Senator Raymond, whom they had commended for his frankness, had not been quite frank, because he did not disclose the fact that he was a trustee and had received campaign funds.

Now, we are all intelligent men—at least we pretend to be—and we know that a witness in court does not, and is not allowed to, volunteer evidence. We know, too, that other persons went before that committee and tried to express themselves in their own words, according to their knowledge of the facts, but sometimes the facts were not developed to the liking of committee's counsel. I have not referred to him, and do not now refer to him, as a Crown Prosecutor, but when a person who had been brought before the committee to give evidence under oath was attempting to give controversial evidence, what happened? He was interrupted by interjections, not only from the Crown counsel, or the committee's counsel—whichever you prefer to call him—but also from the chairman and other members of the committee, the result being that it was very difficult for witnesses to give their evidence as they wished.

Right Hon. Mr. MEIGHEN: Did the honourable gentleman not observe throughout the entire Senate testimony statements made repeatedly by counsel for the accused that the conduct of the matter by counsel for the committee was fair in every way?

Right Hon. Mr. GRAHAM: He is talking about the Commons committee.

Right Hon. Mr. MEIGHEN: I beg pardon.

Hon. Mr. KING: I am dealing with the various phases of this situation as it came to us. My right honourable friend may have missed the remarks in which I expressed admiration of his address, from which I read a paragraph. But what I am trying to do at present is to review the situation as it came

before the Senate committee. I repeat that the treatment of the senators who appeared before the committee of the Commons was unfair. You will find in the evidence taken by the Senate committee statements by witnesses to the effect that their evidence this time was given under much better conditions; they had an opportunity to think and to give their evidence fully and fairly.

I have been a member of Parliament for some years, but a member of this Chamber for only a very short time. As this honourable House was not very busy last year, I attended many sessions of the House of Commons committee. I have said that that committee was unfair, and what I have said is true.

It is complained that we ourselves, as a body, committed ourselves to the House of Commons report last year by deciding that there should be a review of the evidence taken by the House of Commons. That may be true; but this also is true, that those who suggested or approved of that procedure were satisfied to follow it—and for what reason? Because we believed that in a committee of the Senate we should have a judicial and not a partisan body.

So our committee was appointed to carry out the suggestion of last year, and that committee went into session. I attended many meetings of the committee. The proceedings were carried on in a judicial and very fair way. Early in the sessions, I noted, the chairman intimated to the committee and to those who were present that no evidence would be taken except that involving the three senators. I thought the chairman was carrying out his commission. When counsel commenced to introduce foreign evidence, that was rejected. But when members of this committee and a group with them, fifteen persons altogether, had proceeded to Senator Haydon's house and started to interview him, and Senator Haydon made a certain reference to a public official of this country, the chairman of the committee did not tell Senator Haydon and his counsel that the statement could not go on the record. At least the record does not show that he told them. He himself has informed this honourable body that he had deleted certain profane statements from Senator Haydon's evidence. He did not hesitate to tell this House that Senator Haydon had made profane statements, and he repeated them. Now, my honourable friend, for whom I have great regard, and whom I have praised for his great ability—

Hon. Mr. TANNER: If I had ruled it out, there would have been a hue and cry all over the country that I was endeavouring to protect Howard Ferguson.

Hon. Mr. KING: No; I have not mentioned Howard Ferguson. I would say this, as a member of this House and a public man, that Howard Ferguson would have served his purpose much better had he advised the committee by cable that he had been informed of Senator Haydon's statement, and that there was no basis in fact for such a conversation as was alleged to have taken place between Senator Haydon and Mr. Sweezey. He could have sent forward to the committee a sworn declaration to that effect. Instead of that, what do we find? The chairman inviting Mr. Ferguson to come before the committee.

Hon. Mr. TANNER: I beg your pardon. My honourable friend is not stating what is true.

Hon. Mr. KING: Well, I will take that back.

Hon. Mr. TANNER: My honourable friend must allow me to correct him. Before ever I wired Mr. Ferguson I called the committee together. My right honourable friend over there (Right Hon. Mr. Graham), and Senator Copp, and Senator Griesbach attended a meeting of the committee. There were five members present, if I remember correctly. I submitted the High Commissioner's telegram at that meeting, and all the committee members present—three Liberals and two Conservatives—said, "Certainly, wire him to come."

Hon. Mr. KING: I quite accept my honourable friend's statement. He is correct and I am wrong. Mr. Ferguson heard of the allegation through the press, and was desirous of coming before the committee. My point is that Mr. Ferguson's position would have been much better if he had simply intimated to the committee by cablegram that there was no reason for such a statement as was said to have been made to Senator Haydon by Mr. Sweezey.

Hon. Mr. TANNER: The press representatives were right beside us. The news went out through the press.

Hon. Mr. McMEANS: If Mr. Ferguson had sent over a message of that kind, people would have said, "That is only a statement from him." He desired to come in order to offer himself for cross-examination.

Hon. Mr. BUREAU: I rise to a point of order. Is this going to be a conversation or a regular debate following the rules of the House?

The Hon. the SPEAKER: It is for the honourable member who has the floor to say.

Hon. Mr. KING: My honourable friend suggests that Mr. Ferguson came at his own expense, and he wanted to come because his honour had been attacked. After all, honourable members, this is not a kindergarten; we are supposed to be an assembly of mature gentlemen. We know there was no object, no advantage, to be gained by Mr. Howard Ferguson proceeding to Canada to contradict a statement of which he had no knowledge, and never could have any knowledge; and to advertise, as my friend the chairman did in his report, that Mr. Ferguson came at his own expense—

Right Hon. Mr. GRAHAM: Is that the evidence?

Hon. Mr. KING: It is in the evidence.

Right Hon. Mr. GRAHAM: Not that statement.

Hon. Mr. KING: That he came at his own expense.

Right Hon. Mr. GRAHAM: No.

Hon. Mr. KING: The committee reported that what Mr. Ferguson stated was that it was at his own expense so far.

Right Hon. Mr. GRAHAM: So far. Wait till they get the bill in.

Hon. Mr. KING: How absurd it was that Mr. Howard Ferguson, the High Commissioner, a man having great responsibility, and who has had great influence and great responsibilities in Canada, should be brought over here to contradict a statement which he had no knowledge of, and could not deny. He might have merely sent a wire saying, "Any conversation between Mr. Sweezey and Haydon had no basis in fact, as far as I am concerned."

Hon. Mr. TANNER: Why are you spending so much time on this?

Hon. Mr. KING: Because my honourable friend spent so much time on it.

I will take but a few minutes longer. I think we agreed a few minutes ago that this body decided last year that a special committee should be appointed to review the evidence. That committee was set up, and the chairman laid down the line it should take, and he held to that, with the exception of one or two cases or instances.

The most remarkable thing to my mind, and to the mind of every one who attended the meetings of the committee of the Senate and knew the evidence that had come from the House of Commons, was the fact that counsel there representing the committee, whose business it was to break down the evidence, never broke down one bit of evidence. Men were able to relate, under oath, experiences that had taken place one, two, five and eight years ago. It was not the same counsel. The Government, wisely, I think, had chosen different counsel for the committee. I doubt that Mr. White would have been given a hearing or allowed to cross-examine witnesses before the Senate committee. At least, I am satisfied, he would not have been allowed to go the length he did in examining and cross-examining before the House of Commons committee.

Now we have before us the report of our special committee. My honourable friend the chairman (Hon. Mr. Tanner) spoke for at least two or three hours; I have heard it was four hours. Anyway, it was a considerable time.

Right Hon. Mr. GRAHAM: It was plenty.

Hon. Mr. KING: It was a long speech, and from his point of view a very excellent speech. As chairman of a responsible committee, he was not prepared to take the evidence of an eminent medical adviser in the city of Ottawa. I have known the medical adviser of Senator Haydon for many years. He was a classmate of mine in McGill. He graduated in 1895, and he has built up a very good practice in this city. My honourable friend went a long way when he criticized his evidence and indicated that Senator Haydon's condition was not as this medical practitioner, under oath, represented it to be.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KING: I have had some experience in the practice of medicine. I am not particularly familiar with Senator Haydon's condition, but I am prepared to take the statement of Dr. Argue that the senator is very ill. Dr. Argue advised Senator Haydon not to appear before the committee, but as Senator Haydon said he wanted to give his evidence, the doctor consented if the committee would go to Senator Haydon's house. As I said a few moments ago, the members of the committee and some other gentlemen, to the number of fifteen, went there. Knowing the condition of Senator Haydon, I am not surprised that under examination he became an-

noyed and was bitter, especially when I look back upon what transpired in the Commons committee last year.

My honourable friend the chairman, in his presentation, tried to indicate, not to this honourable body—for I do not believe he had any idea that he could fool the members of this Chamber—but to the public at large, that the Federal Government had control of the power rights. He indicated that on navigable waters such rights were within the Federal Government, and that we were to protect the widows and orphans against companies that might be organized and set up to develop those rights. My honourable friend has heard the evidence. It was very clear that the company had secured its rights from the Province of Quebec, and that, as was said before the committee by counsel, once the Federal Government was satisfied under the Navigable Waters Act, there was nothing for the Federal Government to do but say yes or no. I think no one will dispute that fact. And the Order in Council has stood the test of time. It has been confirmed by our friends who were in opposition at the time it was passed, and who are now in control. It is such an Order in Council, so fair in respect of the interests of the public of this country, that the present Federal Government is prepared to guarantee $16,000,000 in order that this scheme may be completed.

Hon. Mr. LAIRD: Is the honourable gentleman quite sure of his ground for that statement? Has the matter of policy with regard to the $16,000,000 been settled by the Government?

Hon. Mr. KING: It has not been enacted, but we have the statement in the press setting forth the Premier's word as given in the House of Commons.

Hon. Mr. LAIRD: Not to that effect.

Hon. Mr. KING: It has not been enacted, but we have the statement that the Government is prepared to go so far; and, more than that, that it has found, under the most trying conditions, that the project was well conceived, that it was within the estimate, and that if completed it will serve Canada as a part of a great waterway. There is no question about that. My honourable friend will not take exception to that statement.

Now I want to refer to the statement of my right honourable friend (Right Hon. Mr. Meighen), who appealed to us not to deal with this matter in a partisan way. I think I have been able to show that it must be very difficult for members, on both sides of the House, who are familiar with the conditions leading up to the present situation, to deal with this matter as the right honourable gentleman has suggested. I wish to refer to another paragraph in his speech. This is as clever as the one to which I have already referred. He says, as reported on page 289:

> I venture to say that if a court were to accept the sworn opinion of men accused of wrong-doing in any particular transaction, there rarely would be an adverse finding. All tribunals, this tribunal included, must go down beneath opinions, especially those of the accused. They must get at the underlying facts and try to find out where the truth really is, and where the guilt really belongs.

I listened to that statement, and I have read it very carefully. I was one who concurred with the honourable senator from Parkdale (Hon. Mr. Murdock) when he objected to our continuing the debate, on the ground that Hansard was not before us. That is the statement that he and I were discussing. It is an amazing statement. It might be allowed in a court of law, but I am satisfied that in his summing-up the judge would say that the jury should not convict on inference, or on circumstantial evidence, but must consider the direct evidence before the court. My right honourable friend the other day made a statement which I say, after consideration, might be described as having been prepared with the skill of an advocate, the subtlety of a trained lawyer and the astuteness of an experienced politician. That, I think, is not a harsh way of describing that statement. It gives my right honourable friend credit for what might have been expected from him under such conditions. We know, the House of Commons know, the people of Canada know, the ability of my right honourable friend. He has great ability in presenting a case, especially as a prosecuting attorney. Perhaps he has not succeeded as well when he has been defending, but in this case he has presented an argument that some of our friends may find it difficult to get away from.

But should we follow the right honourable gentleman's advice? Of course, my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) said the other day that this was not a jury, and that there were no charges against these men. He said we had merely to adjudicate and decide whether or not they were gentlemen. But there is more than that involved. We have had two committees, one in the House of Commons and one in the Senate, before which responsible persons have given evidence under oath, and I do not believe that even the fine statement of my

right honourable friend can offset that fact, and make perjurers of Senator Haydon, Senator McDougald, Moyer, Ebbs and Sweezey. If we are fair to ourselves and to this Chamber we cannot do what my right honourable friend has suggested—we cannot disregard the sworn evidence of responsible men, men who, in the communities in which they live, are held in as high regard, perhaps, as any honourable member of this Chamber. We cannot wipe out their evidence and say that we must go beyond that and find a motive, and by inference—

Right Hon. Mr. MEIGHEN: I am afraid I cannot let the honourable gentleman proceed in that way, without rising to a point of order. He cannot read that meaning into my simple statement. What I said was this, that if courts were to accept the sworn opinion of the person accused, on the moral result of his own conduct, there would not be convictions. I said that you had to take the evidence of fact. I said, not that you could not believe Moyer or Ebbs or anybody else, but that the sworn opinion of the accused person could not be accepted—that you had to get behind that and get the facts.

Hon. Mr. KING: I quite agree with my right honourable friend that you cannot accept the statement of the accused, but I contend that corroborative evidence cannot be wiped out.

Right Hon. Mr. MEIGHEN: I said the opinion.

Hon. Mr. KING: It was the opinion of this House, and of counsel, that nobody was accused; then we finally arrive at the conclusion that everybody who gave evidence is accused. I think it is a foregone conclusion that these men are convicted. It has been common knowledge in the clubs and on the streets for the last eight or nine months that they were already convicted. I quite appreciate the difficulty of my right honourable friend's task—more particularly since he discharged it in his speech the other day—in carrying forward proposals that were preconceived, not in Parliament, but, as intimated through the press, by representatives who are in Parliament. That is a fair statement, I think. I am not referring to what was said by the dean of this House (Hon. Mr. Poirier) and the honourable senator from Parkdale (Hon. Mr. Murdock) in trying to clear up that matter.

My honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) concurred, I think, in the speech of my right honourable friend from Eganville (Right Hon. Mr. Graham). He said it was a noble speech. I will go further than that: I will say that it was a noble speech delivered by one who has had a large and ripe political experience—a speech that appealed to this House and that will appeal to the public, because it was an honest statement of facts. It is true that he was defending as a layman would, but his defence was so good that it became necessary for my right honourable friend the leader of the Government (Right Hon. Mr. Meighen) to place his case before the House immediately.

We have heard much about influence and the creating of an atmosphere. I felt that the suggestion of my honourable friend the chairman of the committee (Hon. Mr. Tanner) that his observation did not verify the evidence given by the medical practitioner before the committee, was not justified. I think that is a fair statement, he being a layman. We have not only the profession of medicine, but also that of law involved in this inquiry. My right honourable friend the leader of the Government has objected to members of the legal profession being employed to use their influence in creating a favourable atmosphere. In fact, he designated them as perfumers. He has twice been Prime Minister, and has been too long in public life not to know that the Chateau Laurier to-day, and every day in the week, is filled with people who are trying to create an atmosphere that is favourable to the projects or the proposals that they have to put before the Government. Nobody will deny that. Why, then, should exception be taken to Sweezey employing people who had influence? There is a marked difference between employing men who have influence with the Government and employing men who will use that influence improperly—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KING: —and there is not one word in the evidence to show that Andrew Haydon or his law firm, or Senator Raymond, used improperly their influence with the Government. I should like honourable gentlemen to think that over. Is it not usual, is it not normal, is it not sensible for those who are approaching a Government or anyone else to make use of someone who will create an atmosphere that is favourable to their proposal? No one will contend differently, I think, and unless honourable members can say that the three senators mentioned in the report, who were friends of the Liberal Party —we do not object to that—used their influence improperly, the acts of those three senators cannot be condemned.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. Mr. KING: Honourable senators, I regret that I was not able to complete my remarks before 6 o'clock. Although I have been interrupted twice, it is not my intention to repeat; I probably shall have to suffer from the disadvantage of having my speech reported in a disconnected form. However, I do not wish to appear as a nuisance, nor in the same light as the Sterling Industrial Corporation, as having a nuisance value.

Let me refer now to the speech of a member of the special committee of the Senate, the honourable gentleman from Winnipeg (Hon. Mr. McMeans). I am very fond of my honourable friend, who has a big heart and a blunt way, but in his speech he made a statement which I think has placed him in a very delicate position. We know that much of this discussion has resulted from an honourable member, whose conduct has been under review, making statements in this House which in the opinion of some people were not according to the facts. The honourable gentleman from Winnipeg said:

> We know very well that Senator McDougald was a warm friend of the late Prime Minister. They went together on a trip to Bermuda, and the Prime Minister's hotel bill was paid, not by Senator McDougald, but by the Beauharnois Company.

The evidence adduced before that committee, of which the honourable gentleman was a member, is entirely in contradiction of that statement. The honourable gentleman from Leeds (Hon. Mr. Hardy) placed on record on Friday last a copy of the voucher for the expenses of Senator McDougald's trip to Bermuda. Although the man in the street may not be able to understand that voucher, there is no doubt in the minds of members of the committee that the Beauharnois Company did not pay the expenses of Mr. King or Senator Haydon on the Bermuda trip. I submit that the statement made by my honourable friend from Winnipeg should be withdrawn. It seems to me that unless he withdraws it he is in a far worse position with regard to this House than Senator McDougald.

We heard a rather interesting and illuminating address by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). He appeared to expose the will of the Government in this matter. We had been led by previous speeches and by the report of the committee to believe that it was the intention of the committee that the three senators named in the report should be censured. But the honourable gentleman from Hamilton indicated that the object was to have this House go farther and decide whether they had in certain respects conducted themselves as gentlemen. I submit that if we did anything of that kind we should be establishing a very dangerous precedent, and that from time to time we should be called upon to decide whether certain senators had acted as gentlemen in given circumstances. Surely it is not the desire of the Government that this House should go so far.

My honourable friend from Hamilton also stated that the Senate could by a majority vote expel the three senators mentioned, or any one of them; that the constitutional conditions under which they came into this Chamber would not be considered; and that they would have no recourse in law—that no appeal would lie to any other body. I hope it is not the intention of the Government to take such an extreme measure, and I think that, for the sake of frankness, before we vote on the motion the right honourable leader of the Government in this House should intimate to us just what the intention is.

It had been my intention to refer in some detail to the evidence respecting each of the three senators, but I fear it would take too much time to do that. However, I do want to refer to the remarks made by the right honourable leader of the House with regard to the fee of $50,000 paid to the firm of McGiverin and Haydon. The right honourable gentleman contended that the fee was excessive. Well, who is to be the judge? The Beauharnois Company was a private concern, headed by men who have the respect of business leaders in Montreal, and, indeed, throughout Canada. Mr. Jones and Mr. Sweezey and others were the men to judge whether the fee was reasonable. I submit it is not for this House to judge that.

There have been other large fees paid. We understand from the press that a government body, not a private corporation, in one of the provinces, paid a fee of $50,000 to Mr. John Aird. It was suggested that this fee was paid on account of his engineering knowledge. When did the engineering profession get to a position—

Hon. Mr. LAIRD: That was a commission on a sale; not a fee.

Hon. Mr. FORKE: It was $50,000 anyway.

Hon. Mr. KING: The sum of $50,000 was paid by a government organization. My honourable friend says it was a commission. True, it was the Hydro Commission of Ontario. And the suggestion is that that fee was paid to John Aird on account of his engineering knowledge. That is the evidence, I believe.

Hon. Mr. LAIRD: The honourable gentleman is hardly fair about that. The evidence before the Commission in Toronto shows that the $50,000 was given, not as a fee to an engineer, but as a payment of a commission to John Aird for the sale of the Madawaska property.

Hon. Mr. KING: I take my honourable friend's suggestion. However, it is not in the competence of this assembly or the assembly of Ontario to judge of the nature of that fee. That was in the judgment of the Commission, I have no doubt, and it will maintain its decision and justify that fee. Therefore I say that the fee paid to McGiverin and Haydon is a matter that is entirely within the judgment of those who employed that firm of lawyers.

We have also had a rather interesting contribution to this debate by an honourable senator who has recently come to this House (Hon. Mr. McRae), and whom the people have known as the organizer of the Conservative Party during the last campaign; a man who stands high in the regard of the people on account of his organizing ability. He indicated to this House that he had judgment and knowledge whereby he could distinguish between what was good and what was bad in campaign funds. Well, I think that if my honourable friend has that faculty he will be very valuable to the political leaders of this country. But before we can consent to his judgment—

Hon. Mr. GORDON: Did not the honourable member from Vancouver say that he was through with this business now?

Hon. Mr. KING: That is all right now; but a man with such fine judgment that he can discern what are good and what are bad campaign funds should not belong to one political party in this country. My honourable friend should go further and supply information as to where he received his funds, and leave to a committee of this House to decide whether they were good or bad. I do not believe that my honourable friend would consent to such a committee. However, his statement is one worthy of consideration.

Now, in regard to campaign funds, why should there be this hypocrisy? We are all agreed—we are old enough to know and we do know, and it is generally accepted not only by members of this House and the House of Commons, but by the public generally, that campaign funds are essential. Do the people who run elections question the source from which they receive those funds? Would any honourable gentleman or any other gentleman who undertook to run an election in a constituency, and who required financial support, ask where those funds came from? In this country we try to follow the English precedent and practice. What is the history in the Old Country? It is well known that the people over there do not mince matters as we do here. There is not the hypocrisy. It is well understood between the various organizations that moneys are essential, not to corrupt the electors, but to educate them. So we find this statement in a book which I have here, by Mr. James Kerr Pollock, on "Money and Politics Abroad":

> Mr. Asquith, during one of these debates, in 1922, stated his opinion as follows: "We should never associate ourselves, nor ought any intelligent and sane politician associate himself with this vulgar claptrap outcry against contributions to party funds. You cannot carry on political life, you cannot organize political warfare, except by these means."

Moneys were spent in the last election by both political parties. To say that the Conservative Party received moneys from those who were not receiving consideration would not meet the question fairly. Party funds are rarely contributed by individuals or corporations without high hopes of promoting something that will be to the advantage of their work or their interests. Unless our friends opposite can show that they accepted only funds contributed without such hopes, then they must be and they are in the same position as any other political party in this country.

I am going to conclude my remarks as did my honourable friend on this side who quoted from a very good authority. It has been said that only gentlemen should sit in this House. I appeal to every Christian gentleman, and I think that in our Christian world a Christian gentleman is the finest type of gentleman. Therefore I shall quote from the same authority. I would ask honourable members as Christian gentlemen to give consideration to this quotation: "Cast out first the beam out of thine own eye, and then shalt thou see clearly to pull out the mote that is in thy brother's eye." I will go further, and say, "Judge not, lest ye be judged."

My idea is not that this question should be treated lightly, but I realize that, unfortunately, the Senate is to-day divided on political lines, and unless there is a larger consideration of the attitude that is being taken, much harm will be done to this Chamber, and instead of upholding its honour we shall probably bring discredit upon this very honourable body.

Hon. Sir ALLEN AYLESWORTH: Honourable gentlemen, I was in my place in the House on Friday when the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) began his speech. I left before he had gone far. I left with the fullest intention on my part that, if I were present when the vote came on the pending motion, I would vote in silence, and make no observations with reference to the motion before the House. But when I came to read the full text of what the honourable senator from Hamilton said on Friday, I felt, last night and this morning, that I could not properly keep silence any longer, because what I have to say with regard to the matter is so much in the nature of disagreement with the views that he expressed, so far as the law applicable to this matter is concerned.

With a great deal of what the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) said I am in the fullest agreement. I shall try before I finish to point out the features of his address with which I am in full accord, and those with which I am in entire disagreement. Before doing that, as I have begun to express my views with regard to the present motion, let me say a word or two—and I shall be very brief—with regard to the merits—or the demerits—of the whole matter.

Nearly every honourable gentleman who has addressed the House in the course of this debate has spoken of party politics, or of partisanship as we know it in Canada. I do not want to say much about that, but I am willing to confess that before I became a member of this House I was as full, I think, of the ordinary prejudices of partisanship in Canada as any man was. I even went the length when in the House of Commons, of stating my position as being that of a political partisan, because I thought, whether rightly or wrongly, that I had been elected to the House of Commons on the footing of political partisanship, and that that was exactly what the people of this country wanted from their representatives in the House of Commons. At any rate, it seemed to me that that was what my constituents wanted me for, and I was free to confess that I had been a political partisan all my life—was born so, brought up so, and could not get rid of political partisanship if I tried.

Some Hon. SENATORS: Oh, oh.

Hon. Sir ALLEN AYLESWORTH: When I was honoured with His Excellency's summons to take a seat in this House I considered the matter with all the seriousness I could, and I came into this House with the honest resolution in my own mind that from that moment forward I would try my best, for the remainder of my life, to suppress those prejudices of political partisanship that I had had with me always theretofore. I do not know whether or not I succeeded, but I have tried, and I am going to try, with your kind indulgence, to do the same thing to-night. I do not want to talk party politics here; I think they ought not to have any place in this House. I say nothing about what any other honourable member of this House has said; my task is to try to regulate my own words and my own conduct, and in that respect I can only do my best.

This matter is undoubtedly before us to-night in the shape of a political party question; there is no escaping that; and if we are to discuss it at all we have to discuss it with that knowledge before us. It could not help being in that position, because it was in that position long before any committee was appointed by the House of Commons to investigate the matter. Let me bring our honourable friend from Vancouver (Hon. Mr. McRae) to my aid in that regard. Let me point out what he told us on Friday night in his address to the House. He said that in July of 1930, two weeks at least before the voting day of the general elections of that year, a man came to see him with reference to a contribution from the Beauharnois Company to the campaign funds of his party, and he said:

> In my judgment an inquiry into Beauharnois development was a certainty if we carried the country.

He was in a most trusted and important position in his political party. He was stating what the policy of that political party in respect to the Beauharnois inquiry would be if they should carry the country. They did carry the country. The carrying out of that policy, as he there stated, took place: an inquiry was held before a committee of the House of Commons, and the results of that inquiry are now before this House for consideration. Is it not plain that from the very inception of the inquiry, and for months and months before, it was a party question; that whether or no there should be an inquiry was a matter of party policy; that the whole framework of this investigation, and all the reports that have been made with regard to it, and even the consideration of the question by this House now, inevitably, must have become a matter of political policy or of political partisanship? In these circumstances it is quite useless, it seems to me, for anyone to hope or think that the matter, when it comes to be voted upon—the question before

us now, whether or not this report shall be concurred in—can result in any other than a division of this House upon practically the old-fashioned party lines of division.

The fact that that is so does not, I hope, prevent our discussing the matter, or acting, when it comes to our voting, without exhibiting, unduly at any rate, the prejudices of political partisanship. In trying to look upon this matter in that way I have to say that I cannot support the resolution for concurrence in this report. Apart entirely from any other considerations, I cannot support it by reason of the language which is used in the report that is now before the House for our consideration.

I do not want to discuss the report of the committee of the House of Commons. It was not our committee, and we think it had no business to say the things it did say about members of this House, or to criticize the actions of members of this House. Perhaps the Commons would think that we have no more right to criticize the language or the matter of a report made by one of their committees. But let me simply ask every honourable member of this House who hears me, whether, after reading, in the report of the House of Commons committee, the language used in what it had to say about the senators whose conduct was under investigation—whether he thinks that that is the language of an impartial judge or whether it is not much more like the language a political partisan would use in a stump speech.

I do not intend to go over the matter in any detail. I do not intend to try to discuss the evidence. That has been done very fully on both sides of the House. I want merely to repeat what I have said—that it is now impossible, I think, to treat this matter in this House, or anywhere, as anything other than a question of Canadian party politics.

The report of the committee of this House that we are asked to concur in is the all-important thing, and it would not have seemed to me necessary to say anything about the earlier report of the House of Commons committee if our committee had prepared a report entirely independent of the other.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: Our committee has seen fit, as was its right, to follow the line of the House of Commons report. It was its duty to consider that report, and it was its right, if it thought best, to follow the lines of, and to concur in, the Commons report, as it did. But it has gone the length of adopting it, and of re-echoing its very language, in so many places that it does seem to me that it has narrowly escaped, if it has escaped at all, the charge of engaging, itself, in political partisanship. I do not want to talk about that, though. I did not mean to say anything more about it.

I want to point out, in as few words as possible, one or two minor things, but things big enough to make me unwilling to adopt, for my part, the language of the report of our own committee. Take the very opening sentence of our committee's report with regard to our member for Wellington (Hon. Mr. McDougald). It quotes the first paragraph of the Commons report with regard to his coming into this House:

> 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 summoned in October of that same year and was sworn in the following year.

I omit the remainder of the first paragraph. I take up now the comment of our own committee upon that first sentence. It is:

> This committee finds that this is correct, except that Senator McDougald was summoned to the Senate June 25, 1926, and took his seat 9th December, 1926, and not as stated in the said paragraph.

Then it proceeds to something else. Well, now, on the part of our committee, that was an extraordinary glossing over of the most extraordinary and inaccurate, and indeed, untrue, language, on the part of the House of Commons committee, for the House of Commons committee tells us, and apparently our committee has concurred in that, that Senator McDougald was first summoned to the Senate in June, 1926, and was again summoned in October, 1926, and took his seat.

The facts, if anybody had thought it worth while to look, would be found spread upon our own Journals—of course, they necessarily had to be—and I want to show to honourable gentlemen what the true facts of the matter are. In our minutes for the 9th of December, 1926, which was the first day of the first sitting of the Parliament of Canada after the general elections of 1926, it is recorded that:

> The Hon. Wilfrid Laurier McDougald was introduced, and having presented His Majesty's writ of summons, it was read by the clerk as follows.

And here it follows in full, and it is dated, I need hardly say, the 25th day of June in the year of Our Lord one thousand nine hundred and twenty-six, and is signed "Byng of Vimy." That is the only writ of summons under which the honourable member for Wellington (Hon. Mr. McDougald) has ever presented himself for swearing in at our Table; that is the only

mandate from the Crown under which he has ever occupied a place in this Senate. What earthly warrant there was for anybody to have stated, much less a committee of this House, that he was called a second time to this Chamber in October, 1926, I am utterly at a loss to understand. I never heard of such a thing. On the face of the matter, looking at it from the standpoint of anyone who has ever thought about the provisions of the British North America Act constituting this Senate, it seems to me an utterly absurd idea for anyone to have entertained.

The House of Commons committee puts it that there had been a lapse of his appointment. By reason of what? By reason of the dissolution of Parliament. Can any member of either this House or the House of Commons have any idea that dissolution worked a lapse in the appointment of a senator or affected in the slightest possible degree the right of a senator to sit in his place? The very Constitution under which we assemble shows, at a moment's glance, that nothing of the kind could be possible as a matter of law. And I cannot understand any member of our Senate committee allowing such a statement to be embodied in a report of our own, without at least pointing out the impropriety of it.

As I have said, the summons to Senator McDougald is under the signature of Byng of Vimy. We all know that he was no longer our Governor General, but his successor, Lord Willingdon, was our Governor General in October. Lord Byng went away from this country before October, and when we have his signature as that of the representative of the Crown who issued his writ of summons to Senator McDougald, we have—even if it were not dated—the most conclusive evidence that that summons, the only one that Senator McDougald ever received, was issued in June, 1926.

The House of Commons committee put it as a matter of record that it was the dissolution of Parliament which caused the summons to lapse—as if it was the dissolution which made it impossible for Senator McDougald to present his summons to this House and to be sworn in. Well, the summons itself is dated, as I have already said, the 25th of June. That was a Friday, and the Senate was sitting on that day, as our Minutes for the year demonstrate. In the following week the Senate sat on Monday, June 28; Tuesday, the 29th; Wednesday, the 30th; Thursday, July 1, and on Friday, July 2. The House of Commons was dissolved on Friday, July 2, by His Excellency's proclamation. There had been, then, no less than six sittings, day after day, at any one of which Senator McDougald might have been sworn in if he could have brought with him to the doors of this Chamber His Excellency's summons. He did not, in fact, so present himself. I was here, day by day, on each one of those six days, and I personally saw Dr. McDougald, our new senator, here in Ottawa at that time. It was the first occasion on which I had ever met the gentleman or seen his face, but I know, as a matter of conference between myself on the one part and himself and others on the other part, what the actual situation was. I do not intend to make any statements of fact, of my own personal knowledge. I am not here to give evidence in any shape; I merely point to the circumstance, because I think it has an important bearing on what I want to say later with regard to the law governing the summoning of senators and the possibility, if any such possibility exists, of getting rid of them if they become obnoxious to anybody.

Now I want to say a word with regard to Senator Haydon, as well. I do not think it is desirable that I should, and I do not intend to, discuss the facts of the case or the evidence that was before the committee. I want to refer to only one circumstance, which perhaps is of trivial character, but which yet seems to me somewhat regrettable. When this motion was made last Wednesday by the honourable the chairman of the committee (Hon. Mr. Tanner) he told us in his address in support of his motion that out of deference to Senator Haydon some of the senator's offensive statements were eliminated from the evidence. For instance, the chairman said, he called counsel a damned fool several times. Though out of consideration for a poor, sick, badgered old man, lying perhaps on his deathbed, the committee willed that remarks like that should not go on the official record, the honourable the chairman of the committee put those words on Hansard and broadcast them to the whole country. I think that is to be regretted. But I should like to say one word in a little more jocular vein. If Senator Haydon did lose his temper and did let out a big, big D, he was not in such very bad company, for our senator from Vancouver (Hon. Mr. McRae) tells us that the right honourable the First Minister of this country used exactly the same word more than a year ago, long before Senator Haydon used it. And, even worse than that, he did it on a Sunday. If it is all right for the First Minister of the country, it ought not to be so very bad for a common senator.

That is perhaps a little more important from the circumstance that when the honourable gentleman from Hamilton (Hon. Mr. Lynch-

Staunton) came to speak on Friday, he told us, in plain, unmistakable English, that he was going to vote for the condemnation of Senator Haydon because the senator had transgressed another law that ought to govern the actions and the language of every gentleman. He had actually dragged into this matter the sacred name of our High Commissioner, and he had made some remarks that were derogatory to the dignity of the gentleman who at one time was First Minister of the Province of Ontario. I have been saying over and over again that I am not going to discuss the evidence, but I cannot refrain from making this comment on the proceedings of our committee and on the taking of evidence, that the committee devoted a good deal of time and a good deal of delay to the successful attempt to give to the Hon. Mr. Ferguson an opportunity of denying what never had been in the least degree charged against him.

Some Hon. SENATORS: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: What Senator Haydon said was a matter of fact between him and Sweezey. He did not pretend to know, or to say, anything about the truth of Sweezey's remark, but he said that Sweezey, on one occasion, undoubtedly said to him words to this effect: "Ferguson won't let this Hydro contract be signed unless a large sum of money is handed over." Sweezey did not say, and Senator Haydon did not pretend to say that he had said, that Ferguson had ever stated that, or that Ferguson had ever had any interview with Sweezey. That was simply what Sweezey thought, what Sweezey said. Sweezey was saying what he, apparently, thought Ferguson's state of mind was. Well, Sweezey denies it, and it is a question of fact pure and simple between Sweezey's statement and Haydon's statement. I think, as everybody thinks who has said anything about the matter at all, that it is utterly irrelevant to the substance of the Senate inquiry. It is just exactly what I was talking about, a matter of political partisanship. But the question of fact as between Haydon on the one part, and Sweezey on the other, whether or not Sweezey said that, has all the probabilities in favour of Sweezey having uttered those very words. For whether or not he said them, he evidently thought to that effect, for that is how he acted. He tells us himself, and nobody doubts, that he did hand over, for some reason or other, $125,000 which he thought was going to the party led by Hon. Mr. Ferguson, for provincial purposes.

The circumstance that there are these comments I have referred to throughout the report of our committee, and the report of the House of Commons committee, adopted by our committee, is in itself sufficient to make me unwilling to say, by my vote, that I concur in those reports, so far as any one of our three senators is concerned. But what our committee has done, following the action of the Commons committee, with regard to the honourable senator from De la Vallière (Hon. Mr. Raymond) is, in itself, to my mind, ample reason why nobody who believes in the honourable gentleman's innocence of wrongdoing could possibly vote for concurrence in this report. The right honourable gentleman who leads this House was good enough—was sensible enough, I was going to say; was, at any rate, fair-minded enough—to say with tolerable plainness in his speech that there was little, if anything, to be said by way of censure or rebuke so far as Senator Raymond was concerned. I cannot pretend to remember the exact words. But the report of the committee is by no means equally clear. The honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) was very emphatic, very distinct, in his remarks with regard to Senator Raymond, and I concur with all my heart in those remarks.

I read last summer, day by day, every word, I think, of the evidence that was given before the House of Commons committee. I have certainly read, with considerable care, every word of the evidence given before our own committee, and every word of its report that we are now asked to concur in. I think it has not been fair to Senator Raymond; and because its report with regard to him is couched in language which would certainly admit of the contention that he has been guilty of some sort of dishonourable conduct, I could not vote in support of this motion for concurrence, even if there were no other reasons whatever for my opposing it.

Let me spend a few brief minutes in pointing out exactly what I mean. The Commons committee criticized him most unkindly, most improperly, I think, on the ground that he was lacking in candour or frankness in his evidence. And why? Because Mr. Lennox, one of that committee's own members, had said, when Mr. Raymond's evidence was concluded, that he ought to be commended for his frankness. I suppose we all know Mr. Lennox. He is my colleague in the representation of North York in this Parliament. He is at present the member for that constituency in the House of Commons, and I

am the member from North York here. I have known Col. Lennox personally, and intimately, for a long time, and hold him in high esteem. He is my warm personal friend, and I think it is to his credit that in absolute honesty of purpose he made the remark when Senator Raymond left the witness box, that the senator had given his evidence with commendable frankness. But that would not answer the purposes of the Commons committee, or of the draftsman who penned its report, and so the report tells us that after Senator Raymond had left the box it transpired from Mr. Sweezey's evidence that some $200,000 of campaign funds had been received by Senator Raymond, and because Senator Raymond had not stated that—had not volunteered that statement in giving his evidence—that part of the House of Commons report says:

> The commendable frankness would seem to require that Senator Raymond should have disclosed this to the committee.

I understand that the chairman of the House of Commons committee is a lawyer, a practising barrister, and it came with some surprise to me that a man who has had a good deal of experience in that line of work should seem to think it any part of the duty of a witness to volunteer information in regard to something he is not asked. If a witness does that sort of thing in the witness box, especially if he is a party litigant or a party interested, every counsel, every judge, will tell him to hold his tongue. His duty is to answer truthfully questions that are asked him. His oath, of course, is to tell the whole truth; that is to say, to answer truthfully and tell the whole truth in everything he says in answer to any question that is put to him. But every practising lawyer has heard witnesses warned by opposing counsel not to make speeches, not to volunteer statements, just because, nine times out of ten, anything they do volunteer will be something irrelevant, something that they ought not to have said, that the jury ought not to have heard, or the judge himself, if there is no jury, ought not to have heard.

Now, Senator Raymond had been in the witness box and had answered every question put to him with perfect candour and truthfulness, with his political opponents on the committee sitting there watching his demeanour, and one of them chose to remark upon his frankness; yet the committee put before us this slur—for that is all it is—with regard to the veracity, the truthfulness, the candour of our colleague in the Senate. I think it was not creditable to the committee, and not generous. And then what was the attitude

of our committee with regard to Senator Raymond? Whereas it was quite unable even to frame against him any charge of having done a dishonourable thing, it was not generous enough to say so, and it put its report in language so ambiguous that it might mean anything, or might not mean a great deal if it were interpreted in another way. No evidence was adduced, it says. It could not say there was no evidence which might have been given. It implies that there might have been evidence adduced—which was not adduced—to contradict Senator Raymond. Then it brings up this question of whether or not he was frank in his testimony before the committee of the House of Commons, and it concludes its observation in that respect thus: "It follows that Senator Raymond was not entirely frank."

I do not know whether the draftsman of that language distinguished in his own mind, when he was penning the words, between frankness and entire frankness. I find it rather difficult to make any distinction. I think a man is either frank, or not frank, but they do not seem to have had the grace to say that frankly.

Then the next paragraph is couched in the same language: "Nothing was adduced to contradict Senator Raymond's declaration." The committee does not say it is reluctantly compelled, and perhaps I ought not to suggest that word, but it says, "It is impossible for us to do otherwise than accept Senator Raymond's denial." Its judgment, so far as he is concerned, is hardly a verdict of "Not Proven," but rather seems to be saying, "We feel that his statements are not all true, but we have no evidence, and we cannot do anything else, and so we are compelled to let him go."

It winds up with a couple of "howevers." With one of those, the latter, I am in full accord; but the first one is, "However, the evidence is conclusive of the following facts." And now what are they? That Senator Raymond accepted "from the company," mind you, directly or indirectly, very large sums of money by way of campaign contributions.

I thought the evidence on the part of every witness, as far as I remembered it, was comparatively distinct that none of the campaign contributions received by Senator Raymond was received from any company. It may be that somebody's suspicions are that Mr. Sweezey recouped himself, either directly or indirectly, from the company in question, but I do not think there was any evidence of it. I may be altogether mistaken in that regard.

Right Hon. Mr. GRAHAM: Oh, no, you are not.

Hon. Sir ALLEN AYLESWORTH: However that may be, let me ask, when had it become dishonourable to accept contributions for legitimate campaign purposes from a company? It is not illegal. We all know that the House of Commons, in custody of its own privileges, passed long before this, and the Senate concurred in it, an enactment which expressly makes it perfectly legal and legitimate to accept contributions for campaign purposes from companies.

Each committee went out of its way to state that Senator Raymond accepted funds from the company, and that the company from which such funds were accepted was dependent vitally on government franchises or concessions, and that one of the governments from which such franchises or concessions were necessary was the Government of Canada, of which Senator Raymond was a prominent supporter.

Well, I am not going to extend these remarks any further than I have to, by discussing these larger questions of practical politics. If I were, I should like to question very strongly the propriety of that remark about this Beauharnois company getting any franchise or concession in the sense that it was a favour from the Dominion Government, of which Senator Raymond was a supporter. I claim that everything that company ever received or ever can receive from any Dominion Government was a matter of legal right on its part. Its franchise, its concessions it got from the provincial authorities under a contract. Whether or not that contract came to that company by favour or otherwise is none of our affair. It has not been any matter of inquiry; is not anything for which Senator Raymond is responsible. But so far as concerns every right it received at the hands of the Government of Canada, my view, as I have stated, is that it was a matter of legal right on the part of the company once it established what the law required it to establish. That, in a word, is the position which Mr. Geoffrion took before the committee. I have only to say that, reading Mr. Geoffrion's evidence, knowing him, and knowing thoroughly his high standing as a lawyer in this country, I concur to the fullest extent in the position he took before the committee, that his application for the rights which he obtained from the Dominion Government was no application for favour, or no application in regard to which Senator Raymond's influence, if he had influence, or if he tried to exert influence, would have been of the least assistance or could have been of any kind of use.

So I complain of the language which each committee has used in regard to Senator Raymond. I think they ought to have been generous enough to give him the fullest kind of acquittal, and I think this House ought to say, by its vote on this occasion or on some later occasion, that Senator Raymond has done nothing, so far as the evidence before either of those committees shows, which any honourable man could not have done, which you or I or any other member of this Senate might not have done without rendering himself in the least degree liable to answer or to interrogation on the part of a brother senator.

The concluding paragraph of this report is, perhaps like the closing paragraph of many other things, the place where the sting is to be found. I do not know whether or not that was intended, but I want to say in perfect honesty that when I read this report of the committee and reread and examined and studied it word by word, I was not able to decide in my own mind whether that last paragraph was intended to be aimed at Senator Raymond, or whether it was a general observation to the Senate at large. It is worded in a strange fashion, it seems to me:

> This Committee feel it to be their duty to express the opinion that senators of Canada should not place themselves in the position of receiving contributions from or being interested in an enterprise dependent on specific favour, franchise or concession to be made by a government whose conduct is, under the constitution of Canada, subject to review by both branches of Parliament.

If that is a general statement, what is called a pious aspiration after better things, I concur in it, and I am willing to go perhaps beyond the distance which members of the committee were willing to go. I am willing to go so far as to support in every way possible a law disfranchising every senator of Canada, and saying that from the moment he is sworn as a senator he loses his right to vote. Judges are in that position, and we, each of us, ought to be, I think, as nearly as possible in a like position. I really think in all honesty it would be better to have it understood, whether it is law or not law, that senators from the moment they enter this House should have no more to do with party politics, or party election contests for the House of Commons. The House of Commons has always been peculiarly jealous of interference in its elections, and I think it would be all the better that we should be equally jealous of our superior position, and hold ourselves above mingling in political party contests once we come into this House, where we do not have any more elections of our own. An election contest is, of course, of the very life

of a member of the House of Commons. By that means he wins his seat and is sent to that House. It is exactly the reverse here, and intended to be the reverse.

This brings me to a consideration of the speech to which I referred at the outset, the speech of my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton). He opens with a consideration of the law, and further on he makes the remarks that I alluded to with regard to Senator Raymond. I cannot refrain, because I concur in them so thoroughly, from reading, in a word or two, what he said in that respect:

> As to Senator Raymond I have not found anything in the evidence which reflects upon him or his honour. I do not understand this report to reflect upon him or his honour.

Then he goes on to a further discussion, and winds up, as to Senator Raymond, by saying:

> I take it that he is not in any way dishonoured or disgraced by anything contained in the report.

If we agree in that, if all of us are of that opinion, or even a small majority of us, it is due to that senator that we should say so in plain, unmistakable words.

Now, in regard to the legal aspects of the matter, the senator from Hamilton opened by the statement that the House of Commons expelled its members with considerable freedom and for a multitude of causes. Nobody will dispute that. It has always been so, ever since there was a House of Commons, and necessarily so, because from the earliest institution of Parliament in England, at least from the earliest beginnings of a House of Commons as apart from the House of Lords in England, the House of Commons has invariably asserted its own exclusive right to control its own elections, to superintend them, and to visé the returns. The returning officer at every election for the House of Commons is an officer of that House. He makes his return to the writ of election, and the House of Commons asserts, and sometimes exercises —sometimes necessarily exercises—the right even to change that return. There may be a double return; there may be an equivocal return; there may be a special return. The House of Commons has always maintained and asserted its right to exclude a man who would appear to have been the chosen representative, where it did not concur in the regularity of his election. Until sixty years ago the House of Commons, both in England and in Canada, always tried controverted elections by its own committee. It seated, perhaps, the minority candidate, or at any rate, if it concurred in the report of its committee, whichever person was found by the committee to be the lawfully or properly elected candidate. Of later years Parliament has delegated to the judges and the courts the duty of trying contested elections for the House of Commons, but except to the extent to which Parliament has delegated to the courts that right or duty, the House of Commons still maintains it, and in any case not covered by the statute respecting the trial of controverted elections the House of Commons still has its original absolute jurisdiction to determine the regularity of the election of its members.

Contrast that with the position of this Senate. We have no such right, no such power. Something or other kept Senator McDougald, when he was appointed, from receiving the commission issued by His Majesty, and that circumstance prevented his presenting it or being sworn in till dissolution came. But this Senate did not do it, and this Senate would not have had the least imaginable power to lift a finger to prevent any man summoned by the Crown from presenting his writ of summons and asking to be sworn in. And just that inherent difference between the positions of the House of Commons and the Senate lies at the basis of my complete difference of opinion with the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) as to what the law is in regard to excluding members of this body once they have been summoned and have taken their seats.

The honourable gentleman from Hamilton discussed at considerable length the circumstances under which, not the House of Lords in England, but the House of Commons in England in the past had frequently expelled members; and because among those instances he found the case of someone who had been expelled for conduct unbecoming a soldier and a gentleman, I think the phrase was—unbecoming, at any rate—he argued that the same right would apply in the present case, and that this House—I suppose by its own vote alone—would have the legal power now to expel or exclude a member, or declare vacant the places of both the honourable senators from Wellington (Hon. Mr. McDougald) and from Lanark (Hon. Mr. Haydon).

With that opinion, as a matter of law, I respectfully but most strongly differ. I think this Senate has no such right, and that if it attempted to exercise it, such attempt would be utterly nugatory as a matter of law.

Everybody knows that this House of Parliament, and too, the House of Commons, owe their very existence to the British statute called the British North America Act. Before 1867 there was no such Parliament. This present Parliament of Canada was brought into being by, and owes its powers, its vitality and its right to legislate to, this statute and nothing else; and because this was a new Parliament being created by this Act of the British Parliament it was necessary that the statute itself should define with full particularity what this Parliament of Canada should consist of, and what each House of this Parliament should be. I call attention to one or two sections as I pass.

First, I take the liberty of referring to section 17, for just a word. Section 17 declares:

> There shall be one Parliament for Canada, consisting of the Queen, an Upper House, styled the Senate, and the House of Commons.

I read that clause because of the use and the prominent position in the sentence of the word "Upper." Comparisons are always odious, it is said, and "Upper" is comparative. But there it is on the face of the statute, and it means, I venture to think, exactly what it says and what the word implies. This House is called the Senate. It might just as well have been called the Assembly or any other name. This House was to be the Upper House, the House Superior. And why? Because of the manner of the selection of its members. Its members are picked men—or picked men and women, I should say, since we now have representation of the other sex.

Some Hon. SENATORS: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: This was intended to be just what the statute says —the Upper House of Parliament. The Queen —the King—the Crown—is the superior of us all, but as between the Senate and the House of Commons there is no question of which is the one—not of higher authority; the authority is equal—but of higher place, in the statute at least, and supposed to be, possibly, of higher dignity and honour.

We come next to the constitution of the Senate. I will not delay to go over the qualifications of members, and other details, but in passing will simply point out that each is called by writ of summons from the Crown, and that his right to sit in this House is the gift of the Crown itself.

Then we have the all-important section 29, which declares in a few words, and the plainest possible English, that "subject to the provisions of this Act" a senator shall hold his place in the Senate for life. Again I say that means exactly what it says, and what it says is that, save in the manner and for the reasons stated in that Act, no authority anywhere in the world has any right to say that the place of a senator is vacated or lost to the individual who has been summoned.

We often speak of the tenure of office of our judges, and lawyers will all remember the old Latin phrase in which their commissions were couched: "Quamdiu se bene gesserit," or, to put it in plain English, as long as he behaves himself. Now we have it put into an Act of Parliament. Section 99 of this same statute provides:

> The judges of the Superior Courts shall hold office—

not for life, but—

> —during good behaviour, but shall be removable by the Governor General on Address of the Senate and House of Commons.

There is a section which provides that the tenure of office is always only during good behaviour, but notwithstanding that, the clause of the Act provides a means of removal for a judge. Is there any such means even suggested in regard to a senator? No, because it was not intended that a senator should ever be removable except for the causes mentioned in the Act. And let me point out in that connection just one other thing, by contrast, in the wordings of clauses. Section 11 of this same statute provides:

> There shall be a Council to aid and advise in the Government of Canada, to be styled the Queen's Privy Council for Canada; and the persons who are to be members of that Council shall be from time to time chosen and summoned by the Governor General—

precisely as senators are—

> —and sworn in as Privy Councillors, and members thereof may be from time to time removed by the Governor General.

The same authority which summoned them has conferred upon him by the Act of Parliament, in so many words, the power, the right, to remove a Privy Councillor from time to time. With that express provision in the Act of Parliament, in section 11, is it not beyond doubt, when we come to section 29 and find no such provision in any shape or form, that senators were never intended to be removable; that the draftsman of that statute, and the Parliament that enacted it, knew what they were about, and intended to provide, and did provide in the clearest possible language, that a senator once appointed should hold his place for life, subject, and subject only, to the provisions of this Act?

In the circumstances specified in the section which immediately follows the section I have been discussing, senators may lose

their place. This Senate, on finding the fact to be within the language of that section, has a perfect right to declare the fact. Suppose some member of this House has failed to attend for two years. Somebody must find whether or no that is a fact, and our general rules provide how it is to be done. The matter is referred to a committee; the Journals of the House are examined; evidence, if necessary, will be taken; and the committee will report to the House what the fact is, whether or no that member has failed to attend for two years. Upon the Senate receiving the report of that committee and accepting it, confirming it, or concurring in it, that member's place in the Senate becomes vacant; not by reason of any action of this House; for this House does nothing but find out and report what the facts are, and thereupon the statute itself works by its own operation the making of the vacancy.

In that connection it is a duty on my part, I think, to call the attention of everyone who hears me to the distinct statement of the law which has been made by this House itself. The honourable chairman of the committee, in moving the adoption of this report, read the resolution of the House on the subject. I am unable to find it as readily as I thought I could, but it is stated in the Journals of the Senate as of the 1st day of August last year. On that date, only nine months ago, this Senate unanimously—if there is any virtue in the word "unanimously"—passed a resolution which recites:

> Whereas the constitution does not permit of effective penalties being applied to the senators implicated—

—that is, these three senators—

> —should they fail to justify themselves, as under the B.N.A. Act a member of the Senate may be disqualified from sitting in Parliament only upon one of the following grounds:—
> (a) lack of property qualifications;
> (b) failure to reside in the Province which he represents;
> (c) bankruptcy;
> (d) conviction of treason, felony or any infamous crime.

This Senate having considered this identical matter a few months ago, and having unanimously stated that in its opinion the Constitution provided for disqualification or exclusion of a senator only under the circumstances of the statutory grounds mentioned, how can my honourable friend from Hamilton, or any honourable member of this House, rise today and ask the Senate to stultify itself by declaring that it has some other or additional power? I think the law is too plain for any cavil or question.

Hon. Sir ALLEN AYLESWORTH.

But my honourable friend from Hamilton places his reliance upon the provisions of section 18 of the British North America Act. That section, therefore, requires most careful consideration. Every senator holds his place subject to the provisions of section 18, just as much as to the provisions of any other section of the statute. Let us see what that section says. The honourable gentleman from Hamilton appears to have read it as though it said the Senate of Canada has all the powers with regard to expelling members that the House of Commons in England possessed in 1867. That was his whole argument, and that is exactly where I differ from him toto cælo. This section 18 does not confer upon the Senate any such power, and indeed it does not confer upon the Senate any power at all, except to assist in legislation. The section says, as it was originally drawn in the Act of 1867:

> The privileges, immunities, and powers to be held, enjoyed and exercised by the Senate and by the House of Commons and by the Members thereof respectively shall be—

What? Not "shall be such as the House of Commons in England enjoys and exercises," but shall be:

> —such as are from time to time defined by Act of the Parliament of Canada.

In other words, our privileges, immunities and powers shall be such as Canadian legislation from time to time enacts. No Canadian legislation has ever enacted, or intended to enact, any such law as that this Senate has power to expel a member. I cannot understand the argument of the honourable gentleman, or how he came to make it, unless it was that he had not read the clause closely enough. The section distinctly states that our powers, like those of the House of Commons, shall be such as are conferred—defined is the word used, but I do not distinguish between the two words—such as are defined by Act of the Parliament of Canada.

The section goes on to refer to the privileges and powers of the House of Commons in England, not by way of conferring upon this House or upon the Canadian Parliament all such powers, but as limiting the extent to which the Canadian Parliament has power to legislate on the subject. Our powers—

> shall be such as are from time to time defined by Act of the Parliament of Canada, but so that the same shall never exceed those—

of the House of Commons in England. I leave out words that are not material to the point. There is no conferring upon this House of the powers possessed by the House of Commons of England. Indeed, section 18 does not

confer upon this House any powers at all, but is merely a statement that our powers shall be such as the Parliament of Canada, by legislation, may confer upon us, provided that the legislation never goes beyond the powers which the House of Commons in England possesses. That clause in the statute of 1867 was repealed in 1875, upon an occasion that I need not stop now to discuss, but may refer to in a word or two. One of our Acts of Parliament, passed, I think, in 1873, was disallowed by the Queen under the provision of the British North America Act which gives the right of disallowance to the authorities at home. And of course that created considerable discussion between the Government of Canada and the Government of Great Britain, and, as a result, in 1875 that clause of the British North America Act which I have just read was repealed, and a slightly different clause substituted, which is now our governing law. The substituted clause provides:

The privileges, immunities, and powers to be held, enjoyed and exercised by the Senate and by the House of Commons, and by the members thereof respectively, shall be such as are from time to time defined by Act of the Parliament of Canada, but so that any Act of the Parliament of Canada defining such privileges, immunities and powers, shall not confer any privileges, immunities or powers exceeding those at the passing of such Act, held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland, and by the members thereof.

That gives this Parliament of Canada at the present time power to confer by legislation, if it so pleases, upon this Senate privileges, immunities and powers, so long as those privileges, immunities and powers do not exceed those presently possessed by the House of Commons in England. But until the Parliament of Canada does by legislation confer—impose, I should rather say—upon this House, power to exclude a senator or to declare vacant the place of a senator, this House possesses no such power whatever.

I am tired and I do not need, I think, to go on much further. There is but a little more that I desire to say. The power to legislate, under section 18 of the British North America Act, with regard to immunities and privileges of the House of Commons and of the Senate of Canada, was promptly exercised at the very first session of the first Parliament of this Dominion, in 1868, by the passing of an Act entitled, I think, an Act respecting the Senate and the House of Commons. This statute has remained in force upon our Statute Book from that day to this, in precisely the same words, but we commonly refer to it now as the Independence of Parliament Act. The fourth section of that Act, which is chapter 147 of the Revised Statutes of Canada, 1927, provides:

The Senate and the House of Commons respectively, and the members thereof respectively, shall hold, enjoy and exercise,

(a) such and the like privileges, immunities and powers as, at the time of the passing of the British North America Act 1867, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof,—

It does not stop there. It goes on with words of the utmost significance:

—so far as the same are consistent with and not repugnant to the said Act.

The B. N. A. Act. That language appeared in the original statute of 1868; it has been continued from that day to this; it is now the law of the land. That is the only Canadian legislation there is conferring upon this Senate any powers additional to those specifically given by the original B.N.A. Act, and that section in express language declares that such powers shall not be inconsistent with or repugnant to the B.N.A. Act itself. Any attempt—in exercise of the powers—to exclude a senator or declare his place vacant for causes other than those mentioned in the provisions of the B.N.A. Act, would be in the most distinct way inconsistent with and repugnant to the provisions of that statute; would therefore be equally repugnant to and inconsistent with the provisions of our Canadian Act; and would, I maintain, be utterly illegal and utterly nugatory.

The honourable gentleman from Hamilton told us that the Senate was the highest court in the land; that it was a court without any appeal; that no court would think of controlling our action by mandamus or by endeavouring to enjoin us from acting. I agree with him that no court would think of attempting to restrain us from taking action, even though that action were in the opinion of the court illegal; that no court would think of issuing to this Senate a mandamus or any other order directing us to do this or that or any particular thing. Such matters are matters for our judgment and discretion.

But any court in the country is bound, if the question is properly brought before it, to inquire into and to adjudge whether or no we have acted within our power, whether or no we had legal authority for whatever we did; and if we did assume to exclude a member from this House, and did it illegally, I think—whatever my humble opinion is worth—that means could readily be found to inquire by the courts and in the courts with regard to our legal authority to do what we had done. It is wholly and entirely a legal question, in that regard, whether we have the power to do what perhaps the majority of

this House might wish to do. There is a great deal more to be said on that subject. I do not consider that the little I have said to-night begins to be properly or justly a dealing with such a large question.

I will say only this one thing more, that if we were given by the Parliament of Canada, by legislation passed by both Houses and assented to by the Crown, power to exclude—necessarily at the will of the majority of this House for the time being—any member who for any cause was obnoxious to that majority, it would be a fatal blow against the independence of this House.

Some Hon. SENATORS: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: I do not think each member of this House sits by sufferance of the majority. I do not want a seat in this House subject to the will of the majority; it would not be worth the holding if the majority for the time being could, at its pleasure, exercise the power to say, "That man is no longer going to retain his place here."

Hon. H. W. LAIRD: Honourable gentlemen, I am sure we have all listened with very great interest to the constitutional argument of the honourable gentleman, who is so eminently qualified to speak from the legal standpoint. I think, however, that at this stage of the debate he could have saved at least two hours of the time of this House if he had addressed himself to the subject before the House instead of engaging in a legal discussion on something that is not before it at all. I would remind him that the subject before this House just now is the adoption of this report, and the motion for its adoption contains no word, no reference whatsoever, on the subject to which my honourable friend has addressed himself for the last two hours. At a later stage of the developments in this case, it may become necessary to discuss the constitutional phase, and then I suppose we shall be subjected to a repetition of all this legal argument to which we have listened to-night.

The history of Canada when written fifty or one hundred years hence will not be confined to a recital of the desperate efforts of a Government to cope with the distressing times through which we are passing; nor will it be content with a discussion of what was accomplished by an Imperial Economic Conference, which we all hope will have an important bearing on the future of Canada in its relationship to other parts of the Empire. An important chapter will undoubtedly be devoted to the action of this Chamber in dealing with the water-power

privileges on the St. Lawrence river, and in particular to the stand taken by the Senate of Canada regarding certain members thereof who sought to obtain privileges for the electric harnessing of this great Canadian waterway to the sea. I propose for a few minutes to anticipate the historian and deal with some features of this question which may or may not be touched upon by other speakers.

For hundreds of years this great waterway has been flowing to the sea, extending thousands of miles from the heart of the continent through the great freshwater reservoirs of lakes, through connecting rivers of great expanse, over cataracts and rapids, the latent powers of which were unknown to man until in recent years scientists and engineers developed a method by which the rushing waters could be controlled and turned to good account for the benefit of mankind.

For over a century the advantage of this great waterway was confined to its facilities for navigation and the transporting of commerce to and from the interior of the continent. It has served a great purpose in this regard by affording competition in carrying charges, and was probably the most effective means of reducing the prices of commodities by reason of the lower charges for haulage which water competition invariably affords.

The electric energy which comprises perhaps its greatest asset is a development of quite recent date. The modern conveniences and the reduction in the cost of living, by reason of the development of electricity for power and domestic purposes, are innovations within the memory of most of those in this Chamber. At the outset of electric development the loss in transmission for distances was a great factor to be contended against, but during the process of years this difficulty has been overcome by scientific and engineering minds, until now electric power can be transmitted hundreds of miles without appreciable loss. The demand for power has, as a consequence, enormously increased from year to year, and this has led to corresponding competition among great corporations formed for the purpose of producing and transmitting electric energy in various parts of the country. Hydro-electric concerns of great magnitude, and involving the expenditure of untold millions of dollars, have therefore come into being for the purpose of meeting the ever increasing demand.

As a logical sequence, this movement has developed into keen competition for available power sites within reach of the large centres of population and industrial activity. The smaller and less expensive developments were

first sought after and utilized, and then it became necessary to undertake the harnessing of the larger projects, which involved great expenditures of capital, the resources of the best engineering minds of the country, and long periods of time, in order to put them into effective operation. One of the greatest sources of power on the North American continent—in fact in the whole world—is the St. Lawrence river, and it was not to be expected that the stupendous reservoirs of electric power in this great seaway would long remain without being tapped by the ingenuity of man. It was simply a matter of time, the application of engineering brains, and the provision of sufficient capital in order to bring this great source of electric power into being.

Many years ago—or, to be exact, in the year 1902—a man of vision in the Province of Quebec, by the name of Robert, saw the possibilities in the St. Lawrence river and applied for rights to divert water for this purpose. He did not get much further than his application, for reasons which it is not necessary to state.

In the year 1927, however, the market for electric power had developed enormously and attracted the attention of a very competent engineer by the name of Sweezey, who possessed the necessary vision to appreciate properly the enormous latent powers of the St. Lawrence river, located as they were in the heart of the industrial part of this great and growing Dominion of Canada. He bought out the Robert interests in that year, and at the same time acquired the charter of the Beauharnois Light, Heat and Power Corporation. This was the birth and inception of a company which has now become a household word in Canada from Halifax to Vancouver, and it is doubtful if there is any subject which is of more frequent current comment than this company and the history of its operations. Sweezey, besides being a competent engineer and a very aggressive personality, was a man of wide vision, and saw into the future far enough to justify him in getting control of this company and endeavouring to carry out the purposes for which it was formed to their logical conclusion. It was a seventy-five million dollar proposition, but this did not faze Sweezey nor hold him back from his ultimate purpose. He realized that he would have to deal with Provincial Governments in getting power privileges, because the provinces are in control of power under our system. He realized he would have to approach the Federal Government, because in Dominion authority are vested all rights of navigation on navigable streams and navigable rivers, and he knew he could not undertake the construction of any works on a navigable river without getting Dominion authority. He realized that in view of the enormous capital expenditures he would have to interest capital and capitalists who controlled the monetary resources, and he knew he had to have other brains than his own in order to carry the great enterprise to a successful conclusion. He had no doubts in his own mind that, having been carried out to completion, it would prove an enormously profitable enterprise, repay him handsomely for his efforts and at the same time develop the industrial resources of the country and be a general advantage to the people of Canada.

The working out of all these great plans comprises the story of Beauharnois and is the basis for all the charges and countercharges which have been made in connection therewith in recent years, the investigations of special committees of Parliament, the heated discussions in and out of legislative bodies and the raising of bitter political animosities which will continue for years to come.

This debate has been proceeding for almost a week, and I think it would be well for us now, as we have almost reached its conclusion, to make a general review of the discussion so far, and see where we stand.

The case presented on this side is very simple. The report of the committee speaks for itself, and the chairman has exhaustively reviewed the evidence, and the House has been asked to adopt the report. Against this adoption various arguments are advanced: first, that the report is a partisan report gratuitously introduced for the purpose of injuring the honourable gentlemen affected by it; second, that the report is not justified by the evidence; third, that even if the charges were true, all political parties in Canada have been accustomed to receive political funds, and if the practice is a wrong one all parties are equally guilty; and, fourth, therefore the report should not be adopted, and Messrs. McDougald and Haydon should be absolved from blame in the matter.

An Hon. SENATOR: What about Raymond?

Hon. Mr. LAIRD: Now, let us consider the first clause of the defence—that the report is a partisan report. That has been a very favourite claim of honourable members of this House since this discussion started. I think we may profitably spend a few minutes and see to what extent their claim is correct.

What is the history of this discussion? What is the history of this whole Beauharnois affair which has led to this discussion to-night? It originated in a speech of an independent member of the House of Commons in the session of 1931. That gentleman was not a member of the Conservative Party; he was leader of the Progressive Party, and had no sympathy with us, as shown by his votes or support. In view of the charges which he made at that time, the special committee of the House of Commons was inevitable, and the committee was appointed in due course upon the demand of members of the House of Commons.

The report of that House of Commons committee, referring to Messrs. McDougald and Haydon, concluded that those gentlemen could not be too strongly condemned. In the first place, let us bear in mind that that committee, which was comprised of Liberals, Conservatives and Progressives, made a unanimous report. I understand that statement has been questioned. Well, fortunately, we have the whole matter in black and white in the records of this House and of the House of Commons. I refer to the Minutes of the Senate, No. 49, of 1931, at page 313. The report says:

It was unanimously agreed that the following be presented to the House of Commons as a fourth report.

The report was unanimously agreed to by the committee.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LAIRD: We have heard it claimed, not once, but a dozen times during the discussion, that this was not a unanimous report of the House of Commons committee, but the official records as quoted speak for themselves. It may be true that a few days later, when the ill effects of agreeing to the report became apparent to some of the members on the opposition side of the House of Commons, one member at least repudiated the statement that the report was a unanimous one. But the official documents of both Houses and the records of the committee show beyond question that it was a unanimous report that was presented to the House of Commons.

We have heard all through this discussion, and we have heard it to-night from no less a gentleman than the honourable member from North York (Hon. Sir Allen Aylesworth), that this was a partisan committee; that it was conceived in partisanship and that the report was drafted in partisanship by the chairman. But what do we find on page 339 of the unanimous report submitted by the members of the Commons committee? We find that a unanimous vote of thanks was tendered by the other members to the Hon. Mr. Gordon for the manner in which he had discharged his duties as chairman of that committee.

Right Hon. Mr. MEIGHEN: Hear, hear.

Right Hon. Mr. GRAHAM: There may not have been many present.

Hon. Mr. LAIRD: They were all there. Surely my right honourable friend does not deny that this vote of thanks was tendered. Surely he will not go so far.

Right Hon. Mr. GRAHAM: Oh, no, not so far. I think our committee would have tendered a similar vote.

Hon. Mr. LAIRD: We are talking about the report of the House of Commons committee. That cannot be laughed off, because it is here under the signature of the secretary of the committee. So, when we hear idle talk about the partisan manner in which this investigation was handled in the House of Commons, all we have to do to show the futility of such statements is to produce the unanimous report of that committee and the unanimous resolution of thanks to the chairman for the manner in which he had carried on his duties as chairman of that committee.

Right Hon. Mr. MEIGHEN: They are all right except for the record. That is where they are weak.

Right Hon. Mr. GRAHAM: I know how records are made in committees.

Hon. Mr. LAIRD: I want to refer now to the opinion of a gentleman high in the councils of the Liberal Party in Canada. I allude to an extract from a speech of the leader of the Liberal Party, made at the time this report was adopted, which appears at page 287 of the Senate Hansard. Honourable gentlemen have heard this read before, and I do not think they like it very much, but I am going to read it again and run the risk of its offending their sensibilities. Here is what Mr. King said:

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 to-day 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.

Now, let us analyse this statement. Here is the best authority on the subject, the leader of the Liberal Party in Canada, speaking before the members of his own party in the House of Commons. He says:

Individual members of the Liberal Party may have done what they should not have done.

What is the implication? Surely it is that some members of the Liberal Party did what they should not have done. And who were the members to whom he was referring? Undoubtedly our senatorial colleagues, nobody else.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LAIRD: Then he goes further, and says that the whole party is not disgraced. The only implication to be taken from that is that part of the party was disgraced. Now then, what part of the Liberal Party was disgraced if it was not the Liberal senators who were mixed up in this investigation and had brought humiliation upon the Liberal Party?

Hon. Mr. BUREAU: It was Aird.

Hon. Mr. LAIRD: The party was "in the valley of humiliation." There is the best authority in Canada speaking. We do not have to ask individual members in the other House what their opinion is. There is the opinion of the leader of the Liberal Party, who says that the senators condemned in this report have done what they should not have done; and further, that they have disgraced the Liberal Party of Canada and forced it into the valley of humiliation. How do honourable gentlemen reconcile such a statement as that, coming from such an authority, with the statements made by them in this House? It seems incredible that they should take such an attitude when all the charges are practically admitted by the leader of the party. Yet these gentlemen have the hardihood to stand up and make excuses and dodge the issue—

Right Hon. Mr. MEIGHEN: And quote scripture.

Hon. Mr. LAIRD: —and quote scripture, and in other ways distort the evidence to try to show that the senators reported against are as pure as the driven snow.

Now we will go a step further. When this report of the House of Commons committee was received in this Chamber last session, it became necessary for this House to take cognizance of it, and a special committee, consisting of two or three members from the other side of the House and two or three from this side, was appointed to make a recommendation to this House as to what should be done with the House of Commons report. It was too late in the session then to take up the matter and deal with it. My right honourable friend from Eganville (Right Hon. Mr. Graham) was a member of that committee.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LAIRD: I have no doubt that he is the man who penned the report. If he did not, at least he was consulted about it. The members of the committee from the other side of the House were the honourable leader (Hon. Mr. Dandurand), the honourable member for De Salaberry (Hon. Mr. Béique), and the right honourable senator from Eganville (Right Hon. Mr. Graham). The report of that committee, which was unanimous, was placed before this House and was unanimously adopted, and I invite the attention of honourable members to clause 1 of that report, which says:

A special committee of the Senate should be appointed within the first week of the next session of Parliament to deal with the conduct and actions of the senators above referred to, as set out in the said report.

This was the unanimous expression of opinion of that committee. Some disposition had to be made of the report sent to the Senate, and this was a unanimous recommendation that the matter should be taken up by this House during the first week of this session, and that a committee should be appointed to deal with it. One would think, after action of that kind, which was taken publicly and made a matter of record, that our honourable friends who participated in the making of such a report could not have the hardihood to come here this session and talk about a partisan committee, and persecution, and cast all kinds of aspersions upon the committee after its appointment. Can honourable gentlemen not see that their whole course is a subterfuge from start to finish? The action of this House was decided upon unanimously, the honourable gentlemen themselves participating. So the manner in which the question was dealt with up to the time of the appointment of the committee cannot be criticized.

We have heard, not once, but fifty times, such terms as "the prosecution," "the condemned," "the sheriff," and "the executioner," in regard to the treatment extended by this House, and by the committee appointed to deal with the matter, to Senator McDougald and Senator Haydon. But I shall show that not only was the committee appointed unanimously by this House, but it was appointed at the request and on the demand of Senator McDougald. I invite your attention to the report of the Senate Debates of July 16, 1931, page 435, where you will find that Senator McDougald, standing in his place in this House, made this statement:

Now, honourable members of the Senate, in concluding that statement my attorney said there was another place where I could be examined if my colleagues saw fit. I earnestly

ask that a special committee of the Senate be appointed at once to investigate my interest in, and my connection with, the Beauharnois Power Company, and I assure the Senate that I will facilitate in every way the bringing before the committee of any material it may require, to substantiate anything I have said.

And later:

I ask that honourable members of the Senate give my petition consideration.

And again:

I have no apologies to make, and I should welcome an investigation by honourable members of the Senate.

In view of the position taken by the senators concerned, why all this talk of partisanship, all this talk of executioners and of being condemned and found guilty before trial? Can you not see that it is nothing but talk—that there is absolutely no foundation for it in fact? The appointment of this committee, and the action of the committee after its appointment, followed the only course that could have been taken. The committee's report is now before us for adoption or rejection.

Let us devote a moment or two to a consideration of the position taken by honourable members in discussing this report. If honourable gentlemen have grievances it is interesting to know whether they agree on all points. I will take first the case of the honourable member from De Salaberry (Hon. Mr. Béique), who spoke first. I notice that to the defence of Senator McDougald, who, judging from the amount of attention that has been paid to him in the discussion, seems to be the chief culprit, the honourable gentleman from De Salaberry (Hon. Mr. Béique) devotes, at the very outside, five lines; less than thirty words. At the same time he devotes half a column to the defence of Senator Raymond, who needs no defence at all, and who has been exonerated by the committee report. What is the natural conclusion to be drawn from that? Here is the honourable gentleman from De Salaberry, whom my honourable friend the Leader of the Opposition (Hon. Mr. Dandurand) extols as a man of great power and great legal acumen—and I admit his great capacity, and respect his years, and I am sorry that he is absent to-night, because of illness, I presume—here is this honourable gentleman failing to express his views to the House in his usual way. As I say, he devotes five lines to the defence of Senator McDougald, the man most interested, and half a column to Senator Raymond, against whom there is nothing whatsoever in the report. The logical conclusion is that the honourable gentleman (Hon. Mr. Béique) is not very enthusiastic about the defence of Senator McDougald; if he were, his remarks would surely occupy two or three pages. Instead of that, he simply says, "I don't believe he is guilty."

Then we have the honourable gentleman from Westmorland (Hon. Mr. Copp), who openly admits that Senator McDougald's statement is not correct. If honourable gentlemen turn to page 305 of the Debates, they will see just what he did say regarding Senator McDougald. I quote his words:

It might be said that this statement (of Senator McDougald) was not absolutely correct, because, as I am prepared to admit, it appears from the evidence that he did become interested in Beauharnois on the 18th of May, 1928. But, assuming that there was an error, or whatever you like to call it, is that sufficient ground upon which to say that he deceived the House?

What is the implication in the remarks of the honourable senator from Westmorland? In the first place he says that Senator McDougald's statement was not correct. If it was not correct, it was incorrect; in other words, it was untrue. The honourable gentleman from Westmorland puts it mildly. Senator McDougald was under oath, and when the honourable gentleman opposite says the statement of Senator McDougald was not correct, he means that he was not telling the truth. Then he goes on with the reasons. He says, "I am prepared to admit that there was an error." Well, when men make errors under oath and do not correct them when they have an opportunity to do so, their statements must be taken as sworn evidence and must be dealt with accordingly. Apparently the confidence of the honourable gentleman from Westmorland (Hon. Mr. Copp) in Senator McDougald's statement wobbled a little bit.

A little further on we find what he said with reference to Senator Haydon, and he was just a little wobbly in that case too, for he said:

It was natural that Mr. Sweezey should be desirous of obtaining the legal services at as reasonably low a figure as possible, but finally the figure of $50,000 was agreed upon, with additional annual payments of $15,000 for three years. The right honourable leader says that the retainer was paid for no other purpose than for services in assisting to get Order in Council No. 422 passed. Well, Mr. Sweezey may have retained this firm for the purpose of getting some assistance in that connection.

So this honourable gentleman was of the opinion that it was quite possible—in fact he says it was probable—that Senator Haydon was retained for the purpose as charged in the report.

Then we come to my right honourable friend from Eganville (Right Hon. Mr. Graham), and as one embryo lawyer to another, I want to extend to him congratula-

tions upon the very capable statement he made on behalf of his friend. It was a most exhaustive defence, and, I think, the only real attempt on the part of anybody on the other side of the House to analyse the evidence in this case. But after hearing him, and after reading his address, I notice one thing about his whole argument, namely, that although it was an able presentation, and we were all very much interested in it, from start to finish it was an argument based entirely on the evidence of the friends of the persons interested in this report. He did not follow the usual practice of a lawyer who argues a case before a jury or court of law, who takes the evidence on both sides of the case and asks the court or jury to draw conclusions from it. The address by the right honourable senator from Eganville was based entirely upon the statements of one side, the statements of those who are charged in this report, and of course he had no trouble whatever in building up an argument leading to certain conclusions. Anybody could do that. One does not need legal training to adopt a course of that kind. His method of presentation is the best evidence that he was a layman trying to do a lawyer's job, and failing in his effort. Nevertheless his summary of the evidence was the only serious attempt made on his side of the House to deal with the evidence in an exhaustive way.

The honourable gentleman from Moncton (Hon. Mr. Robinson) used the words "sheriff" and "executioner." He, too, wobbled a little; he was not quite sure of his ground. On page 320 of the Debates he is reported as saying:

> I say these honourable gentlemen have been persecuted. If they did commit a small error, if they did go a little way astray, they have been mightily well punished up to this time.

What is the implication in that? There are no ifs or ands or buts about it; the implication is that they did commit an error. The only difference between my honourable friend and myself is that he admits they went a little way and made a small error, whereas I submit that the distance they went and the errors they committed are sufficient to bring them within the four corners of this report.

The honourable gentleman from Leeds (Hon. Mr. Hardy) was more pronounced than anyone else in his language. He used the terms "persecution," "prosecuting attorney," "condemned and sentenced," "executioner appointed," and "condemned before they were heard." And he said, "When Senator Haydon says he did not take a retainer, I believe him." Well, that may satisfy him, but it is a poor basis on which to establish an argument to convince this House. Anybody could say that. Anybody could say of a man, no matter how guilty he was, "If So-and-so says he did not do such and such a thing, I believe him." If the honourable gentleman is content to base his vote on this question on an argument of that kind, he has only his own conscience to satisfy.

And now we come to the honourable gentleman from Saint John (Hon. Mr. Foster). He was a wobbler also. He said he did not require any assistance in making up his mind on how to vote, but if he did require any he would go for assistance and inspiration to the honourable senator from De Salaberry (Hon. Mr. Béique). Well, I have already endeavoured to show that the honourable senator from De Salaberry did not have any inspiration to spare. He was extremely doubtful about the case of Senator McDougald, for he devoted only five lines to his defence.

Hon. Mr. GILLIS: Four.

Hon. Mr. LAIRD: So if the honourable gentleman from Saint John is going to base his confidence and future action on the ipse dixit of the honourable gentleman from De Salaberry, I think he is relying upon a broken reed. He says, too, that the committee report is partisan from start to finish, but I notice that he does not go into any details to show a single, solitary respect in which it is partisan.

Then we heard the honourable gentleman from Lethbridge (Hon. Mr. Buchanan). His complaint was that no attempt had been made to bring in a unanimous report. Surely the honourable gentleman has not read the record. Surely he has not read the statement made by the chairman of the committee and by others, showing that the committee members representing the other side of this House were seven or eight days in possession of this report. They had all that time to consider it, and if they did not do so, certainly the other members of the committee cannot be blamed for their inaction. Then the honourable gentleman stated he had no regard for the report, because, he alleged, it came from a partisan committee. Well, anybody can make a statement of that kind. But if he really meant what he said, the logical thing would have been to disclose the foundation for his statement that the report was partisan. In the absence of any attempt to support his contention, the presumption must be that he could not do so. And he wobbled too, for at the end of his speech he made this statement, which shows the uncertainty in his mind:

I do feel, however, that in the interests of this House and of those senators something must be done by a non-partisan tribunal of some kind to clear up the whole question and to satisfy the people of Canada at large.

The first implication there is that something has not been cleared up. Then he goes further and says that the people of Canada should be more fully informed about the matter, which indicates that at the present time the people are not satisfied. But did he make any attempt to point out how in any way, shape or form this committee had been derelict in its duty in failing to inquire into the matters referred to them, or failing to bring out any information that was available? He did not. He contents himself with the general statement.

I now pass to defence number two, that the report is not justified by the evidence. I need not dwell upon that, because surely it was the duty of honourable members who so contended to show in what respect the report is not justified by the evidence; and the only serious attempt made in that connection was that of the right honourable senator from Eganville (Right Hon. Mr. Graham). I have already pointed out that his statement was based solely upon the evidence of the parties implicated, without regard to the damaging evidence against them.

Defence number three is that even if the charges were true, all political parties in Canada have been accustomed to receive party funds, and that if the practice is a wrong one all parties are equally guilty. But, I ask, what has this House to do with that question? Is that within the scope of the reference? By the reference I mean the duty assigned to the committee by this House when the committee was appointed. It reads as follows:

That a special committee of nine senators to be hereafter named, be appointed for the purpose of taking into consideration the report of a special committee of the House of Commons of the last session thereof to investigate the Beauharnois Power Project, in so far as said report relates to any honourable members of the Senate, said special committee to hear such further evidence on oath bearing on the subject-matter of such report in relation to any such honourable members of the Senate as it may deem desirable and in accordance with constitutional practice, and that the said committee be authorized to send for persons, papers and records.

There has been a lot of talk about campaign funds. But what authority had this committee to go into the question of campaign funds? I submit it had none whatever, and if any question had been asked respecting party funds, it very properly would have been ruled out. I say it is ridiculous to raise that bugaboo on the floor of the House as a reason why the report should not be adopted.

The fourth and last defence is that, therefore, the report should not be adopted and that Senators McDougald and Haydon should be absolved from all blame.

I shall be interested to see how far the members of this House are prepared to go in refusing to adopt this report. Bear in mind that the House of Commons unanimously adopted its committee's report; no yeas and nays were recorded. Bear in mind also that the committee appointed by this House at the last session, and comprised of members from both sides of the House, recommended unanimously that a special committee be appointed this year. That special committee was appointed and made its report, which has been presented. It was not a unanimous report, but it must be borne in mind that no other report was submitted, notwithstanding the fact that members of the committee on the other side of this House were requested to submit a draft report. The chairman was the only member who submitted a draft report. It may fairly be asked why members representing the other side of this House did not choose to submit a report. There must be one of two reasons: either they were incapable of preparing a report—did not have industry enough to prepare one, or they were indifferent and thought it best not to present one. I will be charitable and say that they did not have the necessary industry, for I know that it required great industry on the part of the chairman to prepare his report, and that it represented some weeks of hard work.

I am interested to know on what grounds the honourable senators on the other side of the House will justify their action in refusing to support this motion for the adoption of the report. All through this discussion they seemed to have had the idea that the whole question is a matter confined to the four walls of this Chamber, that we are going to settle this matter within this House, and that no one else in the country is interested. Well, if that is their idea, they are grossly mistaken. I want to warn honourable gentlemen that the interest in this case, and in their vote on the motion to adopt this report, extends from Halifax on the Atlantic to Vancouver on the Pacific. There are ten million people in this country who have their eyes fixed upon the action of this Senate to-night.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAIRD: Ten million people will open their morning newspapers to-morrow to ascertain what course we have pursued with regard to the motion for the adoption of this report. Are honourable members going to vote against the report? If they do, what explanation will they be able to give? The report says that certain senators have been guilty of conduct unbecoming members of the Senate. Those who vote against concurrence in this report will say, in effect, that the conduct of the senators in question was becoming for senators, that the charges are not true, that all this investigation has developed nothing unusual or wrong, and proved a myth, and that the senators concerned are white as the driven snow. Now, I invite honourable members to go to any part of Canada, from Vancouver to Halifax, to any city or town in this vast distance, and ask the opinion of the man in the street with respect to this question. I also suggest that they consider public opinion as expressed in the newspapers of this country. Have they seen a single editorial in any newspaper defending these gentlemen and stating that the committee's report should not be adopted? I defy them to produce a solitary editorial of that kind.

Hon. Mr. GORDON: What about the Brockville Recorder?

Hon. Mr. LAIRD: I have not looked at the Brockville Recorder; but I have looked at the Lethbridge newspaper which is controlled and owned by our friend from Lethbridge (Hon. Mr. Buchanan). I find that the editorial columns of that newspaper are as dumb as the proverbial oyster, for not a single word, one way or another, has been said about this question.

Hon. Mr. TANNER: He is on the fence.

Hon. Mr. LAIRD: I say that the action in this House has attracted a great cloud of witnesses who are watching and waiting to see what disposition is made of this report and what action is taken by honourable gentlemen on the other side of the House. They want to know whether these gentlemen are going to make the cause of the senators their own. Up to the present time they have done so in this House; they practically stand together, regardless of consequences; they have in every way defended those charged, notwithstanding that their colleagues in the House of Commons denounced them, and notwithstanding that the leader of their party denounced them. I say to these honourable gentlemen, before they vote against this report, before they defeat it, they should bear in mind the public sentiment in this country, which is focussed upon them to-night, and if they have any hesitation in recognizing where their duty lies they should have regard to public sentiment and govern their action accordingly.

Hon. J. LEWIS: Honourable gentlemen, I shall not at this late stage of the debate attempt to analyse the evidence, which has been already done. I shall briefly consider the manner in which the case has been presented to us, and the spirit and temper in which it ought to be received, especially in view of the fervent appeals addressed to us to discard party prejudice and passion, and deal with the matter in a judicial spirit. There were some grounds for hope that that would be done. The Senate has been described as a quasi-judicial body, independent of the House of Commons, free from partisan spirit, and with a creditable record of revising the legislation of the House of Commons and correcting any errors which may have been made in the hurry and conflict of the popular Chamber. So, when the matter was referred to this honourable House, there were hopes of a calm, judicial inquiry, conducted in no partisan spirit, and with no motive except to elicit the truth. In this serene atmosphere, far from the madding crowd's ignoble strife, the case would be fairly heard, and conclusions arrived at which would commend themselves to the judgment of men of all parties. Especially was there confidence in the independence of the Senate, and its resolute refusal, more than once affirmed, to be a mere rubber stamp for the opinions of the House of Commons. True, the House of Commons report was transmitted to us, not with the idea that we should swallow it whole, but rather that we should apply to it that impartial judgment which we exercise in revising the legislation of the other House.

So we appointed our committee, and we awaited its judgment, hoping for a calm, judicial utterance in the true senatorial spirit. How far does this report satisfy that hope? I am not making any effort to read the minds of the members of the committee. The chairman tells us that he and his associates are free from partisan bias; that they are absolutely independent; that, so far from being vindictive, they suffer mental anguish in making a report adverse to the senators under accusation. They are like the father who, in wielding the rod, says, "This hurts me more than it hurts you."

Well, as I say, I am not trying to read their minds or measure the pain in their hearts. I confine myself entirely to the four corners of the report, and I say that if the majority did exercise their independent judgment, the draftsman of the report showed great modesty in concealing the fact. For this report con-

tains very little evidence of the exercise of independent judgment. It is in the main simply a rehash of portions of the House of Commons report, accompanied by a few words of assent. You remember Hamlet's words:

Thrift, thrift, Horatio! the funeral bak'd meats
Did coldly furnish forth the marriage table.

In this case the Commons baked meats do coldly furnish forth the Senate table. What is thrown at us is a meal of cold, broken victuals. The report may have cost its framers severe mental effort, but to outward appearance it might have been prepared with a pair of scissors and a pot of paste.

In saying this I am not belittling the capacity of the framers of the report, but merely commenting upon the management of the material which they had thought to be sufficient to lay before us. But of course that report is disappointing to those who expected an independent judgment.

Another point is that it is the judgment of a bare numerical majority of the committee, five out of nine. The judgment of five has no more moral weight than the judgment of four. We are told that this is not a party question, but a great moral cause; and a great moral cause cannot be decided by mere counting of heads. Then let us get away from mere arithmetic, and pay some attention to the personnel of the committee, how they stand as to independence and the judicial spirit and freedom from partisanship.

Will any one describe the senator for de Salaberry (Hon. Mr. Béique) as a violent partisan, contrasting with the senator for Pictou (Hon. Mr. Tanner) as an impartial judge? Will any one say that the senator for Eganville (Right Hon. Mr. Graham) bears in this House a reputation for partisan bitterness? Will any one say that the senator for Westmorland (Hon. Mr. Copp) or the senator for Moncton (Hon. Mr. Robinson) is inferior in judicial capacity or judicial spirit to any of the majority of five? Can it be said that party spirit is shown in accepting the view of the senator for de Salaberry and his associates, and pure judicial spirit in accepting the report of the senator for Pictou and his associates? Frankly I prefer the former, but at least I contend that the committee faced with this difference of opinion and disagreement ought not to have made findings at all, but simply reported that it had disagreed and was unable to come to any conclusion. As it has not done so, but has presented to us a report founded upon a mere counting of heads, upon the mere accident of a party majority of one, I shall vote to reject the report as not having the slightest value in helping us to form an independent judgment.

I pass on to the manner in which the report was presented to the House. Listening to exhortations to observe the judicial spirit, I tried to conceive of this Chamber as a court. The analogy is of course not exact, but I conceived of ourselves as the jurors, and the chairman of the committee as the judge delivering the charge to the jury. But when I heard his very able speech the analogy broke down. I have never heard of anything bearing less resemblance to an impartial summing-up of evidence for the jury.

I pass on to the chief presentation of the case made on the other side, the speech of the right honourable senator who represents the Government in this House (Right Hon. Mr. Meighen). No one will deny that it was an extremely able speech. But it was the speech not of a judge charging the jury, but of an advocate burning with zeal.

I quote the words of a correspondent for a paper friendly to the right honourable gentleman, the Toronto Mail and Empire:

> It was the Arthur Meighen of old, with all his fire and devastating arguments, who led the attack to-day against the two senators condemned by the special Senate committee investigating their relations with the Beauharnois power and navigation project.
>
> Now he was imploring. Now the corners of his mouth turned down in disdain. He loosed a barbed quip and again there was the livid shaft that only a Meighen can hurl. Yet ever there was the relentless piling up, point upon point, of as searing an indictment as Parliament has seen levelled against any of its members. It was a speech that subjected its hearers to no less an emotional strain than the physical and intellectual toll it took of the man who made it.

Is that a description of an impartial judge charging a jury—a judge loosing barbed quips and hurling livid shafts of lightning, a judge under an emotional strain, and arousing emotions in his hearers? What kind of emotions? Why, party emotions, of course. It was a speech, I do not say intended, but tending to whip up party spirit on his own side, and certainly not calculated to quench party spirit and foster judicial spirit on our side. There was strange inconsistency in his passionate appeals to us to be dispassionate. He brought his heaviest oratorical guns into action, and at the same time urged us to disarm. I was reminded of Japan, raining fire on Shanghai, and solemnly protesting that it was not making war, but just imposing a little wholesome discipline on the wicked Chinese.

Hon. Mr. GORDON: I thought you were going to say that he turned his guns on Humiliation Valley.

Hon. Mr. LEWIS: I do not quite see the point. The honourable gentleman will perhaps speak afterwards. Anyway, we have the fact that judgment was pronounced and execution ordered before a word of evidence was given.

The right honourable leader of the House resents the imputation that he is acting under instructions from the Prime Minister. However, I am not discussing his attitude, but our own; and I say that our reaction toward any attempt at dictation or interference from outside is one of resistance. We offer, on behalf of the Senate, a declaration of independence. We declare our independence of the Prime Minister. We declare our independence of the Government. We declare our independence of the House of Commons committee. We declare our independence of the House of Commons and all its parties.

Let me repeat my objections: (1) We have before us a report which in the main is not independent, but merely a copy of the report of the House of Commons committee. (2) A disagreement and a practical equality of expression in the committee. (3) A total absence of the judicial spirit in the presentation of the report to the House. (4) The fact that judgment was rendered and execution ordered by the Government before the matter was considered by us.

I shall therefore vote for the rejection of the report on the ground that the accused senators have not had a fair trial before an impartial tribunal. My conclusion also is that if, on account of party spirit, or the subordination of this Chamber to the Government or the House of Commons, we cannot try the case fairly, the best course would be to refer the case to a royal commission of judges. But my preference would be for an independent action by this House if possible.

If I am not wearying the House I should like to say a few words as to campaign funds. We are agreed that these are necessary and legitimate, but that they must not be obtained by contributions from persons or from corporations which have a direct pecuniary interest in legislation or administration. But apparently the implications of that are not fully realized. It means, for instance, that there must be no contributions from manufacturers receiving or hoping to receive favourable tariff treatment if they have a direct pecuniary interest in the result of the election.

I believe that the present practice is wrong, and believe that in order to raise legitimate campaign funds it ought not to be necessary to call upon possible beneficiaries of legislation or administration, or corporations which consider that they need some kind of protection against radical legislation, such as banks, or upon men of great wealth. At the same time I see difficulties in the way of reform. The ideal system is one of small contributions from large numbers of people. In the last general election there were cast some four million votes. A dollar from each elector would produce $4,000,000, enough for all the legitimate expenses of all the parties. But I am aware that this is a counsel of perfection. There is unfortunately a large body of electors who think they are conferring a benefit on the candidate and the party by going to the polls and marking a ballot, and who would be shocked by the proposal that they should pay even a dollar to advance the cause they prefer. I admit the difficulty, but until the electors are willing to do that, I agree with the honourable senator for Lethbridge (Hon. Mr. Buchanan) it is useless for them to deplore the fact that election funds are raised in the only way they can be raised under present conditions. I admit that the problem is a serious one, and I am glad it is being discussed.

I have not hitherto been an advocate of compulsory voting, but I am prepared to give more study to the question in view of the present opinion of the leader on this side of the House that it would tend to remedy the evil; an opinion expressed also by the leader of the Liberal party.

I will support any reasonable measure of reform, but I will not vote for a report which is equivalent to a complete surrender of the independence of the Senate, as well as an injustice to men who have not had a fair trial.

Hon. J. E. SINCLAIR: Honourable members, it is only because the leader of the House is anxious that the debate be concluded at this sitting that I speak now. Otherwise, under the usual procedure, I would ask to adjourn the debate until next sitting of the House. At this late hour I will not enter into details as I ordinarily would.

With my short experience in this House, and a longer experience in another place, I felt that it would not be right to cast a vote affecting the honour of senators, and particularly senators with whom I have had the closest personal acquaintance during the years that I have been in Parliament, without expressing myself on this matter.

The honourable gentleman who spoke last on the other side of the House (Hon. Mr. Laird) used a great part of his speech in

criticizing the preceding speeches of members on this side. He accused almost everyone on this side to whom he referred of wobbling. Now, I think that honourable members opposite who are supporting this majority report will find that in the accusation made against at least one member of this House, the honourable member from Wellington (Hon. W. L. McDougald), there is very little more than a charge of wobbling. In other words, they accuse him of not being frank in his statement in this House.

The honourable senator from Regina (Hon. Mr. Laird) and the honourable senator from Pictou (Hon. Mr. Tanner), chairman of the special committee, after directing the attention of honourable members on this side of the House to the special committee's report, in which the senators under review are supposedly found guilty, say to those in this Chamber who have been defending them, "Show us that they are not guilty and we will believe it." In doing this they have departed entirely from all principles of British justice. They first find the accused guilty and then ask us to prove their innocence. I think that is most unusual in a matter of this kind, which should be approached with delicacy and good judgment.

Now I want to say a word on the situation, as I see it, in relation to the honourable senator from Wellington (Hon. Mr. McDougald). The finding of the committee against him was that his actions were not consistent with his duties and standing as a senator. To prove that, they cite first his statement to this House of April, 1928, and try to imply, by innuendo, not by evidence, that that was not a correct statement. The evidence is to the contrary, and I say to the honourable gentleman from Regina (Hon. Mr. Laird) and the other honourable gentleman from Saskatchewan who spoke this afternoon (Hon. Mr. Gillis) that if they want to make use of the evidence they should quote that part of the evidence of the honourable senator from Wellington (Hon. Mr. McDougald) which bears them out. Further, they tried to attribute to him a wrong statement regarding his holdings in the Sterling Industrial Corporation. I will not deal with this from the legal standpoint, for I have no legal training. I can perhaps illustrate the relation of Senator McDougald with the Sterling Industrial Corporation and the Beauharnois Corporation by way of an analogy. Let us suppose that we, as farmers, want to extend our activities and buy more land. We know where there is a farm that is suitable for our purposes. We know that if we went to buy it ourselves the price would be unreasonable; so we send someone else to make an investigation and examine it. After examining it he comes back and reports that it is necessary to secure some means of getting to it; that we must have a right-of-way. So we take an option upon a right-of-way from another owner, and we hold that option. Meantime someone else comes along and buys the land. He wants a right-of-way, but finds that we have an option on it, and he concludes that it would be better for him to purchase our option than to try to get another right-of-way. Would it be right or proper to say that we, who took the option, were the owners of that land? I say, honourable gentlemen, that this committee is drawing a very fine line when it deals with Senator McDougald's interest in a company which, according to the right honourable the leader of the Government, had no tangible assets until it was taken into the Beauharnois Company, and had a value only because it had a prior application. The extreme steps that are sought to be taken would never be sanctioned by any judicial body on the ground of any proof brought forward by the committee in support of its finding in regard to the Sterling Industrial Corporation.

Let me go further. The law has been so ably dealt with by the honourable senator from North York (Hon. Mr. Aylesworth) that I need hardly mention this. It has been admitted by the chairman of the committe that the senators in question have done nothing that would be prevented by the law at the present time. I could quote the chairman's words in regard to that, but I will not do so. Anyone who wishes to see them can find them in his speech in support of the adoption of the report. I therefore state frankly and fearlessly that, as far as I am able to see—and I have read the evidence and followed it closely—there is no reason for the extreme action suggested by the report of the committee. To support such action you have to assume more than the evidence proves; and I think it is unfair that such action should be taken merely because of innuendo or inference, and without any clear proof by way of evidence in support of it.

Now a word as to Senator Haydon. Senator Haydon, according to the report of the committee, has been found to be guilty of conduct that is not consistent with his standing as a senator. There are two particular grounds for this finding. The first is that his firm took a large contingent retainer. I do not think it is necessary that I should go into that. I am sure there is no evidence that

any undue influence was exercised by the honourable senator from Lanark (Hon. Mr. Haydon) by reason of his firm receiving that retainer. In fact, honourable gentlemen, I say there has been no evidence submitted throughout this whole inquiry and discussion to show that political influence was exercised in any degree whatsoever. As was stated by the honourable senator from North York (Hon. Sir Allen Aylesworth), there was no opportunity for the exercise of political or undue influence except in regard to the giving of legal assent to the rights granted to Beauharnois by the Province of Quebec; and the Federal Government was not in a position to refuse if the requirements of navigation were fully safeguarded.

In referring to the relation of Senator Haydon with this transaction, the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) was unfair, I think, in saying that the whole trouble, as he saw it, was due to Senator Haydon's reference to Canada's High Commissioner in London; that he was content to leave other matters to be presented by other members of the House, and would pronounce his judgment against Senator Haydon for that alone. That, however, I think, explains everything. I am fully convinced that we should not have heard the ranting remarks of the honourable senator from Regina (Hon. Mr. Laird) and his accusation of partisanship prevailing on this side of the Chamber had it not been for his own partisan feelings in regard to the manner in which this report was being upheld by members on his own side of the House.

Reflections were made upon Senator Haydon by the committee because he received campaign funds. Campaign funds have been thoroughly discussed during this debate, and we have received some very interesting information in this regard. As the honourable senator from Kootenay East (Hon. Mr. King) has said, there is no disgrace attaching to campaign funds; and I say that no evidence was given to the committee that campaign funds were improperly given or improperly accepted. Counsel representing the honourable senator from Lanark (Hon. Mr. Haydon) before the committee endeavoured to inquire into the motive behind the giving of campaign funds, and I think it is fair to say, without going to the length of reading the evidence to you, that the honourable chairman of the committee ruled that counsel did not have the right to do so, and that the committee had no business to inquire into the motive behind the contribution. In spite of that ruling, the report of the committee imputes a motive for the acceptance of campaign funds. The committee found in reference to Senator Raymond that it was to secure his influence, thus insinuating that he kept some of that money for his own use. This is not fair to Senator Raymond. We listened to a very interesting account of campaign funds by the honourable senator from Vancouver (Hon. Mr. McRae)—

Right Hon. Mr. MEIGHEN: I do not think the honourable gentleman should make the statement that there is in the report any inference, however remote, that Senator Raymond kept a cent of the money. Nothing but a diseased imagination could prompt such a conclusion.

Hon. Mr. SINCLAIR: My right honourable friend may use the words "diseased imagination." I am not going to follow him in the use of such words as those. That is a matter between him and His Honour the Speaker.

The clause that I refer to is clause 5, which is quoted from the House of Commons report:

> 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—

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. SINCLAIR:

> —and it is remarkable that Senator Raymond did not insist on making some explanation of his position in this regard in view of the evidence.

That is the report of the House of Commons Committee, implying that the money was paid to secure the political influence of Senator Raymond.

Right Hon. Mr. MEIGHEN: Certainly; but not paid to him personally.

Hon. Mr. SINCLAIR: I am sorry, but I did not hear the interjection.

Right Hon. Mr. MEIGHEN: Of course it was paid to him, but there is no intimation that it was kept for his personal use.

Hon. Mr. SINCLAIR: How, then, are they going to secure his influence?

Right Hon. Mr. MEIGHEN: Because of his interest in the Liberal Party.

Hon. Mr. SINCLAIR: Then it might go through any other channel.

Right Hon. Mr. MEIGHEN: Another man might not have much influence with the Liberal Party. There is no reflection whatever on Senator Raymond with respect to the $200,000 —that is, as to keeping it for himself—and I do not think the honourable gentleman is fair in intimating that there is.

Hon. Mr. SINCLAIR: I quite realize that there is no reflection, but all the friends of the right honourable gentleman are taking the attitude that there is. I take the attitude that the three senators are in the same position—that there is no evidence to incriminate them under the law; and I think the right honourable gentleman almost agreed with that in the speech that he made not long ago.

I was referring to campaign funds, and to the information that we received on Friday last from the honourable senator from Vancouver (Hon. Mr. McRae), who rather gave himself a certificate of character. Perhaps that is not quite the right term. In any event, he certainly gave us to understand that his olfactory nerves were very highly developed in the matter of scenting out good funds and bad funds. When he was giving us that information I was wondering how he distinguished. He referred to the activities of, and the assistance that he received from, a man named Howard Smith. The same name came out in the committee, and it was said that he was a collector. He was going between the honourable gentleman, who was secretary, or treasurer, or organizer of the Conservative Party, and contributed—

Hon. Mr. McRAE: Will the honourable gentleman tell me where he finds that? The collector he refers to certainly was not the collector for the Conservative Party.

Hon. Mr. SINCLAIR: As I understood the statement, he came offering funds, went to see those who were furnishing the funds, and came back again with the offer of more funds.

Hon. Mr. McRAE: I said that he came and offered funds. I did not say he went back.

Hon. Mr. GORDON: He was not a collector; he was a distributor.

Hon. Mr. SINCLAIR: It is a very unusual organization that distributes funds before it reaches the treasury. I just want to say that the whole implication about the contribution of campaign funds, in regard to which the senators under review are charged, is that they were induced by those means to influence the party to which they belong—that their influence was secured by those who gave the money. My honourable friend referred to the head of the Howard Smith Paper Company. He should take the responsibility of saying that, apart from Beauharnois, no other funds were received by him from those people. He has not done that. He has been very careful in his references to the people who represent the paper companies. It is well known that in 1928—I mention this to show how necessary it is to go into the things my honourable friend brought out in his speech—the magazine publishers of Canada asked to be relieved of certain duties so that they might get their paper more cheaply. They were given a rebate of 80 per cent of the duty when the paper was used in magazines, and from that time on the magazine business flourished and the publishers were pleased. They were placed in a position to compete satisfactorily with similar publishers in the United States. My honourable friend has told us about the activities of the man who was going between him and someone who was eager to contribute funds to his party at the last election.

Hon. Mr. McRAE: I beg the honourable gentleman's pardon. He was not going between myself and anybody. If the honourable gentleman will confine his remarks to my statement, he will be correct.

Hon. Mr. SINCLAIR: In his statement he referred to the activities of Howard Smith in relation to himself.

Hon. Mr. McRAE: You mean the activities of Smith on behalf of the Beauharnois Company.

Hon. Mr. SINCLAIR: In approaching the honourable gentleman, who was the organizer of the Conservative Party.

Hon. Mr. McRAE: For Beauharnois.

Hon. Mr. SINCLAIR: My honourable friend should have been frank enough to say where he got the contributions.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. SINCLAIR: When you begin to inquire about contributions to campaign funds you will find it a matter of record that within about two months of the date when the honourable gentleman saw this other gentleman an Order was passed cancelling the rebate of 80 per cent of the duty, and putting that one firm in a position to supply the publishers of magazines in Canada with paper at an increased profit of 80 per cent. In view of that result, and of the activities of Howard Smith, I think it is only fair to say that this question of campaign contributions should be examined into a good deal further, as was requested in another place last year. I submit that the matter calls for a more searching investigation,

so that Canada may know exactly how far influence is being exerted by those collecting and offering campaign funds to the different parties. The influence that certain people get is really the feature of the campaign fund question that is to be deplored. We have heard of the result of influence with regard to the firm that the honourable gentleman from Vancouver (Hon. Mr. McRae) named as approaching him in the matter.

Hon. Mr. McRAE: Will the honourable member pardon me again? I mentioned no firm at all, but merely an individual. I suggest again that if the honourable gentleman will confine his remarks to my statement he will be correct.

Hon. Mr. SINCLAIR: My honourable friend wants to distinguish between the firm and the individual, but that is a pretty hard thing to do. A man who is president of a firm can hardly dissociate himself from his firm when he goes to make campaign contributions. If my honourable friend wants to make a distinction so fine, he may make it for himself.

Hon. Mr. McRAE: I can say this to my honourable friend, that the gentleman did not dissociate himself from Beauharnois. That is the only thing he represented.

Hon. Mr. SINCLAIR: I am not going to follow it up. I have stated the facts, that he was connected with a certain company and that certain benefits were received from the Government. The charges that we are dealing with here are all based on inference and not on evidence placed before the committee.

Hon. Mr. McRAE: I quite understand that that is the opinion on my honourable friend's side of the House, and that he has become contaminated by inferences.

Hon. Mr. SINCLAIR: Does my honourable friend deny the fact that the rebate on magazine paper coming into Canada was cancelled?

Hon. Mr. McRAE: I cannot say. My honourable friend must remember that I was out of politics for a considerable time.

Hon. Mr. MACDONELL: That has nothing to do with the case in point.

Hon. Mr. SINCLAIR: I think it has a great deal of reference to campaign funds. I should like to know from my honourable friend whether he is going to dissociate campaign funds from influence.

Hon. Mr. MACDONELL: You are taking a lot of time.

Hon. Mr. SINCLAIR: I am taking the time I want. Now, the hour is late, and I do not want to go into the matter much further. But I desire to say that my remarks with regard to Senators Haydon and McDougald apply equally to Senator Raymond. The committee had no right to bring in such a report as it did against these three senators. It is based largely on inference and innuendo. Honourable members on the other side, particularly the right honourable leader, have disregarded certain features of the evidence. I submit that in the interests of this country and of our parliamentary institutions it is unfair to go so far as this report asks us to go. The right honourable gentleman who leads the Government in this House stated that it would be deplorable that the vote on the motion for the adoption of the report should result in a straight party division. I think he had the right view as to that, but I submit that the manner in which the report has come to us must inevitably bring about a party division. I think that if we could have eliminated party considerations the Senate would never have had this report before it.

Hon. Mr. GORDON: Honourable senators, I cannot refrain from saying a few words.

Hon. Mr. ROBINSON: Will the honourable gentleman tell us whether Howard Smith contributed to the funds of his party?

Hon. Mr. GORDON: We might as well be frank. My honourable friend has said that the evidence did not disclose anything that would justify anyone in declaring that influence had been used by the three honourable senators in question to bring about the passing of the celebrated Order in Council No. 422. I want to ask my honourable friend a question. If the Government of that time had no money at all, not even enough to pay for a small quantity of literature, as evidenced by the speech of the then Prime Minister in the other House, and if the Prime Minister called in Senator Haydon and told him of the situation, then it is interesting to observe what happened. Senator Haydon brought to the treasury the sum of $700,000 or $800,000—

Hon. Mr. SINCLAIR: Do I understand that my honourable friend is asking me a question, or is he making a speech?

Hon. Mr. GORDON: I am doing a little of both.

Hon. Mr. LACASSE: You spoke before.

Hon. Mr. GORDON: After that time Senator Haydon was interested in this Beauharnois proposition. Does my honourable friend mean to say that Senator Haydon would need to get down on his hands and knees to the

Prime Minister or the Cabinet and ask that the Order be passed? He could intimate that the moment the Order was signed he or his firm would be paid $50,000, and in addition $15,000 a year for three years. Does my honourable friend not think that a Prime Minister or members of the Cabinet, if they had any heart at all, would do the best they could to help him out, without his having to ask definitely for such help? We might as well be frank.

Hon. Mr. FORKE: The honourable gentleman is more than frank.

Hon. Mr. GORDON: I beg your pardon?

Hon. Mr. FORKE: It is absolutely untrue.

Some Hon. SENATORS: Question!

Hon. Mr. ROBINSON: May I ask the honourable gentleman a question?

Hon. Mr. GORDON: Yes.

Hon. Mr. ROBINSON: Would the honourable gentleman tell us how much the Imperial Oil Company contributed to the Conservative Party?

Hon. Mr. DANDURAND: The honourable gentleman from Nipissing (Hon. Mr. Gordon) has intimated that Order in Council No. 422 was passed as the result of influence exercised upon the Prime Minister and the Cabinet. But does the honourable gentleman know that the Order in Council was signed on the 9th of March, 1929, whereas the subscriptions did not come in until July, 1930?

Some Hon. SENATORS: Question!

The motion of Hon. Mr. Tanner for concurrence in the report was agreed to on the following division:

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Hon. Mr. LOGAN: Honourable senators, we are all very sorry that our friend the honourable senator from Moose Jaw (Hon. Mr. Willoughby) is in very bad health. But, with his usual devotion to duty, he remained here as long as he could. When he had to leave, I agreed to pair with him.

Hon. Mr. ROBINSON: Honourable senators, I was paired with the honourable senator from Colchester (Hon. Mr. Stanfield), who was called away at the last minute. Had I voted, I should have voted against the motion.

RESIGNATION OF HON. SENATOR McDOUGALD

Hon. Mr. DANDURAND: Honourable senators, I am just in receipt of a letter from Hon. Senator McDougald, which I beg leave to read.

Ottawa, May 3, 1932.

Hon. Raoul Dandurand, P.C., LL.D., K.C.,
The Senate, Ottawa.

Dear Senator Dandurand,

You will recall that some months ago I told you I had no desire to continue longer as a member of the Senate, but that, in view of the reflections cast upon my integrity and character by the report of the special committee appointed by the House of Commons in June last to inquire into the Beauharnois project, I could not, and would not, think of retiring until I had been accorded, and availed myself of, the constitutional right of appearing before my peers, the members of the Senate of Canada, with respect to the matters referred to in the report of the House of Commons committee.

That opportunity I have now had. I distinguish, as you yourself have done in your speech in the Senate on Friday last, between those, in a political assembly, who are one's peers in the true sense of the word, and those who are one's political enemies.

The Hon. F. L. Béique, the Rt. Hon. George P. Graham, the Hon. A. B. Copp, and the Hon. C. W. Robinson, who were the Liberal members of the committee appointed by the Senate to investigate the matters referred to in the House of Commons report, in so far as they reflected upon members of the Senate, are, all of them, gentlemen who have been a long time in public

life, and whose names are held in the highest regard by the citizens of Canada generally. These gentlemen, having heard the evidence given before the committee, and having reviewed the argument of counsel, have unanimously expressed the opinion that the condemnatory findings of the reports of the special committees of the Commons and of the Senate are not justified by the evidence.

Leading members of the Liberal Party who thus far have participated in the debate in the Senate on the motion to adopt the report of the Senate committee, and who have followed the inquiry throughout and have carefully perused the evidence, have been equally emphatic in their declarations that political partisanship alone accounts for the condemnatory features of the report, and there is every reason to believe that, when the Senate divides on the motion for the adoption of the report of its committee, it will be found that the division will be on party lines pure and simple, and that without exception, the Liberal members of the Senate will decline to accept the report.

In the light of the partisan political character of both inquiries, it would be impossible for anyone belonging to the political party which is in the minority in both Houses of Parliament to expect more in the way of vindication than this. So far as relates to the recorded views and votes of members of the Senate who are also members of my own political party, it is a complete vindication.

To all who have joined in denouncing the partisan nature of the inquiry, and in making clear that what has been expressed by way of condemnation of myself in the report is not borne out by the evidence, I wish to express my profound gratitude as well as thanks.

With those members of the Conservative Party in the Senate who have not hesitated to do all in their power to destroy me, both politically and personally, I have no desire to have any further association. Having received the vindication I have from those whose regard I cherish, I feel that the time has come when I may honourably withdraw from the Senate, and I therefore give to you herewith, as leader of the party in the Senate, my resignation, witnessed as required, and shall be obliged if, on my behalf, you will kindly see that it is tendered in due form.

In severing my connection with the Senate, may I, as a parting word, express the hope that my withdrawal may help to appease the passions and recriminations which have already done untold injury to an enterprise of national importance, and help to restore peace and amity in this Chamber.

I remain, my dear Senator,
Faithfully yours,
W. L. McDougald.

To this letter is attached a letter to His Excellency the Governor General of Canada:

To His Excellency
The Governor General of Canada.
Your Excellency:

I, Wilfrid Laurier McDougald, a member of the Senate of Canada, do hereby tender my resignation as such.

W. L. McDougald.

Ottawa, May 3, 1932.
Witnessed by:
John W. Cook, K.C.
Lucien Cannon, K.C.

This letter I will now hand over to the right honourable leader of this House, who is a member of the Privy Council, and who may transmit it to His Excellency.

Right Hon. Mr. MEIGHEN: Honourable senators, I have no comment to make, even to the extent of a single sentence, on the letter which Senator McDougald has written to the leader of his party. The time is not appropriate for comment. I refrain absolutely.

I do wish to say, though, that I believe he has taken the right course in tendering his resignation to His Excellency, and I appreciate his action in this respect.

Hon. Mr. LACASSE: Consummatum est.

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

THE SENATE

Wednesday, May 4, 1932.

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

Prayers and routine proceedings.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

Bill 63, an Act to amend the Royal Canadian Mounted Police Act.—Right Hon. Mr. Meighen.

Hon. Mr. BUREAU: Explain.

Right Hon. Mr. MEIGHEN: I will give an excellent explanation on Tuesday.

CANADIAN NATIONAL RAILWAYS GUARANTEE BILL

FIRST READING

Bill 71, 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, 1932.—Right Hon. Mr. Meighen.

RECIPROCITY TREATIES

ANSWER TO INQUIRY

Before the Orders of the Day:

Right Hon. Mr. MEIGHEN: I desire to answer a question submitted to me on the 19th of April by the leader of honourable senators opposite. The question relates to certain reciprocity treaties negotiated up to 1930, and to the time when they will come to an end. The question in detail, plus my short comment

on it, and the answer as submitted to me, I place on the record of the Debates.

From Senate Debates, 19th April, 1932, page 203:

Hon. Mr. Dandurand: Could the right honourable gentleman tell the Senate when all the reciprocity treaties that have been negotiated up to 1930 will have come to an end? I have a vague impression that they were all denounced within the time prescribed in those treaties, but I do not know whether they will all have ended by the middle of this year. This may not be a question that my right honourable friend is able to answer off-hand.

Right Hon. Mr. Meighen: No, I am not able to answer as to the exact date of expiry of each of the treaties; nor would I say that all of them are doomed to expire. Some of them ought to be; at least I used to think so. But I will obtain the information the honourable senator asks for, and give it to the House at an early date.

Expiration of Commercial Treaties

Foreign countries enjoying the benefits of special treaty or convention rates:

Argentine Republic
Belgium, Colonies and Possessions
Colombia
Cuba
Czechoslovakia
Denmark
Esthonia
Finland
France, Colonies, Possessions and Protectorates
Hungary
Italy
Japan
Latvia
Lithuania
Netherlands, Netherlands East Indies, Surinam and Curacao.
Norway
Portugal
Roumania
Spain
Sweden
Switzerland
Venezuela
Yugoslavia
Luxemburg (Economic Union with Belgium)
Brazil (Provisional Agreement of December, 1931).

Some of these treaties are for a definite term of years, others continue indefinitely until denounced by one party.

On December 16, 1931, the Canadian Government gave notice to the French Government of the termination of the Convention of Commerce with France, 1922, under the provision requiring six months' notice, and, accordingly, it will terminate June 16 of this year. The Canadian Government indicated at the same time its readiness to enter upon negotiations for the conclusion of a new treaty.

The agreements with all other countries remain in force. They are all most-favoured-nation treaties, with the exception of the provisional commercial agreement with Brazil entered into on December 4, granting that country the intermediate rates of the Canadian Customs Tariff.

The conventions and agreements fall into two groups: those made directly by Canada and those which are extensions of British conventions to Canada under the Trade Agreement Act of 1928.

Articles of conventions relating to length of time in force or denunciation:

Belgium—

Article 5. "...The present Convention, after being approved by the Parliaments of Canada and Belgium, shall be ratified and the ratifications shall be exchanged at Ottawa as soon as possible. It shall come into force immediately after the exchange of the said ratifications and shall be binding upon the Contracting Parties during the period of four years from date of its coming into force. In case neither of the Contracting Parties shall have given notice to the other twelve months before the expiration of the said period of four years of its intention to terminate the present Convention it shall remain in force until the expiration of one year from the date on which either of the Contracting Parties shall have given to the other notice of its intention to terminate it."

Cuba—

3. "The terms of the Order in Council printed herewith include the provision that the arrangement effected thereby shall remain in force for a term of one year from the 22nd November, 1928, unless a permanent trade convention is concluded earlier."

Czechoslovakia—

Article 6. " . . . It shall come into force fifteen days after the exchange of ratifications and shall be binding upon the Contracting Parties during four years from the date of its coming into force. In case neither of the Contracting Parties shall have given notice to the other twelve months before the expiration of the said period of four years of its intention to terminate the present Convention it shall remain in force until the expiration of one year from the date on which either of the Contracting Parties shall have given to the other notice of its intention to terminate it."

Finland—

3. "The Governor in Council may make such orders and regulations as are deemed necessary to carry out the provisions and intent of this Act, and may upon giving six months' notice to the Government of Finland of his intention so to do, order and direct that the favoured nation treatment accorded to Finland by this Act shall cease and determine, whereupon it shall cease and determine accordingly."

France—

Article 27. " . . . It shall come into force immediately after the completion of that formality and shall remain in force until terminated by either of the High Contracting Parties after six months' notice to the other Party."

Italy—

Article 5. " . . . It shall come into force immediately upon ratification and shall be binding upon the Contracting Parties during four years from the date of its coming into force. In case neither of the Contracting Parties shall have given notice to the other twelve months before the expiration of the said period of four years of its intention to terminate the present Convention it shall remain in force until the expiration of one year from the date on which either of the Contracting Parties

shall have given to the other notice of its intention to terminate it."

Japan—

Article 27. " . . . It shall enter into operation on the 17th July, 1911, and remain in force until the 16th July, 1923. In case neither of the High Contracting Parties shall have given notice to the other, twelve months before the expiration of the said period, of its intention to terminate the Treaty, it shall continue operative until the expiration of one year from the date on which either of the High Contracting Parties shall have denounced it."

Esthonia, Hungary, Latvia, Lithuania, Portugal, Roumania, and Yugoslavia—

(The commercial agreements between Canada and these countries are in the form of an extension to Canada of Commercial Agreements made by the exchange of notes between the United Kingdom and each of these countries. According to the terms of these treaties they do not apply to any self-governing Dominion, unless it is desired by the Dominion that they shall. The Trade Agreements Act of 1928, Chapter 52, provides for the application of these agreements between Canada and the above countries.)

3. "The Governor in Council may make such orders and regulations as are deemed necessary to carry out the provisions and intent of this Act, and may upon giving within the respective periods prescribed by each of the several treaties or agreements for the termination of the same notice to the government of any of the countries mentioned in the said schedule of his intention so to do, order and direct that the favoured nation treatment accorded to such country by this Act shall cease and determine, whereupon it shall cease and determine accordingly."

Netherlands—

Article 5. " . . . It shall come into force immediately upon the exchange of ratifications and shall be binding upon the Contracting Parties during four years from the date of its coming into force. In case neither of the Contracting Parties shall have given notice to the other twelve months before the expiration of the said period of four years of its intention to terminate the present Convention it shall remain in force until the expiration of one year from the date on which either of the Contracting Parties shall have given to the other notice of its intention to terminate it."

THE BEAUHARNOIS PROJECT

ATTITUDE TOWARDS CERTAIN SENATORS

Before the Orders of the Day:

Right Hon. Mr. MEIGHEN: Honourable gentlemen, in view of the resignation submitted to this House last night, I think it is due all senators that I should make a statement indicative—indeed, completely so—of the position which, as leader of the Government, I feel should be taken with respect to the entire matter.

The resignation submitted by Senator McDougald naturally and necessarily disposes of the necessity for any further consideration as regards the phase of the subject having to do with him. Last night I expressed appreciation of his action. I think the terms of the letter with which his resignation was communicated were unfortunate; but that is his concern.

As respects Senator Raymond I have never felt, and do not now feel, that the terms of the findings of the committee—just though they were, and, I think, entirely fair—would warrant the consideration of any further action at all with regard to him.

As to Senator Haydon I desire to state to the House that I have received the most convincing, and I feel I may say authoritative, information respecting his health. The information as to his condition now is such that, without any reservation whatever, I feel we should not be justified in considering further action as respects Senator Haydon.

In making this statement I submit the judgment here expressed to that of honourable senators.

FISH INSPECTION BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 6, an Act to amend the Fish Inspection Act.

Hon. Mr. DANDURAND: Would the right honourable gentleman give a summary explanation?

Right Hon. Mr. MEIGHEN: Under the terms of the Fish Inspection Act as now in force, provision is made for the inspection of fish, the containers in which they are placed, the bona fides of the quality under which they are shipped, and so on. The provisions of the Act are such that all fish that come under the terms of the Act do not need to be inspected. Apparently the principle of it was that an occasional inspection would effect the purpose. This has proven to be not best, or perhaps not right at all. The purpose of this Bill is to provide for complete inspection and to bring certain additional classes of goods within the terms of the Act.

Hon. Mr. DANDURAND: I confess that, living inland, I do not know very much about the fish industry. I have no special remarks to make at this stage of the procedure. The Bill will go to committee, and any honourable members of this House living on the Pacific or on the Atlantic or near the Gulf of St. Lawrence will have opportunity to examine the Bill and offer any criticism they may deem proper.

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

CONSIDERATION IN COMMITTEE POSTPONED

Right Hon. Mr. MEIGHEN moved that the Senate go into Committee on the Bill.

Hon. Mr. DANDURAND: Could the committee stage not be postponed until Tuesday?

Right Hon. Mr. MEIGHEN: If there is any request for a postponement, I shall have it placed on the Order Paper for Tuesday.

Hon. Mr. DANDURAND: We have only now passed the second reading. Should we not defer the next stage, so that members interested in this industry may have a chance to examine the Bill?

Right Hon. Mr. MEIGHEN: I know the senator from Prince Edward Island used to be a great expert on fish. He might help us through with it.

Hon. Mr. HUGHES: It has been before the committee in the other House?

Right Hon. Mr. MEIGHEN: Yes.

Consideration in Committee was postponed until Tuesday next.

CRIMINAL CODE BILL (TRUSTEES DEFINED)

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 42, an Act to amend the Criminal Code (Trustees defined).

He said: This Bill defines what is meant by the word "Trustee" where such word appears in the Criminal Code. The only addition to the definition are the words, "or by any Act." I will read as far as those words appear:

"Trustee" means a trustee on some express trust created by some deed, will or instrument in writing, or by parole, or by any Act.

That is, if a person is named a trustee by an Act, then he is within the definition of a trustee under the Criminal Code. The words "any Act" extend not only to any Act now in effect, but to any future Act.

Hon. Mr. DANDURAND: The amendment appears to me to be a quite natural one.

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

Hon. Mr. DANDURAND: Perhaps we can dispense with the committee stage.

Right Hon. Mr. MEIGHEN: I would suggest there is no need of going into Committee. The explanation is very simple and there is no detail whatever to be given. The amendment consists in the insertion of the words "or by any Act."

Hon. Mr. BUREAU: Is the object of the amendment to bring assignees and liquidators under the Criminal Code?

Right Hon. Mr. MEIGHEN: Not unless they are named trustees by an Act of Parliament. If they are named liquidators, they are not named trustees.

Hon. Mr. BUREAU: If they are named by a court—

Right Hon. Mr. MEIGHEN: No. The only amendment is "or by any Act," and that would not mean the act of any court. The words "any Act" are defined as follows:

"Any Act," or "any other Act," includes any Act passed or to be passed by the Parliament of Canada, or any Act passed by the legislature of the late province of Canada, or passed or to be passed by the legislature of any province of Canada, or passed by the legislature of any province now a part of Canada before it was included therein.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

FRONTIER COLLEGE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 53, an Act to amend the Act of Incorporation of The Frontier College.

He said: Honourable senators, the Frontier College is an institution rendering educational services to working men and others on the frontier, or, to be more accurate, in the outlying parts of our country. The College has had the power to confer degrees, but last year it entered into an agreement with the Province of Ontario to apply to the Parliament of Canada for an Act to be passed repealing the section giving it this power. The purpose of the College in so doing is to bring itself within the terms of the Statutes of Ontario entitling it to certain assistance, which assistance it would not be entitled to as a degree-conferring college.

Hon. Mr. DANDURAND: Can the right honourable gentleman tell us whether the College has a seat of learning where its students congregate, or whether it is a mobile association that travels from one place to another?

Right Hon. Mr. MEIGHEN: As suggested by the honourable senator, the institution is mobile; it does its work here, there and all over. But it probably has a building known as its headquarters.

Hon. Mr. LEMIEUX: At one time I had the pleasure of meeting the president of the Frontier College. He wanted me to become one of the patrons of the institution, and I agreed with pleasure, because I think the work it does is praiseworthy. But I am wondering whether this is a matter for federal legislation, since education comes within the jurisdiction of the provinces. I am raising the point only for information.

Right Hon. Mr. MEIGHEN: The general principle stated by the honourable senator is quite right. However, this College has a special Act of incorporation from the Parliament of Canada. Whether it should have had it, or not, I do not know, but since it was incorporated in that way it can have its Act of Incorporation amended only by application to Parliament.

Hon. Mr. DANDURAND: I may say that as far back as 1900 there was in France an institution called L'Université Populaire. It was created by university students and graduates who were giving educational courses in various outlying districts of the city of Paris. I remember attending a lecture one evening in 1900 at Belleville, one of the most radical or socialistic centres in France. Not only were the young men who were teaching doing good to the students, but since then I have noticed that some of those teachers have become members of the French Parliament and even Ministers. In the same way, I imagine, young college men in Canada who are trying to improve the education of people in outlying parts of the country, and among city groups, are helping also to establish for themselves a reputation that may lead them far in public careers.

Hon. Mr. FORKE: Some years ago I had the privilege of meeting the moving spirit of the Frontier College movement. He wrote a good-sized book, which I think can be obtained in the Library here, describing the activities of the College. These activities are all to the good. They are carried on mostly in wood camps and places of that kind, on the frontier, where men otherwise could not have the advantages of education that are available in populous centres.

Right Hon. Mr. MEIGHEN: I may be forgiven if I point out that the honourable leader on the other side (Hon. Mr. Dandurand) was leading this House when the Act incorporating the College went through. So I have no doubt of the constitutional foundation of the Act.

Right Hon. Mr. GRAHAM: I am not sure whether I am for it or not.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

Hon. Mr. ROBINSON: Is the title of the Bill in the Orders of the Day correct?

Right Hon. Mr. MEIGHEN: No. It should be, "An Act to amend the Act of Incorporation of The Frontier College."

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

EXCISE BILL

FURTHER CONSIDERED IN COMMITTEE AND REPORTED

The Senate againt went into Committee on Bill 27, an Act to amend the Excise Act.—Right Hon. Mr. Meighen.

Hon. Mr. McLennan in the Chair.

On section 10—removal of tobacco in bond:

The CHAIRMAN: We were on section 10, and it was stood over for further information.

Right Hon. Mr. MEIGHEN: This section 10 repeals section 310, the terms of which were:

> No tobacco of any description when put up in packages containing less than five pounds, and no cigars when put up in packages containing less than twenty-five cigars each, shall be removed in bond from one warehouse to another, whether within the same or any other excise division: Provided, however, that such tobacco and cigars may be so removed under such regulations as may be made by the Minister when such tobacco or cigars are intended for shipment as ship's stores.

The exception is not wide enough, on account of the present practice of dealing in these articles in smaller quantities; so the section is repealed. The remaining sections of the Act are designed to provide for the removal of these articles from warehouses in small quantities, in the same way as in large quantities.

Section 10 was agreed to.

Sections 11 and 12 were agreed to.

On section 13—penalty:

Right Hon. Mr. MEIGHEN: I may say that the purpose of this section is merely to make some corrections in the French translation.

Hon. Mr. BUREAU: To avoid confusion.

Right Hon. Mr. MEIGHEN: Yes. I will explain that carefully.

Hon. Mr. DANDURAND: I see this section, like the two preceding ones, is in French. Could the right honourable gentleman give us an explanation in French?

Right Hon. Mr. MEIGHEN: If anybody here could explain the explanations, I could.

Section 13 was agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

COWAN DIVORCE BILL

SECOND READING

Hon. Mr. McMEANS moved the second reading of Bill V1, an Act for the relief of Gordon Alexander Cowan.

Hon. H. W. LAIRD: Honourable senators, it is not the practice in this Chamber to challenge reports of the Divorce Committee. On the contrary, the reports of that committee are usually adopted without question, and bills based upon them are passed without discussion. But there are circumstances connected with this Bill that I think should receive some consideration at the hands of the House. It is not my intention to challenge the decision of the committee, and the report which followed, but, as the Bill will have to be considered in another place, I think it is well that certain facts should be pointed out.

The petition in this case is from Gordon Alexander Cowan for a Bill of Divorce from Marion Turnbull Binns Cowan. At the outset let me say that I do not know these people at all; I never heard of them before, have no acquaintance with them, and no one on their behalf has spoken to me about this matter. But it so happens that I heard a large portion of the evidence, and I have since carefully perused the record. In my opinion the report of the committee was not justified by the evidence.

Right Hon. Mr. GRAHAM: That sounds familiar.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. LAIRD: It has become a habit. I am not intending to challenge the report, nor am I going to undertake an analysis of the evidence to show wherein it is improper or unfair; but I wish to point out one or two features that to my mind, at least, have an important bearing as to why this divorce should not be granted. As you will see by the report, the evidence is quite voluminous, and if you will read it you will notice that it is largely confined to matters of the class we have heard about in this House for the last two or three days—matters of suspicion. As this House has adopted the principle of not acting on anything that is founded only on suspicion, I think we should not adopt this report.

Right Hon. Mr. GRAHAM: But you have set a precedent.

Hon. Mr. LAIRD: Not on suspicion.

I want to point out, however, that the main evidence upon which this divorce was recommended was the evidence of two hired detectives, and in what I have to say I wish to concentrate upon that. The principal detective in the case was an uncle of the petitioner. This would indicate that he, at least, was not an impartial witness. I want to read from his evidence as to the incident that gave rise to this divorce. I am not going to read the sordid details. Honourable gentlemen can take them as read, or peruse them for themselves. This detective, an uncle of the petitioner, described what happened immediately after the incident was discovered, as follows:

Q. Just describe it fully?—A. As I put the heavy flash on the car you could see them both, and Cowan used some abusive language to the man, told him he had wrecked his home and stole his wife.

* * *

Q. And there was a fight there?—A. Yes. I stopped the fight after I thought the other man got enough.

Q. What was Collins saying all the time?—A. Collins asked him not to kill him. And the woman hollered for her father.

Q. Did anybody come out of the house?—A. Yes, the same little girl, I presume, came out; and the father came out. The father wanted to hit him with a lamp.

* * *

Q. Who did?—A. Collins and the others. He was laying down at one time, and they tore his clothing, and scratched him; and the wife made a scratch at him and I pushed her away too. She went to scratch, to take him off this man Collins.

Q. You took a hand in it yourself?—A. Well, I didn't want to see the man hurt. I was looking after his interests, Mr. Senator, and we had to do what was fair.

Q. I suppose that fight must have caused quite a lot of noise around the bush?—A. Well, only with the womenfolks hollering. We wasn't hollering, only I told him to give him plenty when he started.

That is the evidence of this impartial witness, advising the petitioner "to give him plenty when he started." That is the evidence of the first detective, who, as I say, was an uncle of the petitioner.

The second detective was a man hired by the uncle. He describes the fight in more lucid terms, and I think his description is sufficient of a classic to be placed on the records of the House. Honourable gentlemen, who are used to fights, will know what I mean. Here it is:

Q. What about the lights on the car? Did they remain on after the girl went away?—A. No, they went out after. And Akin give a signal a few minutes after, for Cowan to come up, and then they were in the position the same as on the 11th. And he flashed the light and Cowan jumped on to Collins and started to beat him up and hammer him around, and there was a lot of shouting going on and everything.

* * *

Q. When Cowan started to beat up Collins, who turned up?—A. Well, there was a man came running up, I think it was Mr. Binns, and there was a lot of yelling there, knocking hell out of him there.

Q. Who knocked hell out of whom?—A. Cowan was on Collins.

Q. Did anybody try to interfere with Cowan?—A. Yes, a man came running up with a lamp there, Mr. Binns, and he came running up with that.

Q. What did Mr. Binns do?—A. Well, to tell you the truth, there was a real battle on. The girls were all yelling, the women were yelling.

Q. Did you see Mrs. Cowan there?—A. Yes, Mrs. Cowan was there.

Q. Did she interfere in the scuffle?—A. She was yelling and pulling.

Q. Whom was she pulling at?—A. I don't know. I know they were rolling over on the ground, Cowan and Collins.

* * *

Q. Tell us what you saw?—A. Well, the battle was so fast. When he got out, after Cowan was given the flash, he rushed at him and he started at him, and they were down. And the man come up with a lamp, he was in his nightshirt, and he had a lamp with a handle on the top, and he said, "Don't do this." And the girls were all shouting, and you could hear it all over because—it is at Echo Lake—you could hear it all over.

As I say, the evidence relating to the point upon which the divorce was granted was given by those two persons whose evidence I have read—one the uncle of the petitioner, and the other a hired detective who, to use his own expression, advised the petitioner "to knock hell out of him," and "to give it to him good" while he was at it. I do not think that would indicate a very impartial spirit on the part of any witness, let alone a detective who was brought into the case to give the evidence which was the main factor in securing the divorce.

As I say, it is not my intention to challenge the report, but I wish to put this statement on record so that when the case is considered in another place there will be something to show that the report did not receive the unanimous consent and approval of this House.

An Hon. SENATOR: No report does, anyway.

Hon. Mr. McMEANS: If I am permitted to say so, I would recommend that every honourable member of the Senate should thoroughly read the evidence in these divorce cases before the House passes upon them.

Hon. Mr. LACASSE: They are too romantic.

Right Hon. Mr. GRAHAM: I am against them without reading them.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill W1, an Act for the relief of Ida Tarantour Waxman.

Bill X1, an Act for the relief of Frances Helen Dawes Porteous.

Bill Y1, an Act for the relief of Minnie Jones Chandler.

Bill Z1, an Act for the relief of Elizabeth Irene Woolnough.

Bill A2, an Act for the relief of Ellery Sanford Johnston.

Bill B2, an Act for the relief of Farla Goldman Rother.

THIRD READINGS

Hon. Mr. McMEANS, by leave of the House, moved the third readings of Bills W1, X1, Y1, Z1, A2 and B2.

Right Hon. Mr. GRAHAM: They are uncontested?

Hon. Mr. McMEANS: Uncontested.

The motion was agreed to, on division, and the Bills were read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 34, 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 1932.

He said: I may say, honourable senators, that this Bill follows an only too well-beaten path. It is the same in form and structure as a Bill previously passed at this session, which had to do with the excess deficits of last year. This Bill relates to the estimated deficit of this year, and is to enable the company to issue securities up to a maximum of $61,500,000. The Bill that came to us from the other House to-day authorized a guarantee with respect to these securities; this Bill merely authorizes the issue of the securities. I do not see that anything is to be gained by going into Committee on the Bill, because it follows a form that we have passed upon many times.

Right Hon. Mr. GRAHAM: It is the usual method when there is a deficit; but there are in this instance two Bills—one to authorize the issuing of securities and the other to authorize the Government to guarantee them.

Right Hon. Mr. MEIGHEN: Yes.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

GOLD EXPORT BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 45, an Act respecting the Export of Gold.

He said: Honourable senators, the authority which for some time has been exercised by the Government, and which up to now has been based merely upon an Order in Council under the Unemployment and Farm Relief Act—the successor of the War Measures Act—is embodied in this Bill and will become statutory if the Bill passes. This measure provides that the Governor in Council may prohibit the export of gold, save under certain conditions and at such times as exception may be made, and that such export shall be made only by chartered banks, the purpose, of course, being to preserve such a supply of gold as will enable us, in respect of outside payments, to keep upon a gold basis.

Hon. Mr. DANDURAND: I notice that there is a penalty clause, as follows:

4. Whenever a regulation made under the provisions of section three of this Act is in force any person who, without a licence issued by or on behalf of the Minister of Finance, as aforesaid, exports or attempts to export, carries or attempts to carry out of Canada any gold, whether in the form of coin or bullion, shall be liable upon summary conviction to a penalty not exceeding one thousand dollars or to imprisonment for a term not exceeding two years, or to both fine or imprisonment.

Is that a new departure in legislation?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Something that we have not yet had on our Statute Book?

Right Hon. Mr. MEIGHEN: It must be. There is no antecedent Bill. This Bill is to take the place not of any other Bill, but of an Order in Council. I think I know what is in the mind of my honourable friend: it is that a man should not be held to be a criminal if he puts $10 in gold into his pocket and takes it across the line. The Bill is not intended to apply at all to such a case. It is intended to apply to the export of gold by banks in quantity, or in the form of bullion; and the right to define bullion is provided in the Act. I do not think there is any danger of the Act being abused. I can see that a person would not want to be accused of breaking the law because he carried over a little gold in his pocket. I do not think that is called export.

Right Hon. Mr. GRAHAM: Are there many instances of Canadian men with gold in their pockets?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: My observation has been that people who are going to the States, or going to Europe through New York, go to the bank and obtain a certain sum in gold pieces, which they expect to use, either in New York or in Europe, as standard money, not depreciated.

Right Hon. Mr. MEIGHEN: Yes. That is not exporting.

Hon. Mr. DANDURAND: In Europe, I have observed, the paper money of the United States is taken with greater alacrity than gold itself, and I have seen a number of persons who have abandoned the idea of carrying gold. But it occurred to me that every month there would be hundreds of persons travelling

who felt they needed to carry a few dollars in gold.

Hon. Mr. LEMIEUX: I have been in Europe on several occasions in the last few years. At the frontier, when I wanted to cross, say, from France to England, I had to show my pocket-book to the customs officer and actually to count the money I had. You were not allowed to carry more money than the amount specified by the law. What was the reason I do not know, though I surmise. At all events, the present measure does not seem to be a rash one, for the country that keeps gold protects its credit abroad.

Right Hon. Mr. MEIGHEN: The banks can give a man gold.

Hon. Mr. DANDURAND: They generally accommodate their clients.

Hon. Mr. LEMIEUX: Not all the banks.

Hon. Mr. HUGHES: The banks are not violating any law when they give a small quantity?

Right Hon. Mr. MEIGHEN: Oh, no. That is not exporting.

Hon. Mr. FORKE: Under what circumstances would the banks be allowed to export gold?

Right Hon. Mr. MEIGHEN: I do not know that I can answer with absolute authority, but I can say this: where a province, for example, has owed money in New York, the export of gold has been permitted for the purpose of taking care of the liability, and exchange has been thereby avoided. Of course I cannot say that the province has saved the exchange wholly, for the Dominion Government has to pay a premium on gold that it purchases from the mine. But it is in connection with payments that can be better made in gold, and to the extent to which we can afford to let gold go over, that provision is made for the export of gold from the banks.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

REFUNDS (NATURAL RESOURCES) BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 64, an Act to authorize the Refund of Moneys received in connection with the administration of the Natural Resources.

Right Hon. Mr. GRAHAM: Is that a refund under the agreements made with the provinces?

Right Hon. Mr. MEIGHEN: It is rendered necessary, I believe, by those agreements, but there is some question as to whether it was not necessary all along. The House will appreciate the purposes of the Bill better by a specific case. Under the regulations of the department, authorized by statute, petroleum and natural gas prospecting was permitted, and there had to be deposits when leases were taken out for the working of petroleum and natural gas privileges. In addition to the prescribed rental, each applicant for a permit was required to make a deposit of forty cents an acre, which was returnable upon evidence being submitted that an equal expenditure had been incurred in prospecting operations on the location held under the permit. This was merely security that the work would be done, and that the party had his lease for his own use rather than for speculation. If he did not do the work, then the money that he had put up was held; but if he did the work he was entitled to receive it back again. Now, cases have arisen where parties are entitled to receive back their deposits, but because of the transfer of the natural resources the legal power is lacking. The purpose of this Bill is merely to enable the department to exercise the same right that it has always exercised to return the money. I do not need to enter into the question of removing the doubt as to the exercise of that right in the past, but it is now necessary, in the opinion of the Department of Justice, that these returns be authorized.

Right Hon. Mr. GRAHAM: Would the returns be very large?

Right Hon. Mr. MEIGHEN: Yes, they would be quite substantial sums. They apply not only to persons taking our petroleum and gas leases, but to other cases such as the following:

When homesteaders gave assignments to railway companies for areas acquired for right of way, the railway company, at the request of the department, instead of paying the consideration money over to the entrant, forwarded it here to be held in trust, pending the issue of patent. It has been the practice to pay the money to the entrant when the department ascertains that he has become entitled to patent. The entrant is not entitled to the money until he gets his patent. There would be some cases of that character.

Then there would be moneys paid to the department in connection with yearly licences and permits to cut timber on Dominion lands. The department here is holding certain sums which have been received in connection with the disposal of timber rights on Dominion lands in the four Western Provinces. These sums are either deposits made to guarantee that the permittee should pay the prescribed charges and conform to the timber regulations, or they are credit balances which have arisen in favour of the permittee or berthholder during the course of his operations.

Also, in the matter of seed grain, in occasional cases where a settler has paid an instalment on seed grain indebtedness charged against the land for which he obtained entry, he has been permitted, on his abandonment of the entry, to obtain a refund of the sum so paid. Then there are cases of pre-emptions converted into soldier grants.

Hon. Mr. DANDURAND: All these transactions, if I understand rightly, took place prior to the transfer of the resources.

Right Hon. Mr. MEIGHEN: Yes. We could not do them now.

Hon. Mr. DANDURAND: And of course those deposits have remained with the Dominion Government?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Was there anything specified in the contracts with the provinces as to these amounts being liquidated, or being returned to the provinces?

Right Hon. Mr. MEIGHEN: I should presume that the contracts with the provinces, ratified when the natural resources were turned over, provided for the return of these moneys. There has to be statutory authority for it. I presume the provision is only contractual now.

Right Hon. Mr. GRAHAM: I think my right honourable friend is right. In the settlement made with the provinces when the natural resources were finally transferred there was a long succession of conferences that bristled with difficulties, not in great questions, but in these smaller things. If I remember correctly, it was arranged in the final discussion that such matters as are included in the present Bill were to be settled by conference and agreement. Although the money really could not be handed over, it was agreed that it should be. These are not the only matters; there are a thousand and one other minor details; but there was no statute giving the federal authority power to do certain things which were provided for in the agreement, though not perhaps in detail. I think this Bill is one that ought to receive the support of the House on that ground.

Hon. Mr. DANDURAND: We might take the second reading now and have the third reading next week, and in the meantime the right honourable leader may be able to inquire as to the terms of the contract with the various provinces governing these operations.

Right Hon. Mr. MEIGHEN: The explanatory notes are pretty clear. Apparently these moneys were formerly paid out of current revenue. I think these explanatory notes should go on Hansard now:

> Up to the time of the transfer of the natural resources to the Western Provinces it was customary for the Department of the Interior, as a matter of departmental routine, to refund to those who had been doing business with the department payment for which no value had been conveyed. Generally speaking, these refunds were a matter of departmental routine practice; others were provided specially by regulation of the Governor in Council. The policy was well known and those who did business with the department counted on being able to obtain these refunds with reasonable promptitude.
>
> The whole question has been carefully reviewed by the Legal Officers of the Crown, who advise that while there is presently no legal authority to make these refunds, there is a responsibility upon the Dominion. In certain cases this is a legal responsibility and in other cases a moral obligation.
>
> The purpose of this Bill is to obtain authority to make from the Consolidated Revenue Fund such refunds as the Governor in Council may authorize.

They do not add much to what I have already said.

Hon. Mr. FORKE: Take the case of a right of way, where the railway company had paid the funds into the Dominion Government and the patent had not been issued when the natural resources were handed over. Suppose the patent was issued the year following—

Right Hon. Mr. MEIGHEN: Then the company would be entitled to that money. It is a case exactly in point.

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

EASTERN BANK OF CANADA BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 65, an Act respecting the Eastern Bank of Canada.

Right Hon. Mr. GRAHAM: What is this Bill about?

Right Hon. Mr. MEIGHEN: The honourable senator from Westmorland (Hon. Mr. Black), the Chairman of the Banking and Commerce Committee, understands the circumstances of this Bill better than I do, but he is not here at the moment. The Eastern Bank was incorporated by the Statutes of 1928. Mr. Angus McLean and Mr. Taylor, I recall, were active in the initiation of the enterprise, but hard times came and it was not gone on with. They had to make a deposit of a large sum of money, which was subscribed. The affairs of the Bank having been wound up, the executors of Angus McLean have made application to the Minister of Finance for payment out of the Bank Circulation Redemption Fund of the amount at the credit of the Bank. The sum of $5,000, deposited by the Bank under the provisions of the Bank Act in the Bank Circulation Redemption Fund, represents moneys subscribed and paid for shares in the capital stock of the Bank by the said Angus McLean. The purpose of the Bill is to authorize the return of that money to the estate of Angus McLean.

Hon. Mr. DANDURAND: All the other shareholders have received their refunds?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANIEL: I may say that the facts of the case are stated in the preamble of the Bill.

Right Hon. Mr. GRAHAM: As I understand it, all the rest of the subscribers have been paid, but, Angus McLean being dead, authority is needed to make a refund to his estate?

Right Hon. Mr. MEIGHEN: That is it.

Hon. Mr. LEMIEUX: And under the Bank Act these amounts paid into the Bank Circulation Redemption Fund are not forfeited, if it happens that the Bank does not operate.

Right Hon. Mr. MEIGHEN: I think that is right.

Hon. Mr. LEMIEUX: Therefore this amount should be refunded.

Hon. Mr. DANDURAND: The Bank had not received its licence.

Hon. Mr. DANIEL: No. It never went into operation.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CANADIAN NATIONAL RAILWAYS (CONSTRUCTION) BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 70, an Act respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railway.

He said: Honourable senators, this Bill is clearly defined in the title, and the lines of which construction is postponed until the 31st of August, 1934, are set out in the schedule. The Act authorizing the construction or completion is indicated in the schedule opposite the name of each line.

The explanatory note makes the Bill clear. I have a large volume of information here respecting what has been done, where anything has been done, and what the intention is. I am not asking for any more than second reading now, and we can leave the committee stage over until Tuesday next, when the measure may be discussed in detail, if desired.

Right Hon. Mr. GRAHAM: Honourable senators, perhaps I can throw a little light on this. Some years ago it was represented to the Department of Railways, and through that department to the Government, that construction of branch lines could be carried on more practically, and possibly more economically, if a certain program for more than one year's construction were laid down. Consequently Parliament adopted the plan of naming certain lines in a program of construction that would require two years for completion. The Minister of Railways was required to make a report within fifteen days of the opening of Parliament succeeding the granting of any such rights, stating what had been expended and how many miles of railway had been constructed. Parliament and the Government now find that the country is in a financial condition that does not warrant the immediate construction of these lines, but at the same time it is not desired to cancel the program. The object is merely to extend the present program for two years from the date of its expiration. In that extension of time financial conditions may be such as to warrant the construction of these branch lines, and there will be the necessary authority to proceed with the work.

Right Hon. Mr. MEIGHEN: That is it.

Hon. Mr. DANDURAND: I may say, honourable members, that the program for construction of twenty-eight branch lines in the West created a commotion in this Chamber. When I brought in a single Bill to cover the

proposed lines we were in the last days of a session, and, as it was felt that the country was surfeited with railways that were confronted with an immense deficit, my motion for second reading of the measure was defeated. The following year we came back with twenty-eight bills, instead of one, and those were sent to the Committee on Railways, Telegraphs and Harbours. Representatives of the Canadian National Railways appeared before that committee and were required to show whether each one of the proposed branches was needed and would pay. I am wondering now whether it would not be the proper thing to send this Bill before the same committee, so that we might make sure that there still is a necessity for the building of the lines mentioned. Of course, if honourable members think that there would be a sufficient safeguard against unnecessary expenditures on these lines without a reference of the Bill to the Railway Committee, then I should be satisfied to leave it to the discretion of the right honourable leader whether the Bill should go to that committee or not. Perhaps it might go in the meantime to the Committee of the Whole. It could then be transferred to the Railway Committee.

Right Hon. Mr. MEIGHEN: I suggest that it should go direct to the Railway Committee.

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

REFERRED TO COMMITTEE

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

Hon. Mr. DANDURAND: On the previous occasion to which I have referred, engineers and other representatives of the Canadian National Railways appeared before the Railway Committee. Would it be convenient to have a representative of the railway, who is familiar with these lines, before the committee in this instance?

Right Hon. Mr. MEIGHEN: I think so.

The motion was agreed to.

CONTROL OF RADIUM FROM CANADIAN ORES

MOTION FOR APPOINTMENT OF COMMISSION WITHDRAWN

The Senate resumed from April 21 the adjourned debate on the motion of Hon. Senator McRae:

That in the opinion of this House the Government should declare its intention to control the production and distribution of all radium procured from Canadian ores; and to that end should immediately appoint a Canadian Radium Commission to investigate and recommend at the next session of Parliament the best methods to adopt to give effect to such control.

Right Hon. Mr. MEIGHEN: Honourable senators, I point out that the terms of the resolution are such as to render inapplicable a considerable part of the discussion that we have had on this matter. The debate has proceeded in large degree upon the assumption that the resolution, if given effect to, would compel the Government to take over the pitch-blende deposits in which radium appears, and develop them as a Government enterprise. I do not think that is implied in the resolution. It cannot be questioned that there should be control, and inasmuch as the deposits are in the Territories, and not in any province, responsibility for such control is a federal one. I think, though, that the statutory provisions are already sufficient to enable a measure of control to be exercised. Whether they are ample or not for the control that the mover of the resolution has in mind, I am not sure.

The latter part of the resolution, however, is such that I should not like to see it passed. I have become somewhat horrified at the multiplicity of commissions and investigations that we have under way in this country in various forms and guises.

Right Hon. Mr. GRAHAM: Machinations.

Right Hon. Mr. MEIGHEN: People who are not under investigation in one way or another will soon be in the minority. Of course, the importance of our radium deposits can hardly be over-estimated. I realize that the mover has not in mind the making of this proposal a source of great revenue to the Crown. His objective is to have the deposits developed for humane purposes, to have them recognized as a great means of medical service, and to try to have them used for the benefit of this country first, and of all countries next, in a medicinal and humane way rather than for purposes of profit. I suggest, though, that a Radium Commission is not necessary in order that this goal be reached. There is still a reserve of resourcefulness in the Government sufficient to work out a solution without the aid of a special commission, and if the honourable member will permit me I would ask him to withdraw the motion, upon the assurance that the subject is having the immediate and earnest attention of the Administration. I know that various suggestions have been before the Administration,

and I am confident that a solution involving control, and out of line with this resolution only to the extent of avoiding a commission, for the present at all events, is under review and, indeed, active consideration.

I compliment the honourable member (Hon. Mr. McRae) on the interest he takes in this subject, the importance of which it is impossible to over-estimate. I do not pretend to be an authority on the value of the pitch-blende deposits. I see they are discussed by an official in the Department of Mines, and it does look as if Canada had a supply of radium of inestimable value to this country and to the whole world, such a supply that there is an apparent need of having its administration carried on perhaps more carefully than that of any of our other resources. I cannot go further at the present time than to assure the honourable senator from Vancouver that the interest he takes in the matter and the facts he has presented regarding it are valued by the Administration, and that we hope to attain at least the spirit and the main body of the object of his motion.

Hon. A. D. McRAE: Honourable senators, after the remarks of the right honourable leader of the House it is no longer necessary for me to deal with what I thought was a misinterpretation of my motion, having regard particularly to the word "control." The honourable gentleman from Leeds (Hon. Mr. Hardy) a few days ago dwelt at considerable length upon the cost of taking over the pitch-blende claims. But that was never the intention of the resolution as I viewed it. When I made the motion, the interpretation I gave to the word "control" was the same as that which has just been indicated by the right honourable gentleman. I have looked up the word "control" in the revised (1929) edition of the Concise Oxford Dictionary, which was supplied all senators at the beginning of the session, apparently in the hope of improving our diction, and I find that the meaning of that word is: "dominate, command, hold in check." Fearing that this authority might be too modern, I consulted an older book of synonyms, and I find that for the word "control" the following synonyms are given: "check, restrain, govern, master." And for "check" I find the synonyms, "control, bridle, curb," while for the word "govern" I find, "control, restrain." In not a single instance do I find any reference to "acquire, take over, confiscate," or anything of that nature.

I think I am right in stating that the motion stands by itself, and that remarks made with reference to it by honourable senators or by myself neither add to nor detract from it. When I made my statement to the House I went into considerable detail to show how it might be applied, and in doing so I may have somewhat obscured this fact. I referred to management under the direction of the Department of Mines, which is now experimenting with pitch-blende; this meaning under the guidance of the Department of Mines. I also said it might come under a controlled private corporation, which means a company the Government would hold in check. I think I can give quotations from the press to show that this is a necessity. Then again I said it might be under the direction of a permanent Radium Commission.

I am sure the Government had something like this in mind. Paragraph 130 of the Quartz Mining Regulations for the Northwest Territories, which became effective on April 2 of this year, is undoubtedly what the right honourable gentleman referred to, and somewhat covers the situation. It reads:

> The Governor in Council reserves the right to make such additional regulations from time to time as may appear to be necessary or expedient in the public interest, governing the development and operation of any mineral claim or mine acquired under these regulations in which, in the opinion of the Minister, ores containing radio-active elements occur in sufficient quantity for extraction, also regulations governing the production and conservation of such ores and the elimination of waste.

That paragraph undoubtedly refers to pitch-blende. It indicates, I quite agree, the assertion on the part of the Government of the right to control; but I do not think it goes far enough in this case, or that it expresses any intention to enforce that right.

In regard to that I have a word or two to say. I doubt whether this development will come along in the natural course, without some co-operation from the Government, even if it is left to private corporations to work it out in their own way. It is certain that there can be no competition in the production of radium in this country. If we get one plant producing we shall do very well. Pitch-blende is a sort of bye-product of the silver mines. As a natural consequence all those mines having pitch-blende ore will in time get together in one radium producing plant. In order to show just how soon that can come about I am going to ask honourable gentleman to bear with me a few moments while I deal with this very unusual development in the far away, frozen north.

Before doing this I would clear up one or two questions which have arisen since I introduced this motion. The cost of radium has been discussed at considerable length. I made

the statement that the probable cost would be $10,000 a gram and that the ultimate possible cost might be $5,000 a gram. I said that for present calculations I would take $10,000 a gram. In support of that statement I have no less an authority than Mr. Parsons, of Washington, the gentleman who managed the Colorado radium deposits for the United States Government. He gives it as his opinion that the cost of the Belgian radium, the ore of which is not, I believe, as rich as our own, does not exceed $10,000 a gram. I think the statement of the coal requirements made by one honourable gentleman was misleading, and although I have been unable to check it up, authorities consider it excessive.

Now, with regard to the transportation of pitch-blende: at the present time the Department of Mines estimates the cost of transporting pitch-blende, with the present facilities, which are very expensive, at $400 a ton. An ultimate cost of $100 a ton, which was my estimate, will be much more than ample, I think, if a railroad ever reaches that territory.

I ask honourable gentlemen to permit me to refer to some items appearing in the press. I was told when I took up this subject that it was controversial, and that I had better leave it alone. Some people regard what I have suggested as a statement of Government policy. I need not tell you, honourable gentlemen, that I am not in any way speaking for the Government, and that the Government is not responsible for my utterances in this House, any more than are any of my friends and associates who have been drawn into the matter. I speak for myself. I believe that when something comes up which, from my long experience in business, I think is of benefit to the country, I as a member of this honourable House should have the privilege of giving the benefit of my knowledge and experience to the House without having my motives questioned for so doing. I notice that so reputable a paper as the Northern Miner says that my motion smells of Moscow. Also the Financial Post, which I have no desire to advertise here, impugns my motive in bringing up this matter. In fact, in a heading, it asks: "What is back of McRae's proposal?" It might have been headed "Shades of the Last Election." Then it goes on to say that I happen to be an important party organizer—something which I do not think bears any relation to this question. In any event, as I explained to the House last week, that was two years ago.

Right Hon. Mr. GRAHAM: Just suspicion.

Hon. Mr. McRAE: They are just about as accurate in this as they were in their forecast of the last election. However, there are one or two other things to which I wish to refer. They say that I am a mine promoter on no mean scale. Well, honourable gentlemen, I do not come within that category. The plain facts are that at the present time I have an interest of less than one-quarter of one per cent in a company that owns some claims in the Great Bear district. Whether there is pitch-blende on those claims or not I do not know and do not care. My reason for taking up this matter is a personal one, I admit, but not a financial one. Unfortunately I have had the experience that brings this subject close to the hearts of most of the families of this Dominion, and consequently, as far as I am humanly able, I will endeavour to see initiated such a policy as shall place radium at the disposal of every man or woman in this country who needs it.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: I am very grateful to the medical members of this honourable House for their unanimous support, and also for the encouragement of the medical profession throughout Canada—the guardians of our national health.

So far as the charge of being a mining promoter is concerned, let me say, strange as it may seem, I have never organized a mining company. With one exception, I have never been an executive officer or a director of a mining company. The exception to which I refer is a directorship in a base metal company which is to-day struggling to make both ends meet, and in the effort is providing sustenance, it is estimated, for some 2,500 Canadian people. No apology is needed for that.

There is one criticism of the Financial Post with which I agree. I quote from the issue of that paper of April 23, 1932:

> General McRae can hardly have been unaware that there has been a persistent effort to turn the legitimate mining operations at Great Bear Lake into the foundation for another speculative boom which would permit millions of dollars of shares to be unloaded on the public.

There is good reason to believe that in that regard the Financial Post is correct.

I notice in the New York Sun of Wednesday, April 20, 1932, an article headed, "Radium miners rush to Canada." It says:

> With the break-up of winter about one thousand men, mostly veteran gold prospectors, will set out from various points in the United

States, Canada and Alaska to penetrate to the sub-Arctic wilderness of the Great Bear Lake country.

Then I observe in the Ottawa Citizen of April 28 last an article headed "Crazy miner's dream comes true at Great Bear Lake" —an article copyrighted, if you please, by Frederic B. Watt, in which, dealing with Great Bear Lake, he refers to silver ore assaying 10,000 ounces to the ton.

Hon. Mr. LOGAN: In to-night's Citizen there is another copyrighted article by Watt referring to Great Bear Lake. It says:

Further evidence of a richness almost beyond the dreams of a Croesus was obtained at Labine Point, Sunday, when a one-ton chunk of ore, believed to contain about forty per cent silver, was blasted off No. 2 vein.

Twelve thousand ounces of silver in a one-ton piece of ore is a record unrivalled, and even mining men "hard-boiled" to the breath-taking value of minerals here were shocked into open-mouthed amazement.

Hon. Mr. McRAE: I thank the honourable gentleman for his contribution. If that region comes up to anything like expectations it undoubtedly will be a profitable mining field, but such values cannot be expected to apply to a large tonnage.

As I pointed out, Great Bear Lake is a thousand miles north of Edmonton as the crow flies, eight hundred miles from Waterway, and about eight hundred miles from Peace River Crossing, from which a railway could be built. This means that we have to look forward to a very large capital expenditure for transportation if that area justifies such a development. Eight hundred miles would probably mean an expenditure of $50,000,000 for more railways. I think we all agree that the Canadian people cannot stand such expenditure. It might be well for those interested in the Great Bear section to appreciate that when the time arrives when the district justifies this large expenditure, the mines will have to bear it, and some arrangement will have to be made, by royalties or otherwise, to recoup the Government for any money it may spend in providing transportation for the ore to market. I suppose that here, again, I shall be subjected to the criticism of more smells from Moscow. The people of this country have enough railways on their hands, and they certainly will look to the natural resources of that district to finance its transportation requirements.

I started out, honourable gentlemen, with the fear that these radium resources of ours might fall into the hands of foreign interests, and there are some late reports to support that view. I find an article appearing in the Calgary press of April 11, in which Dr. H. W. McGill, of that city, speaking before the Alberta Council of Physicians and Surgeons, issued a warning which ends with the following paragraph:

The interests seeking control of Canadian radium production were the same as those now operating in Central Africa, and financed by European money.

In an Edmonton paper I find Mr. L. A. Giroux, one of the members of the local Legislature, claiming that foreign capital was seeking to control northern radium fields.

The main object that I have in using the word "control" in this motion is to give warning to any foreign interest that this Government would take whatever action was necessary to regulate the production, distribution and price of radium in this country. I do not think a paragraph in the mining regulations will accomplish this; otherwise I should have no serious objection to accepting the proposal of the right honourable gentleman. I share with him his view of a commission in many cases, but dealing with radium, which is a very technical matter indeed, requiring special knowledge of engineering, mining, medical and similar professions, I am doubtful as to how far the Government will get unless it appoints some body of men—call it a commission or not, as you like—to study the situation this summer and bring in a report for the consideration of Parliament, providing for the proper safeguarding of not only the production, but also the distribution of radium.

To summarize the remarks I have made before this honourable House in regard to my motion, I would say: first, that steps should be taken to prevent our radium resources from falling into foreign hands; second, that inquiry should be made as to the best methods to produce radium from Canadian ore in adequate quantities and at a reasonable price; third, that the educational program essential to an increased distribution of radium should receive consideration; fourth, that steps should be taken to regulate the movement to our Arctic which is apparently now under way.

I do not feel, honourable gentlemen, that this House is going too far in expressing its approval to this motion. I think it is the unanimous opinion of the people that some steps should be taken to protect radium production and distribution.

Hon. Mr. GILLIS: There is just one question I would ask the honourable gentleman, in regard to the necessity for radium to the world. Suppose the people of Canada are not prepared to make the development. If foreign money is available for the purpose of development, is it not better, from the humane stand-

point, to have it done by foreign money than to have the radium lie dormant there for a number of years, when it is so much needed in the world?

Hon. Mr. McRAE: In answer to the honourable senator I would say that control of radium by our Government would not necessarily mean the exclusion of foreign money; quite the contrary. So long as foreign money developed the industry and helped to foster the interest of Canada and the interest of humanity at large, there would be no interference. But if the time came when exorbitant prices were asked for the product, or production was restricted so that an exorbitant price might be obtained, then the Government could step in. That is the crux of my motion.

The Hon. the SPEAKER: Is it the desire of the honourable senator to withdraw his motion?

Hon. Mr. McRAE: On the assurance of the right honourable leader that action will be taken along the lines I have mentioned in this honourable House, I will withdraw the motion.

The motion was withdrawn.

DUPLICATION IN CANADIAN RAILWAY SERVICES

MOTION AND DISCUSSION

The Senate resumed from April 26 the adjourned debate on the motion of the Hon. Mr. Casgrain:

That in the judgment of the Senate, in order to give immediate relief by eliminating some duplication in the service of the Canadian railways, pending action by the Commission presently investigating Canadian railways, a committee composed of an equal number of present officials from the Canadian Pacific Railway Company and the Canadian National Railways be formed, and elect an umpire. Failing to agree in their choice, the Supreme Court of Canada shall appoint this umpire.

Hon. H. J. LOGAN: Honourable senators, I shall not detain you long at this late hour. It seems to me that the discussion on this matter has at times drifted far away from the terms of the motion, by which it was sought to effect economies by eliminating some duplication in the services of the two great railways. I shall not speak upon that phase of the subject. The honourable senator from Saint John (Hon. Mr. Foster) digressed somewhat from that aspect when he referred to the report of Sir Alexander Gibb and the maritime harbours. I shall try to confine myself to these questions.

Whether or not we agree with the extensive report of Sir Alexander Gibb on the harbours of Canada, we must admit that he has compiled a great deal of useful information. I trust that honourable senators will read his report when it is printed. There is, however, a distinct objection in the Maritime Provinces to the centralization of control, and I think it will be some time before that part of his report which recommends the elimination of local harbour commissions will be put into effect. Evidently there is similar objection in Vancouver. The Vancouver Sun of April 14 features an editorial criticism of the recommendation that the control of port administration be centralized. Among other things, the Sun states:

The day that Vancouver allows the authority and control of our port to be taken from Vancouver three thousand miles east to Ottawa that day Vancouver will cease to grow. The Gibb statement that this port could be better run from Ottawa may be theoretically right, but in practice and politics it is one hundred per cent wrong. Even a Vancouver man seated in an office in a swivel chair three thousand miles from Vancouver becomes useless. Vancouver wants and needs and must have, not less control, but more control of her own affairs.

The Halifax Herald, referring to this editorial, states:

Certain it is that centralized control is not looked upon with any degree of favour in Halifax and Nova Scotia—and Halifax and Vancouver are Canada's greatest ocean ports.

The Halifax Chronicle also opposes centralization.

I propose to refer briefly to the port of Halifax, to show what a great harbour we have there.

Hon. Mr. McMEANS: Maritime rights again.

Hon. Mr. LOGAN: Yes. Maritime rights are what we want, but we do not get them. Halifax has a deep waterway harbour, one of the best harbours in the world. Including Bedford Basin, there is a water area of thirteen and one-quarter square miles, of which at least ten square miles have a depth of water of not less than thirty feet. The tidal range varies between 6 feet 6 inches and 4 feet, and only at the narrows connecting the main harbour with Bedford Basin does the current reach three-quarters of a knot. The main harbour is practically free of ice. Fog is of some frequency during the summer months, but since a wireless directional station has been provided very few navigation difficulties have been experienced. As Sir Alexander Gibb says, the natural conditions of this port are almost ideal. In Nova Scotia we think it is the best harbour in the whole world. It is a land-locked harbour.

The port is divided into three separate sections. Richmond Terminal has a single shore quay 700 feet long, and there is a depth of 28 feet of water at low tide. This quay has rail connections. The cattle shed in the rear has a capacity of 1,000 head. South of the Naval Dockyard is another section, known as Deep Water Terminals. At these terminals there are already three piers, providing berths with a minimum depth of 30 feet of water at low tide. Pier No. 2 is built of concrete and has a two-storey shed. The third, and newly developed, section of Halifax Harbour is known as Ocean Terminals. It consists of a bulkhead wharf and one pier, known as "A". There are three berths parallel to the shore line, numbers 20, 21 and 22; and four berths in the basin, numbers 23, 24, 25 and 26; also two berths on the south side of Pier "A", numbers 27 and 28. Berth 24 has 30 feet of water at low tide; number 23 has 40 feet, and the remaining berths have 45 feet.

Pier "B", now under construction, will be 1,250 feet long and 300 feet wide, and will have four more berths, the two outer ones having 45 feet of water and the two inner ones 35 feet at low tide.

It will thus be seen that Halifax Harbour by nature has been provided with great depth of water, even at low tide. There is no harbour in Canada that has the same natural advantages.

The harbour has been thoroughly equipped. May I say, in passing, that this equipment is not being used. There are facilities for handling 20,000,000 bushels of grain annually, yet far less than 1,000,000 bushels are shipped through the port each year.

For the handling of wheat and other grains there has been provided by the Government an elevator, which is owned by the Department of Trade and Commerce and operated by the Halifax Harbour Commission, with a capacity of 2,235,450 bushels per year. But we handle nothing like even 1,000,000 bushels a year. This elevator is situated at the back of Pier "A" and connected with the marine leg at berth No. 24, and grain conveyors for loading vessels at berths 21 to 25, inclusive.

The Canadian National Railways operate all the railway trackage. The main line of the Canadian National Railways divides at Fairview, which is close to the city of Halifax. One route skirts the shore past Richmond, and goes on to Deep Water Terminals; the other passes down the east side of the North-west Arm and crosses over to Pier "A". The total storage capacity of the railway yards in Halifax is about 4,900 cars. Liverpool is distant from Halifax 2,490 miles, as compared with 3,040 miles from New York—a difference in favour of Halifax of 550 miles, which gives Halifax an advantage of about one and a half days' sailing of an ordinary steamer inward, and the same outward.

With reference to port charges, Sir Alexander Gibb has reported that the port of Halifax is not at any disadvantage as compared with competing North Atlantic ports. I hope honourable senators who have not seen the port will visit it at the very first opportunity.

Hon. Mr. FORKE: I saw it fifty years ago.

Hon. Mr. LOGAN: The section of railway from Winnipeg to Moncton was built on the express understanding that it would be used particularly for the carriage of grain from the Western Prairies. When the building of that line was under consideration in Parliament, Sir Wilfrid Laurier said:

> This new railway will be another link in that chain of union. It will not only open territory hitherto idle and unprofitable; it will not only force Canadian trade into Canadian channels; it will not only promote citizenship between Old Canada and New Canada—

Mark these words.

> —but it will secure us our commercial independence, and it will for ever make us free from the bondage of the bonding privilege.

Those words were spoken on July 30, 1903. Yet at the present time we are shipping through American ports nearly all our Western grain that is exported eastward, excepting that which goes through the port of Montreal.

The fundamental trade policy of Canada is an east-and-west policy. This was conceived at the time of Confederation and has been recognized ever since as the only true Canadian policy. But during the last eight calendar years, from 1924 to 1931, inclusive, the enormous total of 841,801,868 bushels of Canadian grain has passed through American ports, and during that period the port of Halifax has handled only 8,953,614 bushels of Canadian grain, or just about one one-hundredth of the quantity that went through American ports. These figures are all the more astounding when we consider that we spent from $250,000,000 to $300,000,000 on the Canadian National Railways for the purpose of enabling them to bring this grain to our maritime ports. While the traffic from Canada to American ports is increasing, our road from Winnipeg to Moncton is almost forgotten. I think it is the part of Canadian statesmanship to insist upon the use of our own railway services for the transportation of our own wheat. If we do that, the result will be the employment of more railway men, the purchase of more Canadian coal, and the transportation of our

own wheat. While this forgotten piece of road is rusting, we are spending from $15,000,000 to $20,000,000 in United States freight and port charges. Our road was built with very low grades and the acceptable curvatures, but we have failed to use it. I wish to speak for the people of the Maritime Provinces, as far as I can, in favour of a change of policy which would result in a proper patronage of this Transcontinental Railway. Some time ago there was a freight rate of 34.5 cents from Winnipeg to Quebec, with a 1 cent differential on wheat going to Halifax and Saint John. The people of Quebec appealed against those rates, which were reduced to 18.33 cents; but we have not been able to get a reduction in the rate from Quebec to Halifax and Saint John, our great ocean ports. The people of the Maritime Provinces cannot understand this.

I desire to impress upon the Government the importance of recognizing as a Canadian national policy the use of the Transcontinental Railway for the transportation of wheat from the great granary of the world to the ports of Saint John and Halifax. We should be ashamed of ourselves that we are allowing American ports to handle our business, which we are fully equipped to handle.

On motion of Hon. G. V. White, the debate was adjourned.

The Senate adjourned until Tuesday, May 10, at 3 p.m.

THE SENATE

Tuesday, May 10, 1932.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill D2, an Act for the relief of Roméo Xavier Vandette.

Bill E2, an Act for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.

Bill F2, an Act for the relief of Ida Judith Clark Freudberg.

Bill G2, an Act for the relief of Elizabeth Ann Routledge Gunther.

Hon. Mr LOGAN.

Bill H2, an Act for the relief of Chesley Hastings Potter.

Bill I2, an Act for the relief of Theo Alice MacFarlane Lamb.

Bill J2, an Act for the relief of Chia Hannah Shiff.

Bill K2, an Act for the relief of Margaret Spencer Heald.

DEATH OF THE PRESIDENT OF FRANCE

EXPRESSIONS OF SYMPATHY

Before the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable senators, since we last met the world has been shocked by one of those sad events in high places which try the nerves of nations. It appears that we must always look for the face of tragedy to peer through all scenes, however exalted, and take its toll in the mourning of a nation and in the sympathy of the world. The President of France, shot down by an assassin, is now enshrined—as, indeed, he always has been—in the goodwill and the affection of mankind.

It is very hard to realize the state of mind which drives any human being to an act so cold-blooded, so unintelligent, so futile; but the windings of the intellect of some of our species no other man can follow. Each of these acts seems to be the product of a more or less disordered constitution. Universally it is the act of a relatively ignorant and aimless man, but the result is fearful and sometimes brings us to despair as to whether or not our civilization is advancing.

M. Doumer, the late President of France, was one of the most unoffending, one of the most kindly, one of the most highly regarded in all circles, of the men of our time. It is but a few short months since, because of his high character, his simplicity of nature and the universal respect in which he was held by high and low, he was able to defeat, for the presidency of the Republic, the most brilliant orator of this generation.

Four of his sons, in the late War, gave their lives for France. His sacrifice for his own country raised him to a pinnacle of popularity, and we are among those nations who regard that sacrifice as a sacrifice for the world. We are bound by ties of kinship and of history with the people of France, inasmuch as so many of our own people, in years gone by, came from her shores. In this day of mourning of the French Republic we feel we have a right to join with the French people, and we assure them, through the voices of both Houses, that here in this far western country

we sympathize with them in their trouble and in their tragic loss.

Hon. R. DANDURAND: Honourable members of the Senate, not a word has fallen from the lips of my right honourable friend which I would not have pronounced myself, and in which I do not concur. For a quarter of a century I had the privilege of enjoying the friendship of M. Paul Doumer, whom I met on my visits to France and to Geneva.

It was under very dramatic conditions that I first came into contact with M. Doumer. I had just been to London. An incident had occurred that had created considerable recrimination between Germany and France. Two soldiers belonging to the Foreign Legion in Morocco had deserted, and had taken refuge in the German Consulate at Casa Blanca. They had been arrested while in the Consulate. The German Wilhelmstrasse was demanding the liberation of those two men, and an apology from France. France maintained it was justified in the action it had taken, and after some discussion offered to refer the matter to the Hague—to the International Court of Justice. This was not favourably received by Berlin, but it was rumoured that the intervention of Great Britain had brought about the acceptance of France's offer. At the dinner given at the Guildhall on the 9th of November, 1908, one of the Ministers, holding a high position in the Cabinet, said he was glad the matter had ended peacefully, because otherwise Great Britain would have stood by the side of France. People in Germany resented that statement. On coming to Paris I had the opportunity of meeting M. Doumer, who was then Rapporteur of the Commission on the Budget for War. During the recess of Parliament he had gone to visit all the forts of the eastern frontier. I met him just after his return, when Parliament had reopened. He seemed to be deeply moved. He stated that the members of Parliament, who had just been in contact with their people, felt, for the first time since 1870, that the nation had made up its mind that henceforth France should stand no humiliation from Germany. "At last," said he, "we are freed from that nightmare." I can still see him repeating, in his nervous style, "Nevermore! Nevermore!"

Yet he was of a very sweet character and quiet disposition. He rose from very humble beginnings. He had been obliged to leave school at the age of fourteen to take the place of his father, who had died. Although he had to take care of a rather large family, he succeeded by his own efforts in obtaining a university training and gradually rose to the eminent positions which he occupied.

It was one of the tragedies of his life that four of his sons, one after the other, were killed in the War. There remains one son, who stands to-day by his grave.

M. Doumer was sent by France to Indo-China, where he proved himself to be an exceptional administrator. During his regime the budget of Indo-China was balanced for the first time, and thenceforth that country was self-supporting.

On his return from Indo-China he was defeated by M. Armand Fallières. His Radical friends did not forget that he had been appointed to Indo-China by his opponents. However, he gradually attained to the presidency of the Senate, a position which ranks next to the presidency of France; and, as we all know, he was appointed to the Elysée a few months ago.

By his example, he has shown that honesty, virility, intelligence and devotion to duty will in a republic carry a man from the lowest to the topmost rung of the ladder.

There is an incident in his life which is perhaps worth noting. The Barcelona Power Company had been founded and developed by a Canadian, Mr. Frank Pearson, of Halifax, with Canadian capital. To my utter surprise it was M. Paul Doumer who, after Mr. Pearson's death, succeeded him as head of that company. He was then without a seat in Parliament. I used to claim M. Doumer as a Canadian when I saw him at the head of that large power plant established by Canadian capital in that great Spanish city.

I need add nothing more than to say that we all on this side join with my right honourable friend in expressing our heartfelt sympathy with the Republic of France in its great bereavement.

THE LATE HON. SENATOR GIRROIR

TRIBUTES TO HIS MEMORY

Right Hon. Mr. MEIGHEN: Honourable senators, it is also our sad duty to-day to note the passing of another of our number. Since Friday last Senator Girroir, of Antigonish, Nova Scotia, has come to the end of a long, fateful illness, and is no longer one of this body. By reason of ill-health, it is some considerable time since he was able to take an active part among us. Though a member of the Senate for nearly twenty years, he never sought—apparently never felt that he might enjoy—the prominence of high office; he sought rather to do his duty and render service along the path of the more humble.

Senator Girroir was a Nova Scotian by birth, a descendant of the Acadians, whose place in our history is one of such romance. He early entered public life, and was a candi-

date for the Commons, subsequently succeeding in entering the Legislature of his own province. From there he answered the summons to this House, and I am sure I speak the mind of all, and especially those who knew him well, when I say that as one of our number he gained the friendship and respect of all. Now that he has gone from us, we unite in extending to his family and to those nearest to him an expression of our sympathy. I am sure that in paying this short tribute to his memory I am voicing not only the sentiments of the House, but especially those of his friends who knew him longest and best.

Hon. Mr. DANDURAND: Honourable members of the Senate, I join with my right honourable friend in paying homage to the memory of our departed colleague. The Hon. Mr. Girroir, as my right honourable friend has said, spent some twenty years in our midst, and I confess that in the busy days that I gave to the Senate I had not the privilege of close intimacy with the honourable gentleman. I hardly ever had the advantage of conversing at any length with him. He was of a very retiring disposition, and perhaps was affected by shyness.

In the first years that he was with us, and up to the time of his illness, he participated in fairly large measure in our debates.

We in the Province of Quebec often boast that, down below Quebec City, we have been able to assimilate a whole Scottish regiment, whose decendants now call themselves French Canadians. The Hon. Mr. Girroir, an Acadian, is the only person of French descent that I know of who was similarly absorbed by the Scots of Nova Scotia. He spoke English as though it were his native language. We have no Girroirs in the Province of Quebec, but we have Girouards. The Hon. Mr. Girroir, with my honourable and revered friend the senior member of this Chamber (Hon. Mr. Poirier), the honourable gentleman from Gloucester (Hon. Mr. Turgeon), and the honourable gentleman from Richibucto (Hon. Mr. Bourque), represented the Acadian race in this House.

I join with my right honourable friend (Right Hon. Mr. Meighen) in expressing our sympathy to his family.

Hon. P. POIRIER (Translation): Honourable members of the Senate, Acadia was represented in this Chamber by four senators. One of them, and he was not the least, has gone from among us—has taken that road which we all must travel, each in our turn. Senator Girroir represented the Acadians of Nova Scotia; the other three, whom it is needless to name, represent the Province of New Brunswick. May I recall an historical fact? The appointment of the first Acadian to be raised to the dignity of a senatorship was a highly considerate act, politically, socially, and I might say also from the human standpoint, on the part of Sir John A. Macdonald. He recognized, with Sir John Costigan, Sir Leonard Tilley, Sir Charles Tupper, Sir Hector Langevin, all the Ministers of that day, that it was desirable, even necessary, to give representation in the Upper Chamber to the people who first implanted European civilization and Christianity in this country. Port Royal, as you know, was founded two years before Quebec. Our departed colleague, Senator Girroir, having been the sole representative of the Acadians of Acadia proper —that is to say, of Nova Scotia—I venture to hope, indeed I am sure, that the Government, actuated not by racial or religious prejudice, but by a high sense of justice, will see to it that he is replaced by another Acadian.

Let me say a word also on the tragic and lamentable death of the President of France. There is nothing to be added by way of improvement to what has been said by the right honourable leader of the Government and by the honourable leader sitting on the left of His Honour the Speaker; but it has been expressed in the language probably in widest use throughout the world, the language of Shakespeare and of Milton, which has produced some of the world's greatest masterpieces. The language of France has not been heard. My purpose in adding a word is simply that, outside of the French Republic, it may be said in French that we, in common with the rest of the world, have deplored and do bitterly deplore what has happened in France, the assassination of President Doumer.

Hon. Mr. DANDURAND (Translation): Hear, hear.

Hon. JACQUES BUREAU (Translation): Honourable members of the Senate, I heartily concur in what has been said by the right honourable leader on the right of the Speaker, and by the honourable leader on the left. It is proper that those of us who are French-speaking, in voicing our sympathy with the country whence our ancestors came, should use the language we have inherited from them. As the honourable gentleman from Acadie (Hon. Mr. Poirier) has just said, we deem it fitting to convey in French to our brethren overseas our deepest sympathy in the terrible and disastrous loss that France has suffered. With her we deplore the cruel

attack which has resulted in the death of one of her most illustrious citizens, President Doumer.

I congratulate the honourable senator from Acadie upon having given heed to the voice of affection and kinship in using the French language to express the sympathy of the French in Canada with those in the Old Country. It seems to us that we shall thus be better understood and shall more surely touch their hearts.

INTERNATIONAL CONVENTION—ARMS AND AMMUNITION

RESOLUTION OF APPROVAL

The Hon. the SPEAKER informed the Senate that the following resolution had been received from the House of Commons:

That a message be sent to the Senate informing Their Honours that this House has adopted a resolution approving the International Convention for the Supervision of the International Trade in Arms and Ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the Honourable Raoul Dandurand on the 22nd September, 1925, and requesting that Their Honours will unite with this House in the approval of the above mentioned Convention.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, this convention was adopted by way of a treaty in 1925, and although in 1926, very shortly after the execution of the convention, the Imperial Conference passed some rather solemn resolutions, and Canada herself formally came to the conclusion that all conventions should be ratified by both Houses of Parliament, nevertheless, strange to say, this one, evidently by oversight, escaped ratification. Therefore, it is now necessary to ratify this convention in order to proceed with the execution of our statutory duties under it, and, in compliance with the message from the House of Commons, I beg to move:

That it is expedient that Parliament do approve of the International Convention for the Supervision of International Trade in Arms and Ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the plenipotentiary named therein, and that this House doth approve of the same.

Hon. Mr. PARENT: May I ask who signed the document?

Right Hon. Mr. MEIGHEN: The Hon. Senator Dandurand.

The motion was agreed to.

Right Hon. Mr. MEIGHEN: I now beg to move:

That a message be sent to the House of Commons to acquaint that House that the Senate doth unite in the approval of the International Convention for the Supervision of the International Trade in Arms and Ammunition, Geneva, 17th June, 1925.

The motion was agreed to.

COMPANIES BILL

FIRST READING

Bill 61, an Act to amend the Companies Act.—Right Hon. Mr. Meighen.

SECOND READING

Right Hon. Mr. MEIGHEN, by leave of the Senate, moved the second reading of the Bill.

Hon. Mr. BUREAU: Is the Bill going to Committee of the Whole, or to the Committee on Banking and Commerce?

Right Hon. Mr. MEIGHEN: Banking and Commerce.

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

WINDING-UP BILL

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of Bill C2, an Act to amend the Winding-up Act.

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

COWAN DIVORCE BILL

MOTION FOR THIRD READING

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, moved the third reading of Bill V1, an Act for the relief of Gordon Alexander Cowan.

Hon. J. J. HUGHES: Honourable members, a few days ago, on the motion for the second reading of this Bill, the honourable senator from Regina (Hon. Mr. Laird) stated that the committee's report was not justified by the evidence. That caused me to read the evidence with some care, and after having done so I have come to the same conclusion as the honourable member from Regina.

I may say that I belong to a denomination which does not believe in divorce; which believes that more harm is done by any system of divorce than is prevented by it. The members of that denomination in this House appear to have come to the conclusion that they are adequately conforming to their principles, and doing their duty as citizens and senators, when they refrain from taking part in any divorce legislation. I have followed that rule, but I think occasions may arise when it should be departed from. In my opinion this is such an occasion. According to my view, when the evidence submitted to the committee is conclusive and meets with the approval of the committee, and when no objection is taken in this House, we who do not believe in divorce should follow the

course that we have hitherto pursued; but when the evidence is of such a character that it does not meet with the unanimous approval of the committee, and objections are taken to the Bill in this House, my duty is to read the evidence and take part in the proceedings, lest my abstention might contribute towards injury to an innocent person.

After reading the evidence in this case, I consider it very conflicting. Furthermore, in my judgment, the witnesses for the applicant were not credible and disinterested. I will not undertake to analyse the evidence or to explain it to anybody; I will only say that I think it would be well for every member of the House to try to read the evidence in this case and to form his own judgment upon it. When reading the evidence I thought it strange that the respondent did not welcome the divorce, did not wish to get altogether clear of the applicant, but upon reflection I saw that this woman was fighting in defence of her reputation, and I concluded that she was pursuing a proper course. It is, I believe, a fundamental principle of law, and of common sense, that a person should be considered innocent until proved to be guilty. As I say, the evidence in this case is certainly conflicting, to say the least, and it appears to me a very serious matter to take away the reputation of any person, particularly a woman, by legislation, when the testimony against that person is, to put it mildly, doubtful. If the motion for the third reading of this Bill comes to a vote I shall certainly oppose it. Perhaps, under all the circumstances, the third reading should be deferred a few days in order that those who wish to do so may have an opportunity to read the evidence. At all events, I have thought it my duty to put my views on record.

Hon. H. W. LAIRD: Honourable gentlemen, had I been aware that my honourable friend from King's (Hon. Mr. Hughes) intended to bring up this question on the third reading, I should have been better able to discuss it. The House will remember that on the motion for the second reading of the Bill I suggested that the third reading be deferred so that some honourable members might have an opportunity of reading the evidence and looking into the matter further. I did not undertake to analyse the evidence at that time, because it has been the recognized practice of this House to accept the recommendations of the Divorce Committee as a matter of course. I raised the question with the idea of letting it be known that the second reading was not carried by the unanimous vote of the House. In view of the possibility of a division on this question, I am moved to make a few further remarks.

As I pointed out at the time of the second reading, the evidence in this case covers a very large number of pages, and, to my mind, consists largely of suspicion. I am quite free to admit, after reading the evidence, that the respondent was a very foolish woman and that some of her actions were open to criticism. But divorces are not granted on such grounds as that. The main evidence upon which this case was decided was given by two professional detectives, and it was the only evidence bearing upon the crucial point in the case, namely, whether the offence alleged to have been committed was a sufficient ground for an application for divorce. It was pointed out that one of the detectives was an uncle of the petitioner. That might mean anything or nothing. But when that was backed up in his sworn testimony by the statement that he advised the petitioner to "give it to him, and give it to him plenty," and to "knock hell out of him," or, in other words, to assault the co-respondent, it did not tend to show that he was impartial and that his evidence was such as should be accepted by this House.

As against this evidence, and that of the petitioner, who apparently was very bitter against the respondent, there was the testimony of the respondent and the co-respondent. Their evidence absolutely contradicted the petitioner's. I heard the evidence of the co-respondent, and I must say that, although we usually receive the evidence of co-respondents with some reservations, I was favourably impressed, and believed that the co-respondent in this case was telling the truth. He was not endowed to any special degree with brightness or intelligence, but was an ordinary, every-day, upstanding, decent young fellow.

The evidence for the petitioner was denied also by the sister of the co-respondent, a very respectable young woman who is a nurse, and who was in company with the respondent and the co-respondent at the time of one of the alleged occurrences which gave rise to the petition. It was sworn on one side that this sister, the nurse, had left the car and gone into the house while the respondent and co-respondent remained in the car, but it was sworn by witnesses on the other side that she had not left the car—that the three young persons remained together.

The respondent's father, who is prominent in the commercial life of Montreal, and her mother, two very respectable persons, also testified. If the evidence of the detectives

is to be accepted, it simply means that the father and mother, who have raised a family of five daughters, are guilty of absolute perjury; and from what I have heard of this case I am not prepared to believe that.

The petitioner, who was a very bitter partisan, was supported by two detectives, one of whom is his uncle and the other a man hired by that uncle. The evidence of those three was contradicted by the respondent, the respondent's father and mother, the co-respondent and the co-respondent's sister.

What will be the result if this Bill passes? The petitioner will be relieved of an apparently undesirable marital relationship with his present wife, who will be cast into the ditch. Her parents and family are, as I have already said, very respectable people, but she will be branded for all time as practically a prostitute and her whole future will be very seriously affected. I think we should hesitate and think seriously before we adopt a report or pass a Bill that would so seriously affect a young woman of promise, twenty-five years of age, who comes from a good family and who has a wide circle of friends. If we are going to err we should err on the side of the woman in this case, on the ground that the charge has not been proven, or at least that it has not been proven by evidence of a substantial and credible nature.

Hon. L. McMEANS: Honourable members, as Chairman of the Divorce Committee I should like it to be distinctly understood that I hold no brief for either the petitioner or the respondent. The committee sat for some time hearing evidence in this case, which is a very important one, and it made a report to this Chamber. That report was adopted and a Bill was based upon it. When the Bill came up for second reading my honourable friend from Regina (Hon. Mr. Laird) made a few remarks, but the motion for second reading was passed, and we are now dealing with the motion for third reading.

As with a great many other cases in which there is evidence on both sides, I think this is purely a matter for a jury. If honourable members will read the evidence carefully and weigh it as a jury, they will be able to come to a decision as to whether or not the Bill should be passed. Of course, if the Bill is passed here it does not follow that it will become law, for it will go to the other House, where it is likely to be referred to another committee. There have been, to my knowledge, cases in which a committee of that House has reported against divorce bills, and these have been dropped. The other House is virtually a court in which the decisions of our committee, and Senate bills in divorce cases, may be reviewed, and I am advised that very keen interest will be taken in this Bill there.

It is quite true that the committee was not unanimous on this Bill. The report was tabled; so I am not committing any breach of parliamentary rule in stating that the vote was four to two for granting the petition. I think it was very unfortunate that only six members of the committee sat on the case. In a contested matter of this kind there should be a full representation, so that we may have the benefit of the experience of every member.

As I said before, I do not hold a brief for the petitioner or the respondent; and I am not going to urge upon any honourable member to vote for the Bill or against it. The committee took the evidence and reported. I have nothing more to say about the matter.

Hon. R. FORKE: Honourable members, I was asked to read the evidence in this case, and on the motion for second reading I intended to express grave doubts that justice was being done to the woman, the respondent. I thought it would be rather difficult for a new member of this House to say anything contrary to the findings of the Divorce Committee, and while I was trying to screw up my courage the honourable member from Regina (Hon. Mr. Laird) rose and stated opinions similar to my own. I think, though, I am even a little more confident than he is that it would be a miscarriage of justice to pass this Bill.

The petitioner, detectives and other witnesses were following the respondent to dance halls and other places, trying to find out something against her, and at the last moment they succeeded, through trickery, in working up a case; but in my opinion it is an unlikely one. I think the woman was neglected by her husband and given the cold shoulder, and, as she was young and fond of amusement, she perhaps did some foolish things. I feel perfectly sure that to pass this Bill would be to do an injustice not only to the woman, but to the co-respondent.

Right Hon. G. P. GRAHAM: Honourable senators, I presume that I shall be considered prejudiced in what I say, because I am against divorce anyway.

Hon. Mr. FORKE: So am I.

Right Hon. Mr. GRAHAM: I have read the evidence of two divorce cases in my life, and this is one of them. The other was a case that came before the Commons when I

was a member there, and after having read the evidence carefully I went into Committee of the Whole fully convinced that there was no justification for passing the Bill.

Perhaps I shall not be considered fair when I say that we cannot judge the conduct of young people to-day by the standards that prevailed years ago. Times have changed, and what would have been thought suspicious and very wrong years ago is considered to be nothing of the kind in these days. I am for the young people of to-day, who, I believe, are just as moral and as pure as we, or our fathers and mothers, or our grandfathers and grandmothers, were. It is true that young people step out a little, as we say, dance in the evenings, have—

Hon. Mr. McMEANS: Cocktails.

Right Hon. Mr. GRAHAM: —have a good time, and all that kind of thing, but I repeat that they are just as pure as our ancestors were. But if our fathers and mothers had done what the young people of to-day do, the people of that time would have said they had gone to perdition and had no hope whatever of salvation.

I think that no judgment should be given in favour of divorce unless there is absolute proof. I have read the evidence in this case, and to my mind the honourable gentleman from Regina (Hon. Mr. Laird) is right when he says that there is no solid proof here. Two of the witnesses were—to put it mildly—paid for their work. I do not know what honourable gentlemen of the legal profession think, but I should prefer the evidence of one man who is not a detective to that of seven detectives. I do not mean to say that there are not honourable detectives. In this case, although the woman and the co-respondent were running around to dances and having a good time, and the circumstances were such as might arouse suspicion, I would not take the evidence of the alleged actual occurrences, by the men who gave it, as substantial evidence against anybody.

When I was a member of the other House, as I have already said, I read the evidence in a case and I did what some members thought was not a very creditable thing to do. Fully believing that there was not substantial evidence against the party charged, I called attention to the fact that there was not a quorum in the House, and the divorce bill was not passed. Perhaps my evidence was not very strong there, but my action was very effective. Afterwards I received a letter from the woman in that case, whom I never saw and probably never shall see, thanking me for preserving her from a situation that I thought was not very creditable to the men concerned in it, and that would have ruined her and her daughter, a young lady. The application for divorce was not renewed, and the woman wrote me that she was leading, and always had lived, an honourable life, and that her daughter had been given an opportunity to go through life respectably, without the finger of shame pointed at her.

I mention this incident to impress upon honourable members my view that in every case of this kind involving a charge against a woman this House, and every other judicial body, ought to be very careful before granting a divorce and casting the woman out on the world bereft of her good name. That is all a woman has. A man who makes a mistake may come back, but once a woman is marked she is usually marked for life.

After having read the evidence in this case, even if I did believe in divorce, I would vote against this Bill.

Hon. Mr. McMEANS: If I am permitted to make another remark, I should like to suggest that as this Bill has aroused some interest—which I am very glad to see—the matter should stand, so that any honourable member who has not read the evidence may do so and be prepared to vote later.

Hon. Mr. DANDURAND: Any member who intends to vote upon it.

The Hon. the SPEAKER: The Order stands.

REFUNDS (NATURAL RESOURCES) BILL

THIRD READING

Bill 64, an Act to authorize the Refund of Moneys received in connection with the administration of the Natural Resources.—Right Hon. Mr. Meighen.

UNFAIR COMPETITION BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 5, an Act respecting Unfair Competition in Trade and Commerce.

He said: Honourable members, I have spoken to the Clerk of the House and he, like myself, has no recollection of our having had before us in this House the resolution approving the convention upon which the Bill is largely founded. That matter is being inquired into, but I see no reason why the Bill itself might not be given second reading now, on the understanding that it will not be finally passed here until the question of the necessary precedent resolution is settled.

The purpose of this Bill is to give effect to a convention to which Canada is a party, the purpose of which convention is to protect industrial property, especially trade marks and trade designs. Our Trade Mark Act was passed in 1869 and stands to-day virtually the same as when it was originally enacted, the subsequent amendments having been comparatively negligible. The constitutionality of the Act has been called in question. The question has not been pressed in the courts, but at various times it has been raised, and authorities have very great doubts as to whether there is not such an invasion of civil rights as is beyond the power of this Parliament. That feature of constitutionality will, we believe, be cleared up if this Bill passes, for it does not include elements which might possibly becloud its constitutional status.

In 1883, I think it was, there was constituted a Union for the Protection of Industrial Property, and to that Union a number of countries adhered. Canada acceded, long after, to the convention of 1883, and thereby became a member of the union, but except for becoming a member did not take part at that time, nor for a long period. The convention of 1883 was amended and extended at a subsequent conference in 1900, and again in 1911. Canada was represented in 1925 in a conference at The Hague, at which the principal amendments to the convention were adopted. Subsequently, by Order in Council of the 19th of April, 1928, Canada authorized the ratification on its behalf of the Hague convention of 1925, and it came into force on the 1st of May, 1928. Canada is now a member of the Union for the Protection of Industrial Property. It is also a party to the Hague convention which in 1925 very materially amended the terms of the convention constituting the Union.

The purpose of Bill 5 is to give effect to the amendments adopted at The Hague, and to bring our whole Trade Mark Act into conformity with modern practice and with the principles that are now considered effective and practical in relation to trade marks and trade designs.

Honourable senators will, of course, be quite familiar with the fact that a treaty between this country and any other country or countries can be carried out and given effect to by legislation of the Parliament of Canada, whatever may be the subject-matter of the treaty. The very interposition of the treaty gives jurisdiction to the Federal House and removes any possible objection that might be raised by the provinces. On that basis especially, the constitutional features of the present Bill are, we believe, unassailable. But, besides that, all interference with property rights in reference to trade marks, except so far as it is necessary for external and general trade and commerce, is eliminated from the measure.

Hon. Mr. DANDURAND: Honourable members, this Bill deals with a subject with which I have not been very familiar during my practice at the Bar. However, I have examined the Bill and have found in it no cause for any objection. It seems to be quite compact and complete. I think the document has been thoroughly prepared by the officials of the department concerned, and very likely the work has been supervised by the Department of Justice.

Right Hon. Mr. MEIGHEN: I may add, honourable senators, that this Bill, it seems to me, has been prepared with commendable care, which is not always exercised in measures proceeding from either House. A select committee of the Commons had to do with its revision. This committee, which was presided over by the Secretary of State, paid attention to its work, and finally it gave unanimous approval to the measure as amended there. There were present the legal representatives of many large concerns in the country. I think there were altogether half a dozen legal men, representing concerns having very much to do with patents and trade designs. They have approved of the measure, and look for very excellent results from it. Further, a leading authority on this subject in the United States, Mr. S. P. Ladas, author of a very authoritative work on trade marks, one of the eminent counsel advising on this special subject, made certain suggestions to the committee, which were favourably considered. He has written that he believes it is excellent legislation in so far as it transfers into Canadian law all provisions of the International Convention for the Protection of Industrial Property, as revised at The Hague in 1925, and that he intends sending to all concerned in trade mark legislation and trade mark law in his own country copies of this measure as one admirably designed to meet modern needs in this sphere of law and commerce.

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

REFERRED TO COMMITTEE

Right Hon. Mr. MEIGHEN: If it would meet with the approval of my honourable friend, I would have this Bill referred to the appropriate committee.

Hon. Mr. DANDURAND: Without doubt, the right honourable gentleman could give to that committee a fair view of the whole economy of the Bill; but if he desired to have a special expert who would do that, and thus relieve him of the obligation of going through the Bill, he might so arrange. I leave it to himself to decide which course it would be advisable to follow.

Right Hon. Mr. MEIGHEN: I made the suggestion of reference to the special committee because that seemed to be the desire of the members. I am prepared to go on with the Bill here, but I still think it would be better to have it viewed by the whole committee, before whom the representative of the department could come.

On motion of Right Hon. Mr. Meighen, the Bill was referred to the Standing Committee on Banking and Commerce.

FISH INSPECTION BILL

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on Bill 6, an Act to amend the Fish Inspection Act.

Hon. Mr. Gordon in the Chair.

Section 1 was agreed to.

On section 2—regulations:

Right Hon. Mr. GRAHAM: Is there something new in the regulations?

Right Hon. Mr. MEIGHEN: Yes. The words "be shipped or taken from any province in Canada" are included in the definition of the things to which the prescription of size applies.

Section 2 was agreed to.

Sections 3 to 6, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

PUBLIC BUILDINGS AND GROUNDS

REPORT OF COMMITTEE

Hon. Mr. BLACK moved concurrence in the second report of the Standing Committee on Public Buildings and Grounds.

He said: Honourable senators, this is the report of a committee of which the honourable senator from Rockcliffe (Hon. Cairine Wilson) is chairman. As she was to be absent when the committee met, she asked me to act as chairman. I did so, and the report was made out and signed by me on the day of her return. As she was chairman of the committee, I sent her a copy of the report, unsigned, but with her usual modesty she handed in the one bearing my name.

As the honourable senator from Rockcliffe is not here to-day, I desire to make a few remarks, first, as to the work recommended by this committee last year, part of which, at least, was carried out. Honourable members will recall that there was a great deal of criticism of the condition of the monuments on Parliament Hill. They were corroded and discoloured by the elements and other agencies. I am sure honourable gentlemen will have noted with pleasure a marked improvement in their condition.

Hon. Mr. LACASSE: Sir John Macdonald is spotless.

Hon. Mr. BLACK: As he should be.

Hon. Mr. FORKE: I have noticed some decorations on top of them.

Hon. Mr. BLACK: They have been much improved. The monument to Sir John Macdonald was in perhaps the worst condition of all; but it certainly looks well now. The Research Department was able to furnish a solution which removed the verdigris and other disfigurements.

In an inspection of the trees it was discovered that many trees, especially the older ones, were diseased and proceeding rapidly towards destruction. A firm of tree experts was engaged to go over them and perform various acts of tree surgery. This has resulted in an improved appearance of the trees and will, I am sure, add many years to their life. Some changes were made also in the shrubbery about the grounds. Some of you, no doubt, have noticed a difference in the shrubs around the statue of the late Queen Victoria. Many other things were done by the committee, all very largely as a result of the efforts of the honourable senator from Rockcliffe (Hon. Cairine Wilson), who took a great interest in the work and personally supervised it during the recess, assisted by the Deputy Minister of Public Works.

Among other matters that came before the committee was one brought up in the House a year or two ago—and no doubt on other occasions also—namely, the desirability of erecting a statue to Sir Charles Tupper, one of the Fathers of Confederation. It is my opinion that you cannot mention the three

strongest characters who took an active part in Confederation without including the name of Sir Charles Tupper. Even down to recent times he has been a prominent figure in the life of Canada. I think it was the unanimous opinion of the committee—which perhaps could not bring this matter before the House as a committee—that its members individually should call the attention of the House, and of the Government, through our leader here, to the propriety of erecting a statue of Sir Charles Tupper on Parliament Hill in the near future. I invite honourable senators, if they have not already done so, to take a walk around the Hill and become acquainted with those whose memories have been perpetuated in bronze. I have no objection to the commemoration of any person whose statue is to be seen, but I have no hesitation in saying that Sir Charles Tupper played a more prominent part in the history of Canada than did many of those whose statues are now erected on this Hill. Therefore, as a member of the committee, a member of this House from the Maritime Provinces, and one who knew Sir Charles Tupper—only slightly, it is true—I should very much like to see, as I am sure the people of the Maritime Provinces would like to see, measures taken for the erection on this Hill of a statue in commemoration of the man himself and of his achievements. I feel confident that the whole Dominion of Canada would commend such action.

Hon. JOHN LEWIS: When this matter came up last session and Sir Charles Tupper was mentioned, I put in a claim for Joseph Howe, of Nova Scotia. It is true that he was neither one of the Fathers of Confederation nor a Prime Minister, but he was certainly a favourite son of Nova Scotia, and perhaps the most picturesque figure in the history of that province, any history of which would be incomplete without him. When the putting up of additional statues is considered, I hope the committee will not forget Joseph Howe.

Hon. Mr. BLACK: Without wishing to exceed my privileges, may I say that the cost of the last statue erected was, I think, about $18,000. That kind of work could be done to-day much more cheaply than at any time in the recent past. I have no doubt that $10,000 would pay for quite as good a statue as would have cost $18,000 a few years ago. In these times of stress the committee does not ask that the money should be spent at once, but it would like to see something done by way of preparation.

As for Joseph Howe, I may say that in my opinion the three greatest men in public life at the time of Confederation were Sir John Macdonald, Joseph Howe and Sir Charles Tupper. I have read all Joseph Howe's works. I have known and read of Sir Charles Tupper, and Sir John Macdonald's name was a household word. All three were great men. I should like, however, to impress upon honourable members the importance of getting one monument at a time. If we ask for too much we may get nothing. First let us get a monument to Sir Charles Tupper, and then let us get one to Joseph Howe.

Hon. RAOUL DANDURAND: This matter has now come to my attention for the first time, and I am not prepared at this moment to weigh the importance of those whose names have been mentioned, and to decide as to priority of claims. I am reminded of what was said by Napoleon after the battle of Essling. The battle had been an indecisive one, neither side gaining much ground, although the French remained in possession of the field. Bernadotte, who later became King of Sweden, and who at that time was leading the Saxons, issued an order of the day congratulating them upon their valour. As soon as Napoleon learned of Bernadotte's statement he said: "Là où je suis, il n'appartient à personne de distribuer la gloire"—to translate, "Where I am, no one has a right to distribute glory." I am not at the moment in a position to distribute glory. It is not within my province.

The question of raising monuments should be very carefully studied, in order that no undue preference may be shown. Some of the statues surrounding these buildings are in memory of Fathers of Confederation; others, representing Lafontaine and Baldwin, relate to an earlier period. Some of the Fathers of Confederation were deserving of recognition quite apart from their action in bringing about the union of the provinces. I am of the opinion that when the question of erecting a monument arises the Government should appoint an advisory committee, composed of members representing all the various shades of opinion. After the departure of a contemporary we should not be too hasty in raising a monument to his memory, but should allow time to exert its influence on the perspective. The decision of such a committee would be welcomed by the country generally.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I have not read the contents of this report and am not in a position to comment intelligently upon it. I take it that its formal adoption does not necessitate any action.

I should like to say a few words on the subject treated by the honourable senator from Westmorland (Hon. Mr. Black) and others who have followed him. It is better

in almost every case, no matter what Government may be in office, that some decades should intervene before Parliament decides whether a monument should be erected on the grounds of Parliament Hill. There is a better perspective in later years, when animosities have subsided or passed away. The achievement of the great men who have gone can then be more truly measured, and their place in history more certainly fixed. Occasionally, but only occasionally, there is reason for exception. Such an exception was the case of Sir Wilfrid Laurier, whose monument rose soon after he departed. Such was his place in our records, such his contribution to our history, that the endorsement was unanimous, the sentiment universal, and there was no possibility that time would ever impair that sentiment.

I have not the slightest hesitation in endorsing fully the recommendation made by the honourable senator from Westmorland (Hon. Mr. Black). I shall enter into no comparison of the claims of Sir Charles Tupper and Hon. Joseph Howe in so far as their characters, their intellectual attainments or their qualifications for public life are concerned. The speeches of Joseph Howe will doubtless take their place in the forefront of the contributions made to literature, not only in Canada, but throughout the English-speaking world. But I think that when we look upon those two great men as Canadian patriots rather than as men of intellectual stature, we all must agree at this time that he who deserves the more at our hands for being the greater factor as a maker of Confederation, and for helping Confederation more after it was made, is Sir Charles Tupper. There may be those who feel that Joseph Howe was the greater Nova Scotian, but I cannot conceive of any claiming that he was the greater Canadian. The strong, potent, overmastering personality of Sir Charles Tupper played an immense part not only in giving birth to this country as Canada, but afterwards in the determination of high questions of policy upon which the future history of our country depended. I believe we have come to the time when the name of Tupper should be recognized as that of one who was among the very first—I think I would say, with the honourable senator from Westmorland (Hon. Mr. Black), among the first three—of the outstanding personalities of his time. The other two are already commemorated on Parliament Hill, and I should indeed be glad if a monument to Sir Charles Tupper were the next one erected.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: May I be allowed to point out, knowing as I do the sentiment that prevailed in the Province of Quebec prior to Confederation, that without one man the union could never have been accomplished, for without him Quebec would not have come in. That man was Sir George Etienne Cartier.

Right Hon. Mr. MEIGHEN: There is a monument to him.

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 63, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, the purpose of this Bill is mainly to provide for the appointment of a Deputy Commissioner of Mounted Police. In recent years, as the House knows, the duties of this force have been tremendously extended. Agreements have been made with the three Prairie Provinces and the three Maritime Provinces for placing their police supervision in the hands of the Royal Canadian Mounted Police. Those agreements provide for payment by the provinces on stipulated terms. The agreement with Saskatchewan has operated for some three years, and with such success that other provinces have decided to follow suit. The activities of the organization have thus become so extensive that a Deputy Commissioner is deemed necessary. In addition, there are some amendments intended to make the co-operation with the provinces more effective. Such are, in a nutshell, the objects of the measure.

Hon. Mr. DANDURAND: I suppose that if this Bill is given second reading it will go to Committee of the Whole. The right honourable leader can perhaps inform the House whether the Royal Canadian Mounted Police come under the Civil Service Commission, or are organized separately. I find that section 2 of this Bill provides for the appointment of men, some temporarily and others perhaps permanently, and there is nothing to show that they will come under the Civil Service Commission. I am not au fait with the organization of the Royal Canadian Mounted Police, and that is the reason I am asking the question.

Hon. A. C. HARDY: Honourable senators, I do not wish to precipitate a debate on this matter, and it is not my intention to say anything in opposition to this Bill in particular, which, as the right honourable leader says, is concerned with comparatively small matters.

He has, however, said something about which I desire to place myself on record. If I heard him correctly, he said that the duties of the Mounted Police have been tremendously extended within the past few years. The present force is the successor of the North West Mounted Police, who were formed for the purpose of policing the plains. Shortly before the War it was generally said that the real necessity for this body had almost been eliminated, on account of the great increase of population in the Northwest Territories, and that the organization would either automatically become extinct or be reduced to a comparatively small force stationed for duty in outlying parts of the country. Then the War came, and not long after it ended the personnel of the Mounted Police was increased by the absorption of what I think was called the Dominion Police. Since that time the force has grown steadily, until now it amounts to what is nothing more nor less than a small standing army.

I view with a good deal of concern the formation of what I should call a military police for Canada. Far be it from me to say anything against such a noble body of men as the Mounted Police, to whom I believe is due a very large share of credit for the orderly growth and establishment of our Northwest Territories. But, as I say, we now see that it is being expanded to a nation-wide body. Its growth is indicated by what the right honourable leader has said, that there is now necessity for a Deputy Commissioner. A Commissioner has recently been appointed at a salary, I believe, of $12,000, almost as much as is paid to the Commander-in-Chief of the whole British Army. I think that the services of this gentleman could not have been procured for less. Certainly no man who is better qualified for the position lives in Canada; so I am not finding fault with the appointment; but I do feel that the growth of the Mounted Police in Canada is something to be viewed with concern. The force now numbers some 2,000 men, the last increase having been made by the addition of preventive officers, a body of men entirely separate from what I should call police duties, who are now being given the general status of the police.

I have referred to this matter on behalf of those who do not believe in a military police system. If there is one thing that has made me rejoice in being a Canadian when I have travelled through Europe it is our comparative freedom from police. There are so many police on the European continent that I always felt—I do not know whether this was due to a guilty conscience—glad to get back to Canada, where we have practically no police aside from those on our municipal forces. I am not speaking from any political considerations at all, because the Mounted Police have been growing under a number of governments—in fact ever since the War. I just wish to draw the attention of the Senate to the fact that we are coming rapidly to the position of being, more or less, supporters of a military police body. I hope the matter will be given the consideration of our legislators, and that before long we may have happier times, when such a large force will not be necessary.

I would not oppose this Bill, because the powers that be must have a great deal more information than we have, and it may be that in this matter they are acting on good grounds.

Right Hon. Mr. GRAHAM: Honourable senators, may I say a few words on this matter? The history of the Mounted Police in recent years has been somewhat interesting. When I was requested by the then Prime Minister to organize the Department of National Defence, the various branches that I was asked to take in included the Mounted Police, the Air Force, the Naval Force and the Militia. It was not easy to mix these various ingredients. The Naval and the Military forces were, of course, on speaking terms, but not on very good consorting terms, and there was considerable disagreement as to which of these branches should be the head, the claims of the Navy for seniority being, I think, supported by history.

Shortly after the Mounted Police were taken into the Department of National Defence they became dissatisfied with military control and asked to be returned to the Department of Justice. They claimed that their duty was connected with the administration of justice and not with military operations, and that therefore they should not be subject to military finesse. Their request was granted, and a large number of the members were disbanded. The provinces at that time insisted that they could manage their own police affairs and they did not want the Mounted Police; in fact, some of them notified me that they would not have any Mounted Police within their territory. But that frame of mind rapidly disappeared, and no sooner had the mounted force been decreased in and practically withdrawn from some provinces than an agitation arose for its return. As a consequence, arrangements were made with a number of the provinces not only for the return of the Mounted Police, but also for their increased effectiveness. I think this explains

the expansion of the force, to which reference has been made.

If I remember correctly, there are one or two provinces that do not make any arrangements with the Mounted Police, but nevertheless members of the force are sent to those provinces and do a great deal of work there. Evidence in cases in some of the big cities, particularly Montreal and Toronto, shows that a great many criminals are run to earth by the Mounted Police there. I smiled when my good friend General MacBrien was made Commissioner of the Mounted Police, for he was Chief of the General Staff when the Mounted Police desired a transfer from the military branch of the National Defence Department. He will undoubtedly make a very efficient Commissioner. If anything is needed to increase the effectiveness of the Mounted Police force, it will be found in General MacBrien.

I should not like to say anything in criticism of the Mounted Police, because I know from experience that they were asked to leave some of the provinces and later were requested to return to them. Also, as I have said, the force does good work in a number of provinces with which it has no agreement. It does particularly effective duty along special lines, such, for instance, as the suppression of the opium traffic. In this respect, British Columbia might be in a very bad condition but for the efficient activities of the Mounted Police. Very effective service of the same kind is performed in Montreal. And I think I can say with truth that our Customs Department might be much less efficient if it had not the assistance of this same police force.

We have learned to respect the Mounted Police. Wherever they go they have an influence that no other body of police, however efficient, seems to possess.

Hon. Mr. STANFIELD: They get their man.

Right Hon. Mr. GRAHAM: They usually get their man. Next to Scotland Yard—and perhaps, in its own sphere, not even excluding Scotland Yard—it is the most efficient police body in the world. I should not like to think that our Mounted Police are not more efficient than the New York City police force, for instance, the whole of which was turned on one single case and could not bring it to a successful issue.

Hon. JOHN LEWIS: I agree with the remarks of the honourable member from Leeds (Hon. Mr. Hardy). I view with a great deal of uneasiness the increase in the powers of the Mounted Police. We have read in the past few days newspaper accounts of wholesale deportations by the Mounted Police of persons charged with being Communists, or with being sympathetic towards Communists. Whether the charges were well founded or not I do not know. My view is that if a person is charged with that or any other offence against the law of the land, he ought to be tried in the usual legal way. We had a trial in Toronto of several persons charged with Communistic activities, and I do not think anyone has alleged that the sentences they received were too lenient. However, so long as men are tried in the regular way, in accordance with the rules of British justice, I shall be satisfied. But I do not agree with the policy of giving enormous powers to the police, leading up to what, after all, is only the semblance of a fair trial before, I think, a member of the Civil Service. I strongly object to such a procedure.

Hon. Mr. FORKE: Just by way of information, I would ask if I am correct in saying that the Provincial Police will be withdrawn and the Dominion Police will take their place. I do not suppose the Royal Mounted Police Force comes under the Department of Immigration. That department in the past had very extreme powers. Not long ago I was liable to be deported if I did not behave myself. The powers of the department have been curtailed, but it still has some powers that are extraordinary.

There was an arrangement with the provinces, and I think the right honourable leader can give us some information about it. The provinces will pay a certain amount because the Royal Mounted Police are doing the work of the Provincial Police.

Right Hon. Mr. MEIGHEN: Yes. The honourable senator from Toronto has levelled against the police adverse comments.

Hon. Mr. LEWIS: No; I say they have too much power.

Right Hon. Mr. MEIGHEN: If the honourable gentleman has any ground at all for the complaint, it should be levelled against the law. The whole function of the police is to enforce the law, and we are the makers of the law; and the law against which the senator is protesting—at least, which he is using as a weapon with which to strike the police—is a law that remains because of the verdict of this House particularly. I was exceedingly pleased to hear the remarks of the right honourable senator from Eganville (Right Hon. Mr. Graham). I remember the phase to which he refers. It was the great anti-military reaction which passed over this country subsequent to the War. The

strongest protests were levelled against interference by the police. At that time they were military police, and people came to regard them as something in the form of a self-constituted autocracy: they just told men to go, and they went.

But responsibility has a great effect, and I venture to suggest that if the honourable senator from Toronto (Hon. Mr. Lewis) became responsible for the preservation of law and order in Canada he would modify his views, just the same as many of the provincial authorities modified theirs back about ten years ago.

I desire only to emphasize that the police are not the makers of our law. They have no function save its execution or fulfilment. That police organization is the best which most effectively sees that the law is carried through. The reason why the Mounted Police have such a fine reputation in Canada is that they have proven themselves an admirable organization to that end. They are a terror to evil-doers in this Dominion. They are the Scotland Yard of our country, and they are in no small degree the reason—the living reason —why this is Canada, as compared with the nation to the south.

The Mounted Police have a tradition; the Provincial Police have none. That tradition is a tremendous force, and has a tremendous influence on the morale of the staff. It is a tradition which it is the ambition of each and all members of the force to live up to. When a man fails he goes, because of this tradition, and as well because of the fact that local influence has not the same effect on the Dominion organization as it has on the locally constituted organization, or the locally appointed official.

From those two main causes the Mounted Police have revived, strengthened, and more and more held public regard over other forces of law and order in Canada. The provinces are recognizing this, and seek to take advantage of this force. Saskatchewan came first, about three years ago. Other provinces are now following. Duplication is avoided. The greater strength, virility and efficiency of the Mounted Police are substituted for the more easily influenced, less proud and less effective police of cities and provinces. Also, I think, economy is being effected. I cannot give the figures in detail, but honourable senators will see some of them, and I may assure the honourable senator from Brandon (Hon. Mr. Forke) that if he will look at the address of the Minister of Justice, at page 2632 of Hansard, and following pages, he will find the figures.

Hon. Mr. FORKE: I think I was in the House at the time.

Right Hon. Mr. MEIGHEN: The provinces pay two dollars a day in certain cases. Then there is provision for 150 men at $1,000 per man. We receive from the province—I have reference now to Saskatchewan—$150,000. In addition there are the actual expenses in connection with the transportation of prisoners. In some cases definite sums have been arrived at in this regard; in others the amounts represent the actual outlay. Last year we received from Saskatchewan under this head $25,000. The definite sum of $50,000 has been fixed for Alberta; the same for Manitoba. A schedule is agreed on between the provinces and the Dominion, and as the provinces are entering into an arrangement at this time, they have not left the phase of economy out of the question. Economy has grown more important than ever it was. I am sure the provinces would not desire to come into this organization, which is needing the legislation, if economy were not a factor. But besides economy, of course, what they have in mind is the better enforcement of the law of the land.

If we have any objection to the present law which gives powers to the Immigration Department, let us modify or repeal that law; but let us not hold those who execute our laws to blame because we do not agree with the laws.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CANADIAN NATIONAL RAILWAYS GUARANTEE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 71, 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 Financial Act, 1932.

He said: It is just the guarantee.

Right Hon. Mr. GRAHAM: The power of guaranteeing the money that they require?

Right Hon. Mr. MEIGHEN: That we authorized the other day.

Right Hon. Mr. GRAHAM: You authorized the money; now you have to give the power to guarantee?

Right Hon. Mr. MEIGHEN: Yes.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

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

THE SENATE

Wednesday, May 11, 1932.

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

Prayers and routine proceedings.

COWAN DIVORCE BILL

MOTION FOR THIRD READING NEGATIVED

The Senate resumed from yesterday the debate on the motion of Hon. Mr. McMeans for the third reading of Bill V1, an Act for the relief of Gordon Alexander Cowan.

Hon. C. C. BALLANTYNE: Honourable senators, as a rule I do not interest myself very much in divorce proceedings. Coming from the city of Montreal, I happen to know the father of the lady who is the defendant in this case, and I can say that he and his family are among the very highest and most respectable people of that city. I have read very closely the evidence that was given before the Divorce Committee, and without casting the slightest reflection whatever upon the members of the committee I submit, as a layman, that the case was not proven. We have on the one hand the evidence of two professional operators, one of whom was the uncle of the plaintiff. Against that we have the evidence of the members of the family—most reputable witnesses—which refutes in toto every bit of evidence in favour of the applicant. I sincerely trust, honourable gentlemen, for the sake of the reputation of the lady in question, and for the sake of her family, which, as I have already stated, is very well known and holds a high position in Montreal, that this petition for relief will not be granted.

Some Hon. SENATORS: Question.

The motion for the third reading of the Bill was negatived.

NEW ZEALAND TREATY BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill 62, an Act respecting a certain Trade Agreement between Canada and New Zealand.—Right Hon. Mr. Meighen.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, I do not desire to proceed with this Bill until the return of the Minister of Trade and Commerce, unless the shortness of the session should compel me to do so. I suggest, therefore, and will move, if it is in order, that the Bill be placed upon the Order Paper for Friday.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill D2, an Act for the relief of Romeo Xavier Vandette.

Bill E2, an Act for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.

Bill F2, an Act for the relief of Ida Judith Clark Freudberg.

Bill G2, an Act for the relief of Elizabeth Ann Routledge Gunther.

Bill H2, an Act for the relief of Chesley Hastings Potter.

Bill I2, an Act for the relief of Theo Alice MacFarlane Lamb.

Bill J2, an Act for the relief of Chia Hannah Shiff.

Bill K2, an Act for the relief of Margaret Spencer Heald.

THIRD READINGS

Hon. Mr. McMEANS, by leave of the Senate, moved the third readings of the Bills.

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

ADJOURNMENT OF THE SENATE

Right Hon. Mr. MEIGHEN: I move that when the Senate adjourns to-day it do stand adjourned until Friday at 3 o'clock.

Hon. Mr. L'ESPERANCE: Friday?

Right Hon. Mr. MEIGHEN: Yes, Friday.

Hon. Mr. DANDURAND: I see around me some honourable senators who, if the New Zealand Treaty is to be the only order for

Friday, would gladly see it postponed until Tuesday next. However, if there is any urgency about taking it up on Friday, I do not demur.

Right Hon. Mr. MEIGHEN: It is expected that the Minister of Trade and Commerce will have returned by Friday morning. The treaty is a very important feature of the session's work, and I do not like to take the responsibility of postponing its consideration beyond Friday. My reason for naming that day is emphasized by the fact that it may then be found that we have not sufficient work to occupy our attention during the following week. I am not sure that such will be the case, but it is possible that if we adjourned beyond Friday the treaty might have to stand over for a considerable length of time, an eventuality for which I should not like to take the responsibility.

The motion was agreed to.

The Senate adjourned until Friday next at 3 p.m.

THE SENATE

Friday, May 13, 1932.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

Bill U1, an Act to incorporate the W. S. Newton Company.—Hon. Mr. McMeans.

CANADIAN NATIONAL RAILWAYS (CONSTRUCTION) BILL

THIRD READING

Bill 70, an Act respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railways.—Right Hon. Mr. Meighen.

COMPANIES BILL

THIRD READING

Bill 61, an Act to amend the Companies Act.—Right Hon. Mr. Meighen.

UNFAIR COMPETITION BILL

THIRD READING

Bill 5, an Act respecting Unfair Competition in Trade and Commerce.—Right Hon. Mr. Meighen.

MONTREAL POSTAL TERMINAL

INQUIRY

Hon. SMEATON WHITE inquired of the Government:

1. Has the Government acquired a property in Montreal for the purpose of building a postal terminal?
2. Have plans for this building been prepared by the Public Works Department?
3. How long have these plans been ready?
4. Has the Government any knowledge of a rumour prevalent in Montreal that certain interests wish to have this terminal erected on another site?
5. Does the Post Office Department report that proper mail service cannot be given to Montreal until this terminal is completed?
6. Is it the intention of the Government to proceed with this work; if so, when; if not, why?

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

1. Yes.

2 and 3. Plans and specifications almost completed.

4. No.

5. The Post Office Department reports that the construction of a postal terminal building would facilitate the mail service.

6. Under consideration.

Hon. SMEATON WHITE: I should like to remind the right honourable leader of the answer given by the Post Office Department, I understand, on April 12, that the present conditions in Montreal will not be remedied until the new postal terminal is completed. I would ask the right honourable leader to call the attention of the Government again to the fact that our postal service in Montreal is very bad, and that the Post Office Department says that there can be no improvement in the service unless we get this terminal.

Hon. Mr. DANDURAND: The right honourable gentleman has stated that plans for the new terminal are almost completed. I think I am expressing the sentiment of the whole city of Montreal when I say that we hope the aspect of the building will be such as to add to the dignity of the city. The terminal will stand between the stations of the Canadian Pacific Railway and the Canadian National Railways, and I think that any extra cost resulting from attention to exterior design would be money well spent. Montreal is now a large city, with a population beyond one million, and we must give consideration to the architecture of our buildings.

I do not know when the Government will be in a position to start the work, but if it decides to do some construction under the program of unemployment relief, I would

point out to my right honourable friend the importance of suggesting that this building should not be the last one to be considered.

Right Hon. Mr. MEIGHEN: I shall have no hesitation in repeating to the other members of the Government what the honourable gentleman has said. I may give my own impression, that Montreal has not much need of our assistance in respect of either beauty or dignity.

RELIEF BILL

FIRST READING

Bill 72, an Act respecting Relief Measures. —Right Hon. Mr. Meighen.

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

Hon. Mr. DANDURAND: Would the right honourable gentleman give us some explanation?

Right Hon. Mr. MEIGHEN: This is a Bill to enable the Government to take such measures as are necessary in respect of relief, by agreements with provinces, by direct relief, by public works, and, as well by assistance, if deemed essential, to corporations. In effect it is a Bill corresponding in every way to a similar Bill which passed last year, except in this regard, that the general clause of last year's Bill giving the Government power to take steps for the purposes of peace, order and good government has been omitted from the present measure. To that clause very much objection was raised.

The other objection raised last year was that the specific objects were not detailed in the Bill, and the respective amounts for those objects were not specified. The same objection, if it is a sound one, would apply to this Bill. However, there has been a conference of the provinces since, and I understand from those who were present, as explained in remarks made on behalf of the Government in the other House, that representatives of the provinces felt that to detail the requirements and thus remove that latter objection would be impracticable. They felt that it would put them, or some of them, in the invidious position of being required to see that their own province got its share, whereas the very essence of relief is that it should go where relief is necessary, and should not be distributed to the provinces on any pro rata basis. The Bill has a pretty general clause, but I think honourable members of this House will agree that these are definitely emergent times and that it would be very unwise to leave the Government unequipped with whatever powers may be essential to meet the exigencies as they may come.

Hon. Mr. DANDURAND: Honourable members of the Senate, it is verily an extraordinary situation that we are facing, and this excuses, if it does not justify, the bringing before us, for second reading, of a measure containing such important principles so much at variance with what has been the constant practice of our Parliament since 1867. It is true that last year we passed a Bill by which we allowed the Government carte blanche in providing relief, although it was the traditional practice for all Governments in asking for appropriations to specify the amounts and to indicate clearly their application. But this Bill contains this further exceptional feature, that it allows expenditure of money, unlimited in amount, by one province rather than by another, and is not based on population. though in its essence it is justly made to apply where the need exists.

I realize that we are very far away from the principles laid down at Confederation, when the finances were arranged on the basis of population. The amounts were settled per capita, and were apparently intended not to vary. It was subsequently found that they were on a false basis, inasmuch as they were based upon the census of 1861. The income of the federal authority was very buoyant, and constantly increasing, through the increase in population, while the charges grew heavier in the provinces, without a corresponding increase in receipts. This defect has been cured by the bringing of the indemnities into conformity with the decennial census. But here we are giving the Government power to spend money in various ways which will undoubtedly disturb the equilibrium established in 1867 on the general principle underlying the whole financial fabric of Confederation.

Now, this legislation might lead us into a rather lengthy discussion of its various aspects, but I recognize that it has come late in the session, that the Government has been without any power since the first of May, and that very great need exists in various parts of Canada. Under these circumstances I do not feel inclined to stand by the rules of the Senate, and I therefore agree that we should take the second reading now.

Right Hon. Mr. GRAHAM: May I say just a word, honourable members? It would not be too abrupt to say that we would not think of questioning the honesty of a Government, but we sometimes doubt its judgment; and while it is not as wicked to have a poor

judgment as it is to be dishonest, still it may be just as disastrous financially.

This matter has been before the Senate on two occasions. When a similar Bill was before us previously our colleague the honourable gentleman from Welland (Hon. Mr. Robertson), as Minister of Labour, had charge of it. Now, I say without any hesitation that I think the work heaped on the Minister was in a measure responsible for his breakdown in health. Every day we sympathized with that honourable gentleman in the multifarious duties he had to perform. He travelled all over the country, and it seemed that he had to look into the minutest details. One of the things I would suggest to the right honourable leader of the Government is that this work, and the adjudication of the various phases of it, should be divided a little more among the Ministers, through a committee or something of that kind, so as not to impose upon any one man such a burden as was imposed on our honourable friend from Welland, for no physical frame will bear up for many months under such a strain.

As to the distribution, there has been some change, I believe, in the relationship between the provinces and the federal authorities, and between the provinces and the municipalities. Care should be taken that things done by this Parliament because of the stress of circumstances should not be regarded as precedents. Constitutionally, I believe—and I refer you to the honourable gentleman from Regina (Hon. Mr. Laird) if I am wrong—

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: Constitutionally, I believe, these things are the care of the provinces and the municipalities in the first place. The fact that the Dominion Government has come to the rescue under present conditions must not be taken as a precedent for future action. We all hope that no such extreme conditions will arise in Canada again. No person will object to the federal authorities stepping in to help the provinces and the municipalities, and, possibly, individuals, but it ought to be understood that they are doing so because we are all Canadians, and not because they have any constitutional obligation to bear the burdens of the provinces. Our provinces are not in any better condition than the Dominion; nevertheless, the burden is theirs, not ours—unless we assume it—and in voting for measures of this kind I shall always maintain the right to tell the provinces and the municipalities that they must be responsible for their own affairs, and that when we help we do so as a matter of grace and not as a matter of law.

I am not enamoured with the departure from the constitutional practice of stating a requirement in an estimate and asking for an amount to meet that requirement. It was during the War that we got into the habit of departing from the constitutional practice, and I am not sure that we did not overstep our prerogative in going as far as we did. We passed the War Measures Act. I fear it is by reason of that legislation that we are paying large sums of money to-day. This Bill is based on that legislation, and is, I believe, another War Measures Act. Notwithstanding these objections, however, I assume that it is our duty under the circumstances to err on the side of liberality towards those who need help, and from that standpoint, though I would rather have seen this measure brought in in the usual way, I am willing to support it.

Hon. RODOLPHE LEMIEUX: Honourable gentlemen, I do not rise to oppose the Bill. On the contrary, I shall support it, because I think that under the circumstances members of this Upper Chamber should give a helping hand to their fellow-citizens all over Canada. I cannot help saying, however, that the principles advocated by my honourable leader (Hon. Mr. Dandurand) and by the right honourable gentleman from Eganville (Right Hon. Mr. Graham) are very sane principles. I do not know why the Government should not have been able to determine a certain fixed amount to go towards aiding the provinces and the municipalities.

I do not like to hear the right honourable leader of the House (Right Hon. Mr. Meighen) speaking of an emergency. Let us drop that term; let us be a little more optimistic. There must be a turn of the wheel some day, and we must not accustom people to thinking that they are in emergent circumstances, or that they are going to be the victims of adversity always. I think that better days are coming, and I have faith in the sterling character of the Canadian people. I read only yesterday in the press that the first country to show some vitality at the proper moment will be Canada.

One regrettable feature is that this measure, and that of last year, offered some encouragement to the municipalities to spend money—for they are given facilities for spending money—and to overburden the capacity of the municipal taxpayers by the erection of public works which sometimes are not needed. I could cite to the right honourable gentleman many such instances in my province, especially in the district which I had the honour to represent for almost thirty-five years in the other House. Expenditures

were entered upon by municipalities where such expenditures were not required. There was enough work on the roads and in the lumber camps, and, generally speaking, all over the district, to justify the expenditures; yet I saw people coming to Ottawa to pray for the building of wharves and so on—works which could well have remained in abeyance for some years to come. Many expenditures made during the past two years were the result of the facilities offered by the Federal Government for the spending of money, and could have been avoided.

We must not forget, honourable gentlemen, that we have an appalling debt to meet. Only this morning I received from my honourable friend the senator from Vancouver (Hon. Mr. McRae) a set of charts showing vividly the financial condition of our country. True, we are passing through a period of adversity; but surely, if we are to come out of the valley of adversity, we must think of to-morrow. Tax bills are much too high, and although the Canadian people are accepting them without much murmuring, the time will come when they will be unable to face them. Federal tax bills, provincial tax bills and municipal tax bills have all doubled or trebled. The time has come to call a halt, and the Dominion Government must set the example.

I doubt not that the Prime Minister, who is a keen man of business, understands the situation perfectly, but I do not like to hear what is being said currently on the street about the financial condition of Canada. We have this year a fair budget—I say a fair budget because the Government has pared down expenditures; but I believe that it could be pared down more and more "until," as Sir George Foster said during the War, speaking of the sacrifice to be made, "it pinches." More reductions should be made. I hope, therefore, when this blank cheque is given to the Government, no foolish expenditure will be authorized. I can be perfectly frank with the right honourable gentleman (Right Hon. Mr. Meighen), for both he and I have been long enough in the fray to speak dispassionately of these matters. There are many elections looming up on the horizon. I hope that this money which is being voted, unanimously, by this Chamber at least—

Hon. Mr. DANDURAND: And which will have to be borrowed.

Hon. Mr. LEMIEUX: Certainly. It will have to be borrowed, and in our credit we have almost reached the point where we cannot borrow much more. In reading, the other day, the list of Victory bonds and of the latest loans authorized by the Government, I was surprised to find how much those bonds had fallen in value. All this shows that the time has come when we must call a halt, when we must not be afraid to be even stingy in matters of expenditure.

I was speaking of coming elections. I see that there are elections approaching in British Columbia, also in Manitoba and possibly in the great province of Ontario. I rely on the spirit of fair play and Canadianism of the right honourable gentleman (Right Hon. Mr. Meighen), and of the Prime Minister, to prevent any of this money from being used to promote the cause of one party or another. That is all I have to say. I cannot help thinking that the situation, though not desperate, is very serious, and should make us think profoundly before we go deeper into debt.

Hon. A. B. GILLIS: Honourable gentlemen, coming from Saskatchewan, where, I suppose, the need is greater than in any other province, I want to say just a word or two in regard to this motion. It is unfortunate that we should find ourselves in such a position that we must have a Bill of this kind a second time. I had every opportunity last winter of observing the manner in which this relief work was carried out, and I can safely say that there was not the slightest indication of partisanship in any shape or form. The requirements of each individual were carefully scrutinized and gone into, and I assure the honourable gentleman (Hon. Mr. Lemieux) that there was no waste of money.

In the Province of Saskatchewan we have a commission in charge of relief work, the members of which are carrying on without any compensation at all. One of the leading lawyers of the province, Mr. Gordon, who is looking after the legal side of the work, is devoting probably seventy-five per cent of his time to it; and Mr. Black, the chairman of the Board, is not receiving any reward. Nevertheless, these gentlemen worked night and day all winter, and they are still carrying on, as I say, without the slightest regard to partisanship in any shape or form.

As to the outlook for the future, I may say that only this morning I received a letter stating that the crop prospects in Saskatchewan were never so bright as they are at the present time. I presume that the same is true of Alberta and Manitoba. In the district where I live the seed was sown in the spring, and as they have had over two and a half inches of rain, plenty of moisture is assured for the germination of the seed. If we get a few showers later on, we shall be

fairly well assured of a crop, in which event that part of Canada, at least, will not require further relief.

Right Hon. Mr. MEIGHEN: I am very pleased to acknowledge the sane and, I think, very creditable remarks of the right honourable senator from Eganville (Right Hon. Mr. Graham). My comment on the speech of the honourable senator from Rougemont (Hon. Mr. Lemieux) would not be adverse. There is only one feature to which I wish to refer. There is nothing unusual in the Bill except that amounts are not fixed for specific purposes. An aggregate total might have been fixed, I presume, but for the obstacle to which I referred before, and the desire of the provinces in this regard, but an amount for specific purposes in each individual case could certainly not be fixed.

As to the amounts being disproportionate as between the provinces, I may say that the policy followed is exactly the same as that followed by the Government of which I was head in 1921, and by the succeeding Government in 1922 and 1923. There was no attempt to pro-rate according to population, though in those cases there was an aggregate maximum.

The honourable member from Rougemont (Hon. Mr. Lemieux) is right in saying that there has been some abuse of the public works feature of the relief program, though not, I think, to such an extent as some people maintain. Such works are expensive, especially to the municipalities, the consequence being that there is a steady drift towards the relief feature alone—the provision of the necessities of life rather than the attempt to provide work. I regret that this is so—we all regret it—because for all people work is better than relief, especially relief extending over a long period of time. But we must have regard to national finances.

I have no fear whatever of money being squandered for provincial election purposes. I do not know of any provincial elections in the offing in British Columbia, Ontario or any other province except Manitoba; and all the representations that come to me from Manitoba are to the effect that any relief works endorsed by the Provincial Government and helped by the Government of Canada would be entirely to the advantage of the political party in power in that province. I can assure the honourable gentleman that I am not subjected to any pressure for undue relief expenditures from those who are in opposition in that province. They want the necessities taken care of, and no more, and they feel that there are influences at work in the other direction, on the part of their opponents. However, I do not intend to do more than merely refer to the point raised by my honourable friend.

It is earnestly to be hoped that before we meet again there will be some light on the horizon. Doubtless the tide will have been on the turn some time before we know it. We cannot see much improvement now, but it may be that the tide has already turned. At all events, it is certain that a substantial amount of money will still have to be voted and expended, even in the province of the honourable senator who has just sat down. I agree with him and can say I have known of no public administration more creditable, more free from waste, more whole-heartedly and singly directed towards the goal for which the money was voted, than has been the administration of the relief expenditure in the Province of Saskatchewan. There was a time when the proportion of people in that province who were being assisted by the Parliament of Canada was so large that I should not want to name it, but there is the very comforting reflection that the organization was excellent. The men in charge performed a noble service, free of all reward, and I do not think there are any people in that province who feel that abuses of any extent were allowed to interpose themselves.

Hon. Mr. BUREAU: Will the right honourable gentleman allow me to ask him a question? On page 2 of the Bill, section 2, subsection d, reads:

> Loan or advance money to, or guarantee the payment of money by any public body, corporation or undertaking.

Now, that might be read to mean any public body, public corporation or public undertaking, or, as it says, any public body, corporation or undertaking. There is a great difference between the two meanings, for according to the second one a private corporation or private undertaking might receive loans or have its payments guaranteed. Is that the intention of the Bill?

Right Hon. Mr. MEIGHEN: I think it is. I can conceive of conditions where relief administered by any of those means might be in the public interest. My information is that the Bill in that regard is the same as the one of last year. I do not think there was any necessity for the exercise of those powers last year, and it is to be hoped that the experience this year will be the same.

Hon. Mr. BUREAU: I was just asking the question.

Right Hon. Mr. MEIGHEN: My impression is that the Bill would enable relief to be extended in that way.

Hon. Mr. BUREAU: To private corporations?

Right Hon. Mr. MEIGHEN: Yes. It might be wise to keep the works going in some instances.

Hon. Mr. ROBINSON: How is the money to be raised for this? Is it to be provided for in the estimates or to be borrowed? I think I know, but I am not sure that the public knows.

Right Hon. Mr. MEIGHEN: All money that is provided for has to be included in the estimates. The money may have to be borrowed, or there may be some available, according to the state of the revenue. The estimates do not say how the money is to be raised. Other bills have to be passed by Parliament for the raising of money: there are borrowing bills, tax bills, and so on. All the borrowed money goes into a fund, and then other bills, such as this, are brought in to authorize the expenditure of the money.

Hon. Mr. LEMIEUX: Can the right honourable gentleman state approximately what amount of money will be required? I realize that is a difficult question to answer, but the Government must have some idea.

Right Hon. Mr. MEIGHEN: I do not think the Minister of Finance or the Prime Minister ventured a figure in the other House, and since we shun such mundane things as cash problems, I do not think I ought to venture a figure in this House.

The motion was agreed to.

The Hon. the SPEAKER: Carried.

Hon. Mr. BUREAU: It is not carried unanimously, for I object to that subsection which gives such large powers for the aid of any private corporation or undertaking. It should be "Carried on division."

The Hon. the SPEAKER: Carried on division.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

APPROPRIATION BILL NO. 3

FIRST READING

Bill S2, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.—Right Hon. Mr. Meighen.

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

Righ Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: I suppose this is for one month or two months?

Hon. Mr. FORKE: One-twelfth.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

DEPARTMENT OF INSURANCE BILL

HOUSE OF COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill E1, an Act respecting the Department of Insurance, with certain amendments to which they desire the concurrence of this House.

Hon. Mr. DANDURAND: If they are material amendments they can perhaps stand over.

Right Hon. Mr. MEIGHEN: All I can say is that I O.K.'ed certain amendments. The understanding was that none would be put through that I had not agreed to, because of the arrangement with honourable gentlemen opposite and with representatives of the companies in our committee. So far as I know, only such amendments have been made. Practically all—I think I can say all—were clerical amendments; certainly there was nothing that vitally affected the Bill in any way.

Hon. Mr. DANDURAND: But there is no pressing reason for adopting the amendments now?

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: Then they can perhaps stand over to be considered at the next sitting?

Right Hon. Mr. MEIGHEN: Yes.

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Right Hon. Mr. MEIGHEN: Next sitting of the House.

PUBLIC FINANCES OF CANADA

STATISTICAL STATEMENTS

Before the Orders of the Day:

Hon. A. D. McRAE: Honourable senators, before the Orders of the Day are called may I refer briefly to the public finance charts

which I forwarded to honourable members yesterday, and which have been so kindly alluded to by my honourable friend from Rougemont (Hon. Mr. Lemieux) this afternoon? With the consent of the House, I should like to place on Hansard supporting explanations and data referring specifically to each chart, so that the significance of the charts may be more easily understood. I may say that in the memorandum I desire to place on Hansard there are a considerable number of schedules which were compiled for me by the National Development Bureau of the Department of the Interior from information obtained from the Dominion Bureau of Statistics, except in one or two instances, where the information was available only through the Citizens' Research Institute of Canada.

I wish to assure honourable senators that what I desire to place on record is not an attempted solution of our financial problems, but merely a compilation of the facts pertaining to each chart. I ask for this privilege today so that the data may appear in Hansard to-morrow and be available for study by honourable senators who may wish to give consideration to the matter during the coming recess.

The past twenty years have witnessed a momentous increase in the scale of federal responsibilities and expenditures. This has been due largely to the War and to its aftermath of debt charges and veterans' relief, to the financial necessities of the Canadian National Railways, and more recently to the exigencies of unemployment relief and other forms of federal assistance.

CHART No. 1

This chart gives for the fiscal years 1912-13, 1922-23 and 1932-33, the principal details of federal receipts and disbursements.

It is interesting to note the great change in the sources of revenue that has occurred during this period. Business, Sales, Excise and Income taxes which sprang up during the war years now account for approximately 45 per cent of current revenue, whereas Customs and Excise duties, which accounted for 80 per cent of 1912-13 receipts, are estimated to provide only about 39 per cent of 1932-33 receipts. This condition is outlined in the table hereunder:

	1912-13 Per cent	1922-23 Per cent	1932-33 Per cent
Customs duties. . .	67·3	29·3	26·7
Excise duties. . . .	12·7	8·9	12·2
War Tax revenues	....	45·0	46·2
Other sources. . . .	20·0	16·8	14·9
	100·0	100·0	100·0

Marked changes have occurred also in the case of expenditures. Greatly augmented debt charges, pensions and veterans' relief, assistance to the Canadian National Railways and many other forms of federal relief and assistance, nearly all of which enter into the category of uncontrollable expenditures, have rapidly expanded until they have become the most important factor in the cost of government.

A comparative statement of revenue and expenditures for these years follows:

Revenue

(in thousands of dollars)

	1912-13	1922-23	(Est.) 1932-33
Customs duties	$ 113,555	$ 118,056	$ 100,000
Excise duties	21,447	35,762	45,000
Excise taxes	.....	121,923	70,000
Income tax	.....	59,712	48,000
Post office	12,052	29,020	32,000
Interest on investments	.....	16,465	11,500
Other sources	21,636	22,156	12,600
Proposed tax increase	.....	.....	55,000
Total	$ 168,690	$ 403,094	$ 374,100

Expenditure
(in thousands of dollars)

	1912-13	1922-23	(Est.) 1932-33
Charges on public debt	$ 14,538	$ 138,896	$ 138,303
Subsidies to provinces	13,212	12,207	14,344
Pensions and superannuation	720	34,331	53,315
Advances to Railways and Merchant Marine	.....	83,844	.....
Railways and Canals Department	40,712	21,746	18,609
Post Office Department	11,626	31,181	32,933
Public Works Department	19,330	15,487	15,197
Militia and Defence Department	12,519	17,101	14,708
Marine and Fisheries	6,142	7,892	12,312
Soldiers' Civil Re-establishment	.....	15,185	.....
Pensions and Health Department	.....	.....	11,738
Interior and Indian Departments	7,417	9,781	7,839
National Revenue	.....	.....	12,368
Customs and Excise	.....	7,780	.....
Agriculture	.....	7,169	7,602
Labour	.....	.....	11,317
Justice and R.C.M.P.	.....	.....	9,432
Trade and Commerce	.....	.....	7,727
Other	18,241	32,135	11,756
	$ 144,457	$ 434,735	*$ 379,500

*These figures are based on the 1932-33 budget and do not provide for unemployment relief, Canadian National Railways liabilities and other special expenditures.

CHART No. 2

This chart supplements chart No. 1 and illustrates, for the same years, the relation between controllable and uncontrollable expenditure, both as regards actual expenditure and the percentage of the total expenditure for those years. For the purpose, Uncontrollable Expenditure has been taken to include debt charges, subsidies to provinces, pensions and superannuation, advances to railways and merchant marine, ex-soldiers' welfare and similar items, whereas Controllable Expenditure includes appropriations for post office, defence, national revenue, agriculture, interior, mines, justice, legislation and other public services. The details for each year in question are given below:

Uncontrollable Expenditures
(in thousands of dollars)

	1912-13		1922-23		*1932-33	
	Amount $	Per cent	Amount $	Per cent	Amount $	Per cent
Charges on public debt	14,538	10·1	138,896	32·0	138,303	36·4
Subsidies to provinces	13,212	9·2	12,207	2·8	14,344	3·8
Pensions and superannuation	719	0·5	34,331	7·9	53,316	14·1
Veterans' relief	—	0·0	15,185	3·5	10,300	2·7
Railways and M. Marine	23,787	16·4	83,844	19·3	9,688	2·5
Other	1,176	0·8	16,079	3·7	10,376	2·8
	53,432	37·0	300,542	69·2	236,327	62·3

* Subject to increase during 1932-33 on account of expenditures for railways, unemployment relief, and other special commitments.

Controllable Expenditures
(in thousands of dollars)

	1912-13		1922-23		1932-33	
	Amount $	Per cent	Amount $	Per cent	Amount $	Per cent
Post Office	11,626	8·0	31,181	7·2	32,933	8·7
Railways and Canals	16,925	11·8	21,746	5·0	8,921	2·4
Militia and Defence	12,519	8·7	17,101	3·9	14,708	3·9
Public Works	19,330	13·4	15,486	3·6	15,197	4·0
Interior and Indians	7,417	5·1	9,781	2·2	7,839	2·1
Marine and Fisheries	6,142	4·3	7,892	1·8	12,312	3·2
Other	16,875	11·7	31,006	7·1	51,263	13·4
	90,834	63·0	134,193	30·8	143,173	37·7

Honourable senators will note that in the last twenty years our position as to controllable and uncontrollable expenditures has been practically reversed. While in 1912-13 we controlled 63 per cent of our public expenditures, we can control only 37·7 per cent of the money we spend this year. The remaining 62·3 per cent goes to take care of our fixed obligations.

Reference to the details of the so-called controllable expenditures shows them to include departments whose expenditure cannot be much further reduced. The extent to which we can reduce our federal public expenditures is very limited.

The foregoing schedule shows that five of our important departments, namely, Railways and Canals, National Defence, Public Works, Interior, Indian Affairs and Marine and Fisheries, altogether are spending $3,300,000 less money this year than they spent twenty years ago. While in 1912-13 these departments spent 43·3 per cent of the Government expenditures for that year, this year, 1932-33, their estimated disbursements constitute only 15·6 per cent of our total expenditures. It would not appear that much further reduction can be made in these departments.

The Post Office department, after a reduction of 10 per cent this year, still accounts for 8·7 per cent of the total Government expenditures for 1931-32, or 23 per cent of the so-called controllable expenditure this year. In these six departments we account for two-thirds of what is termed controllable expenditure.

CHART No. 3

On April 1, in the House of Commons, the Minister of Railways and Canals, in dealing with the expenditures of the Canadian National Railways, quoted current C.N.R. indebtedness to the public at $1,280,000,000, and to the Government at $1,360,000,000. The debt to the public represents the extent of public participation in C.N.R. bond issues, more than 80 per cent of which (in value) is guaranteed by the Dominion Government. The debt to the Government consists of loans, interest on loans and expenditures covering the construction of the Intercolonial, Prince Edward Island, and National Transcontinental railways. This chart is based on comparative figures back to 1919, details being shown both as to debt to the public and debt to the Government.

On the same base and on the same scale is plotted the net debt of Canada covering the period 1911 to 1931, an arrangement which offers over the past twelve years a ready comparison between the public debt and the debt owing by the Canadian National Railways. The figures which make up this chart are as follows:

Year	C.N.R. Debt (in thousands of dollars) To Public	To Govt.	Total	Net Debt of Canada (in thousands of dollars)
1911	.....	.....	.....	$ 340,042
1912	.....	.....	.....	339,919
1913	.....	.....	.....	314,302
1914	.....	.....	.....	334,997
1915	.....	.....	.....	449,376
1916	.....	.....	.....	615,156
1917	.....	.....	.....	879,186
1918	.....	.....	.....	1,191,884
1919	$ 801,131	$ 682,225	$1,483,356	1,574,531
1920	820,551	808,449	1,629,000	2,248,869
1921	830,829	931,092	1,761,921	2,340,879
1922	804,503	1,016,746	1,821,249	2,422,136
1923	823,099	1,114,183	1,937,282	2,453,777
1924	913,913	1,142,268	2,056,182	2,417,783
1925	931,329	1,188,482	2,119,812	2,417,438
1926	925,480	1,225,664	2,151,144	2,389,731
1927	981,382	1,258,097	2,239,478	2,347,834
1928	977,889	1,290,216	2,268,106	2,296,850
1929	1,122,559	1,308,685	2,431,244	2,225,505
1930	1,168,566	1,330,006	2,498,572	2,177,764
1931 (est.)	1,280,000	1,360,000	2,640,000	2,261,612

In addition a comparison on a per capita basis is offered by the figures below:

Year	C.N.R. Per Capita Debt To Public	To Govt.	Total	Canada Per Capita Debt
1911	.....	.....	.....	47·18
1912	.....	.....	.....	46·15
1913	.....	.....	.....	41·76
1914	.....	.....	.....	43·68
1915	.....	.....	.....	57·16
1916	.....	.....	.....	76·55
1917	.....	.....	.....	107·48
1918	.....	.....	.....	143·11
1919	94·49	80·46	174·95	185·60
1920	95·07	93·66	188·73	260·54
1921	94·54	110·27	204·81	266·36
1922	89·99	113·73	203·72	271·89

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Comparison on a per capita basis—continued.

Year	C.N.R. Per Capita Debt To Public	To Govt.	Total	Canada Per Capita Debt
1923	90·62	122·68	213·30	271·79
1924	99·05	123·80	222·85	264·21
1925	99·46	126·91	226·37	260·82
1926	98·56	130·54	229·10	254·51
1927	103·10	132·15	235·25	246·64
1928	101·25	133·59	234·84	237·82
1929	114·59	133·58	248·17	227·17
1930	117·63	133·87	251·50	222·29
1931 (est.)	123·38	131·10	254·48	218·42

Summarizing the foregoing, the Government advances to the Canadian National Railways being paid for, and therefore included in the national debt, leave the per capita obligations to the Dominion as follows:

Direct Dominion Government debt	$218 42
Canadian National Railways debt to public (80 per cent guaranteed)	123 38
Total per capita	$341 80

CHART No. 4

This chart presents a picture of receipts and expenditures for the period 1912-1932.

Expenditure.—Tracing expenditures, it will be noted that from a level of $144,500,000 in 1912-13, expenditures rose rapidly to a maximum of $786,030,000 in 1919-20, from which they receded to $351,200,000 in 1924-25, and again increased gradually to an estimated total of $454,200,000 for the fiscal year just closed.

Revenues.—Concurrently, revenues which totalled $168,700,000 in 1912-13 dropped to $133,000,000 in 1914-15, increased to $436,300,000 in 1920-21, again dropped to $351,500,000 in 1924-25, increased to $460,100,000 in 1928-29, and subsequently decreased to $334,700,000 in 1931-32.

CHARTS NOS. 5, 6 and 7

Cost of Government in Canada.—Information concerning expenditures made by municipalities is an essential item in connection with the cost of government. It would appear, however, from a study of provincial reports, that fragmentary data only is available on this subject. Figures have been provided by some provinces as far back as 1913, by others for the last eight or ten years; and in certain instances no details, except for the principal urban centres, are given. Under the circumstances the preparation of a combined statement showing total expenditure for government in Canada is not feasible. The charts described hereunder, however, illustrate certain phases of this subject.

5B.—Bonded Indebtedness.—This chart presents an outline of the extent to which the various classes of governments have resorted to borrowing during the past 15 years. It comprises the bonded indebtedness of urban and rural municipalities, the bonded indebtedness of the provinces and the long-term funded debt of the Dominion. It is based on the following figures:

Year	Federal	Provincial	Municipal	Total
1916	$ 463,001,915	$218,875,927	$ 675,000,000	$1,356,877,842
1920	2,538,730,596	349,913,773	737,175,550	3,625,819,919
1922	2,420,791,260	575,477,355	873,175,866	3,869,444,481
1924	2,407,806,902	701,906,279	989,191,332	4,098,904,513
1926	2,471,965,018	708,677,426	989,926,531	4,170,568,975
1928	2,360,158,675	769,260,373	1,077,005,531	4,206,424,579
1930	2,228,128,629	919,142,905	1,209,645,181	4,356,917,715

On a per capita basis, this reads as follows:

Year	Federal	Provincial	Municipal	Total
1916	$ 57 62	$27 28	$ 84 12	$169 02
1920	294 12	40 59	85 52	420 23
1922	271 74	64 68	98 15	434 57
1924	263 12	76 80	108 24	448 16
1926	263 26	75 57	105 56	444 39
1928	244 37	79 75	111 66	435 78
1930	224 28	92 64	121 92	438 84

Note.—Federal figures do not include Government liability on guarantee of Canadian National Railway obligations.

This chart shows that while the federal bonded indebtedness has decreased, per capita, from $294.12 in 1920 to $224.28 in 1930—a decrease of over 23 per cent—on the other hand, provincial debt has increased from $40.59 per capita in 1920 to $92.64 in 1930, an increase of 128 per cent, and municipal bonded indebtedness has increased from $85.52 in 1920 to $121.92 in 1930, an increase of 30 per cent in that period. This chart clearly shows the steadily increasing per capita burden of both provincial and municipal debts.

5 A—Total Taxation.—This chart indicates the growth of government expenditures in Canada, Dominion, Provincial and Municipal, in so far as these were provided for by taxation. The total for 1913 is shown and illustrates by reference to succeeding years the sharp upward trend that occurred during the war years. The details, which were taken from reports of the Citizens' Research Institute of Canada, are as follows:

Total Taxation (all governments)

Year	Amount	Per Capita
1913	$ 226,221,000	$30 05
1922	589,629,000	66 19
1929	732,412,000	74 76

6—Federal and Provincial Expenditures.—On this chart federal and provincial expenditures are plotted to the same scale and on the same base at 2-year intervals for the period 1914 to 1930 inclusive. The actual figures are:

Expenditures

Year	Federal	Provincial
1914	$ 186,241,048	$ 57,108,838
1916	339,702,502	53,826,219
1918	576,660,210	66,052,909
1920	786,030,611	88,250,675
1922	463,528,389	112,874,954
1924	370,589,247	135,159,185
1926	355,186,423	144,183,178
1928	378,658,440	165,538,910
1930	398,176,246	185,108,139

It will be observed from this chart that while federal expenditures have continued approximately the same for the seven years ending with 1930, provincial expenditures have increased about 40 per cent during the same period.

7—Combined Per Capita Expenditure—Principal Urban Centres.—This chart is based on the combined per capita expenditure of the Federal Government, the average per capita expenditure for all provincial governments and the average per capita expenditure of the principal urban centres of Canada weighted according to population. The last named value, based on figures of the Citizens' Research Institute, is computed from the total population and total expenditures of Charlottetown, Halifax, Saint John, Quebec, Montreal, Ottawa, Toronto, Hamilton, London, Windsor, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver, and Victoria, a combination that approximates 54 per cent of the urban and 27 per cent of the total population of the country. It can be accepted as correctly representing the per capita municipal expenditure.

From the chart it will be observed, as is the case in the trend of bonded indebtedness, that whereas by far the greatest fraction in the years immediately following the War was represented by federal expenditure, subsequent reductions brought federal costs per capita down to an even keel for the last seven years; but this reduction was more than offset by the gradual and continuous increases in both provincial and municipal expenditures, until our total per capita cost of government in 1930 exceeded that of any year since 1921. The comparative figures are given hereunder:

Per Capita Government Expenditures

Year	Federal	Provincial	Municipal	Total
1917	$59 63	$ 7 36	$29 83	$ 96 82
1918	67 94	7 94	32 11	107 99
1919	80 91	9 03	30 45	120 39
1920	89 74	10 24	36 17	136 15
1921	58 80	11 69	41 65	112 14
1922	50 66	12 60	41 87	105 13
1923	46 81	14 63	43 08	104 52
1924	39 15	14 67	45 10	98 92
1925	36 56	14 61	45 33	96 50
1926	36 51	15 38	45 75	97 64
1927	36 35	16 01	46 21	98 57
1928	37 92	17 16	46 86	101 94
1929	38 41	18 15	47 24	103 80
1930	38 82	18 66	50 54	108 02

It will be noted this chart discloses that during the past ten years the per capita expenditures of the Federal Government have been reduced from $58.80 in 1921 to $38.82 in 1930, a per capita reduction of 34 per cent. During the same time the provincial expenditures have grown from $11.69 per capita in 1921 to $18.60 in 1932, which is an increase of 59 per cent, while the municipal expenditure has advanced $8.89 per capita, or 21 per cent increase in the interval.

All figures in this memorandum not otherwise credited are based on reports of the Dominion Bureau of Statistics.

I submit these observations and charts to honourable senators and place this memorandum on Hansard in the hope that so serious a situation will receive the consideration it demands of all governments in our Dominion.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Hon. F. A. Anglin, Chief Justice of Canada, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving the Royal Assent to certain Bills.

NEW ZEALAND TRADE AGREEMENT BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 62, an Act respecting a certain trade agreement between Canada and New Zealand.

He said: Honourable senators, this is one of the most important measures that have been before the House this session. I know that all honourable members have been studying the measure, for it has been on the Order Paper for some considerable time, and in another place there has been an extensive discussion of it, the newspaper reports of which have been fairly elaborate.

This Bill effects a new trade arrangement with our sister Dominion of New Zealand. I shall refer to the main features. Certain commodities for which New Zealand desires to create a market in our country are given special advantages here. They are rather numerous, but the aggregate of imports of them up to the present time has not been large. Similar advantages are given by New Zealand in respect of a considerable, though a smaller, number of Canadian goods, but the aggregate of our exportations covered by that list of articles is far greater than the total imports into Canada of New Zealand goods covered by the treaty.

Another provision of importance in the Bill is that all articles of trade between the two countries that are not specifically named as to duty in the treaty come under the British preference. British preferential relations between this Dominion and New Zealand have, as honourable gentlemen know, been disturbed in late years.

Still another important feature is that on three months' notice the duties fixed by the treaty in respect of any article, or class of articles, can be altered to any figure desired by either party to the agreement. Of course, any such alteration would naturally induce a reactive alteration on the part of the other contracting Dominion, but an elasticity that has not been inherent in previous treaties is imported into this one from the fact that three months' notice is sufficient to bring about a change in duty, to any figure desired, on any number of articles covered by the treaty.

Another feature is that on one month's notice any subject of trade covered by the treaty may be removed from the terms of the treaty. Of course, if it is removed its position with regard to the tariff becomes the same as it was before the treaty was made.

Hon. Mr. GILLIS: On thirty days' notice?

The Hon. the SPEAKER.

Right Hon. Mr. MEIGHEN: On thirty days' notice. Honourable members will therefore see that if it is desired by either party to the agreement to alter any schedule covering one or more articles—as many as may be desired—to any specific figure, down or up, three months' notice is required; but if it is simply desired to bring any article to the position in which it stood before the treaty was made, only one month's notice is necessary. In this way there is given to the treaty a degree of elasticity which we hope will have the effect of rendering it less objectionable to special interests in either country.

This treaty is made on the eve of the Imperial Economic Conference and comes before Parliament shortly before the opening of that conference. The negotiations for the treaty, however, commenced a considerable period prior to this time. We feel that the treaty gathers greater importance from the fact that its passage by Parliament has a significant relation to the general atmosphere of the conference itself. I do not care to go any farther than I have now gone.

Hon. Mr. LEMIEUX: Would the right honourable gentleman kindly state what is the essential difference between the present trade agreement and the one we had before?

Right Hon. Mr. MEIGHEN: Well, I have already stated some differences, particularly with reference to the less rigid character of the terms. Those are very great differences. I should have added, in that respect, that under the terms of the treaty, if, for example, the Government of Canada should find the Canadian market flooded with any commodity, to the unfair disadvantage of Canadian producers of such goods, and should give notice of one month that it desired the removal from the terms of the treaty of that article which proved to be coming here in unexpected quantities, then any of the importations of that article arriving after the notice may be held in bond until the old duty that was imposed against it takes effect. Consequently, there is a degree of fortification against doubt which the other treaty did not contain.

Right Hon. Mr. GRAHAM: Of course, New Zealand could retaliate.

Right Hon. Mr. MEIGHEN: New Zealand could retaliate, and would be just as free as ourselves. Our advantage comes in a large number of articles. It is hoped to stimulate the exportation of automobiles, especially of those goods that are wholly, or almost wholly, manufactured in Canada; not the most expensive, but rather the more moderately priced. Many of those are wholly manufac-

tured here, and under the terms of the treaty they enjoy in the New Zealand market much greater advantage than those which are, say, only fifty per cent made in Canada.

It is hoped, in fact it is certain, that our lumber industry will be assisted, and that advantage is of great importance not only to those directly engaged in the industry as a commercial venture, but also to the vast armies of men who heretofore have found employment in that sphere.

It is believed that the export of our fish products will be helped; particularly those, I must admit, from the Pacific Coast.

It is believed also that other lines, manufactured goods as well as natural products, will find a wider market. It must be recalled that we are a far larger Dominion than is New Zealand, the other party to the treaty. We have a population of ten and a half millions, while it has a little over one and a half. Its sales to Canada are much smaller than our sales to New Zealand. Hence, looking at the matter in a fair perspective, we have in the aggregate far more to gain than has the smaller Dominion.

It will be the earnest hope of both parties to the agreement that nothing of an arbitrary or hasty character will be done to alter the terms. It is hoped that this treaty will lay the basis for broader terms of trade, which can be agreed to at the conference itself.

Hon. Mr. FORKE: The right honourable gentleman mentioned natural products. I do not see very much for agricuture in this treaty. I notice that wool comes in free, but that the articles manufactured from wool are very much protected.

Right Hon. Mr. MEIGHEN: Wool will come in free from New Zealand, but for the first time some duties are placed against wool from all other countries.

Hon. Mr. FORKE: Of course I understand that a certain quantity of New Zealand wool is required in Canada.

Right Hon. Mr. MEIGHEN: That is of some benefit to the wool growers. I do not say it is wholly satisfactory to them; I think they are probably entitled to more; but this is, as all agreements are, a compromise of claims on both sides.

Hon. Mr. FORKE: What about butter?

Right Hon. Mr. MEIGHEN: On butter there is a tariff of five cents, as compared with one cent, which my honourable friend unfortunately thought was enough.

Hon. Mr. DANDURAND: Honourable members of the Senate, we have heard considerable during the last two years of a Canada First policy. Such a policy, generally speaking, represents a natural state of mind on the part of all governments in Canada. It is a common proverb, a well-know maxim, that a government is appointed to attend to the affairs of its own country. But other countries also have their governments; and for the first time this Government has gone out to discuss commercial matters with another country.

Right Hon. Mr. MEIGHEN: Not the first time. We had the Australian Treaty.

Hon. Mr. DANDURAND: Yes, we had the Australian Treaty. But the Canada First policy has met the New Zealand First policy—and what has been the result? We have a new treaty. I think that one need only read it rapidly to see that it is much less to our advantage than was the old treaty. As my right honourable friend has said, New Zealand has but a limited number of articles to sell us, mostly agricultural, while Canada has industrial as well as agricultural products to sell. New Zealand, considering hereself to have pretty strong claims on this country, has wondered why she should open her doors to Canada if Canada will take nothing from her. The result of the discussion has been that New Zealand has levied higher imposts upon Canadian goods in very many instances, and has reduced her imposts on none. Under the old treaty we had the benefit of the British preference rates. Now the duties levied by New Zealand will be much steeper than those under the British preference. I will give but a few examples. On socks and stockings the British preference rate was 28.9 per cent; under the new treaty the duty will be 39·8 per cent. On plaster, pulp sheets, plaster board and other similar materials the British preference rate was 24.5; under the new treaty the rate is to be 42·8 per cent. On cultivators, harrows, ploughs, drills, sowers, seed or grain separators, the British preference, which was applied to us in New Zealand, was 12·25 per cent; under the new treaty the duty will be 36.75. On electric cooking and heating apparatus the British preference was 24.5 per cent; the rate under the new treaty will be 36·75. Passenger cars over £200, under the British preference could have entered New Zealand at 10 per cent; under the new treaty they will enter at 20 per cent.

While we thus pay more to enter the New Zealand market, New Zealand pays less to enter our market. We have reduced duties on

a considerable number of articles. On more than twenty-five the rates are below those of the old treaty and below the British preference. We have raised our duty on only two articles, fresh meat and butter, but even on those we are still below the British preference rate. On fresh meat the British preference rate was four cents; under the new treaty fresh meat will come in at three cents. Butter under the British preference rate was eight cents; it will come in at five cents. It is true, as my right honourable friend has said, that under the old treaty—the treaty with Australia, which was extended to New Zealand—the duty was one cent, but we had notified New Zealand that after the treaty expired we would impose a rate of four cents. So under the treaty now before us the protection on the item of butter is increased from what would have been the Liberal impost, four cents, to an impost of five cents.

I must express my regret at the fact that this treaty has been concluded only now. We intended, as soon as the treaty terminated, to enter into negotiations with New Zealand for the purpose of continuing our relations. The result of delay in concluding this treaty has been very bad for Canada. Our exports, which amounted to $19,187,803 in 1930, dropped to $3,728,500 in 1932. I recognize, of course, that the general world depression has had some effect in bringing about this tremendous reduction, but the loss of our advantages in that market through the retaliatory measures of the New Zealand Government has resulted in the virtual wiping out of our sales in that country.

A few details will indicate the extent to which our trade with New Zealand has fallen off since 1930. In 1930 we sold them automobiles to the value of $5,507,000; in 1932 to the amount of $263,000. In the same years the sale of pneumatic tire casings fell from $2,119,000 to $263,000; of electrical apparatus, from $764,000 to $238,000; of canned fish, from $633,000 to $199,000. The sale of iron wire, which amounted to $448,000 in 1930, fell to $48,000 in 1932, and of iron bars and rods, from $376,000 in 1930 to $8,000 in 1932. Musical instruments we sold to the tune of $186,000 in 1930, but we sold none last year. Hardware and cutlery sales dropped from $321,000 to $23,000; planks and boards, from $256,000 to $31,000; rubber footwear from $1,012,000 to $303,000, and farm implements from $308,000 to $40,000. I only hope and pray that under this new agreement we may be able to recover that market.

The right honourable gentleman (Right Hon. Mr. Meighen) has laid on the Table a list of the treaties entered into by this country with various other countries, most of which were negotiated by the late Government, and of which, it appears, only one, that with France, has been denounced. I contend that Canada fared very well under those treaties. Our exports increased, and in most cases the balance of trade was largely in our favour. Our foreign trade surprised the world.

While it is true, according to the statement that has been brought down, that the treaty with France is the only one denounced—it will end next month—I must draw the attention of this Chamber to the fact that that denunciation will probably have an important repercussion in most of the other countries with whom we have treaties and who enjoy most-favoured-nation treatment. Those countries will lose the advantage of the French low rates, and, no doubt, will want to revise their positions. Unquestionably they will be materially affected, and they will feel inclined to limit their favours to us as soon as we withdraw our favours from them. Countries that have enjoyed the low rates will enjoy them no longer.

But that is not all they stand to lose. If the preferences granted to the members of the Commonwealth at the Economic Conference are given at the expense of those countries with whom we have been trading under these treaties, they will be doubly hit. We cannot transfer to the British Empire our trade with those other countries without causing a dwindling of their export trade. It stands to reason, therefore, that they will not feel justified in granting to Canada favours heretofore enjoyed by her in their markets. This, of course, is the danger point in our external relations. We cannot hope to obtain advantages in the countries of the Commonwealth without transferring to them some of the business that we are doing at present with other countries. The question is, What advantage will Canada derive from such a transfer? This is a question that I cannot answer. I fear that our trade relations with the outside world may be badly disorganized. I have pointed out what we lost in New Zealand—a small market of a million and a half of people—during the last two years, because of the retaliatory procedure adopted by that country on the denunciation of the treaty. The Economic Conference will be faced by most serious problems. I wish it well. I shall follow its deliberations with a certain degree of anxiety, and must suspend judgment as to what effect the disturbance caused by the readjustment of present trade channels will have on trade generally.

This treaty is not nearly as advantageous as the old one was; nevertheless it offers some advantages in that it allows us to try to regain lost ground. This is but a tentative treaty. While my right honourable friend has not said that it is a provisional treaty, it may be revised every month. It is perhaps Canada's first experience of such a hand-to-mouth form of agreement. All I can say is, let us hope.

Right Hon. Mr. GRAHAM: May I ask the right honourable gentleman two questions? The first is this. Have my right honourable friend and the Government heard anything from the manufacturers of sole leather as to the effect of this treaty on their business? I may say that representations have been made to me that under this treaty the manufacturers of sole leather in Canada will not be able to get enough of the right kind of hides to carry on business efficiently. The other question relates to section 5 of the Bill, which says:

> This Act shall come into force on a day to be fixed by proclamation of the Governor in Council published in the Canada Gazette.

Will the proclamation be issued before the Economic Conference? The reason I ask is that the result of the conference might cause a change in the treaty.

Hon. Mr. DANDURAND: The right honourable gentleman answers by a movement of his head. Such an answer cannot be registered by the shorthand writer.

Right Hon. Mr. MEIGHEN: I never have any objection to my answers being registered. I do not think they will rise up in judgment against me.

As to the first question: representations have been made to me, through members of Parliament, that the duties on hides were resisted by manufacturers in Canada, especially the tanners. This is regrettable, but we cannot have everything our own way. The producers of hides now have an advantage for the first time. This is just another instance of our eagerness to be of assistance primarily to agriculture.

As to the second point: it is not the intention to wait for the conference before proclaiming the treaty; in fact, it is my understanding that it is to be proclaimed almost at once. This provision in the Bill is to enable the proclamations to be made in the two countries at the same time. The treaty lasts for only a year. That is a feature that I omitted to mention in my first explanation.

Right Hon. Mr. GRAHAM: Off again, on again.

Hon. W. H. SHARPE: Honourable members, I wish to protest against this treaty.

An Hon. SENATOR: Is that right?

Hon. Mr. SHARPE: It is. I am not in favour of it at all, because I think it will put a large number of our factories out of business. Furthermore, while it apparently gives the people of this country five cents a pound protection on butter, the exchange wipes out four cents of that and we are protected by only one cent a pound. I do not think that this treaty should have been entered into until after the Imperial Conference.

Right Hon. Mr. MEIGHEN: Or at it?

Hon. Mr. SHARPE: Or at the Imperial Conference. The whole matter could have been worked out then. I admit that this treaty is going to be a fairly good thing for the manufacturer; but all the treaties that have been made in this country for a good many years have favoured the manufacturer—

Hon. Mr. STANFIELD: In what line?

Hon. Mr. SHARPE: All manufacturers.

Hon. Mr. STANFIELD: No. You are wrong.

Hon. Mr. SHARPE: —and cut out the farmer entirely. The farmer has to compete in the markets of the world, and there has been no treaty made for a good many years that has given the farmer in this country any protection. All the treaties have been in favour of the manufacturers, and in my opinion we have overdone it. We have too many manufacturing establishments at the present time. I think it is time that some government did something for the farmers of the country.

Hon. W. A. BUCHANAN: As the right honourable the leader of the Government is aware, there has been a considerable movement, especially in Western Canada, for the diversification of agriculture, encouraging the farmers to go into mixed farming. I wonder whether, in some of the legislation that we are bringing down, this year, at any rate, we are not overlooking that fact. If we are going to encourage the farmers to go into mixed farming, and raise live stock, we must try to help them find a market for their cattle, hogs, sheep, and the by-products of those animals. I find that under this treaty we are making it very difficult for the raiser of wool to sell his product in Canada at a good price, because he is going to have to meet much greater competition in that market.

I realize that there is always great difficulty in drafting a preferential treaty with any nation without treading upon the toes of some person in one country or the other; but as far as wool is concerned, I think we should bear in mind this fact, that the woollen goods manufactured in Canada have been given higher protection of recent years, whereas the sale of raw wool is suffering very keenly from outside competition, and will continue to do so under the provisions of this treaty.

Right Hon. Mr. MEIGHEN: Why will this treaty make the position of the wool grower any more difficult? How does the treaty injure him?

Hon. Mr. BUCHANAN: Because, as I understand, under the agreement New Zealand wools of several classes are allowed to come into the country free.

Right Hon. Mr. MEIGHEN: They were doing so before.

Hon. Mr. BUCHANAN: The growers of wool have been promised a tariff to protect them. This treaty does not indicate that the promise is to be fulfilled. The point is this. The woollen manufacturers in Canada enjoy higher protection. Is it not possible in some way to make them use more Canadian wool in their product than they are using at the present time? If they are going to enjoy the advantage of bringing in wool from Australia and New Zealand under preferential conditions, the position of the Canadian wool grower will be jeopardized. Something should be done to compel the manufacturer, who is enjoying protection for the goods that he makes out of wool, to use more of the Canadian product. We cannot expect to encourage the small farmer in any part of Canada to go into sheep raising if wool is going to be subject to even greater competition, and there is no market for his product in this country; and we cannot expect to encourage diversification of agriculture unless the farmer can find better opportunities for disposing of his live stock products than there are at the present time. This is a matter of very great concern throughout Canada, particularly in the Western Provinces.

It is a mistake to believe that sheep are raised only on large ranches in Western Canada. They are being raised in small flocks. Many of the farmers in the industry are very much concerned about the price of wool. I do not know of any other product that has been as hard hit in recent years as wool. We are making it very much harder for the sheep raiser to carry on than it has been in the past.

Hon. Mr. BUCHANAN.

Hon. J. STANFIELD: Honourable senators, I did not intend to say anything on this question, but the honourable gentleman from Lethbridge (Hon. Mr. Buchanan) has just mentioned wool, and I know a little about that subject. Wool is certainly at a very low price to-day everywhere. I am speaking subject to correction, but I think the Customs returns will show that wool has been duty free for years. The farmers will tell you that they make money off the lambs, and that the wool is only a by-product.

Right Hon. Mr. GRAHAM: It is not much of a sell product these days.

Hon. Mr. STANFIELD: I am going to do a little advertising, which I hope will be admissible. The President of the Wool Growers' Association told me that our firm were the largest users of Canadian wool in Canada. It has to be remembered that many years ago much more domestic wool was used in this country than is now being used. No doubt, almost every honourable member's suit of clothes is made out of imported wool; so are his socks and his underwear. All over the country our people, including the farmers, want their clothes made out of fine wool, and this explains why the sales of Canadian wool have dwindled.

Something was said about increased protection to manufacturers. Some of them did get an increase, but the manufacturers of knit goods, underwear, and so on, received only a five per cent increase.

Hon. Mr. SHARPE: How about the ten per cent increase in 1930?

Hon. Mr. STANFIELD: No, it was five. On the other hand, the duty on fine woollen yarns, which we have to import because we cannot obtain enough in Canada, was raised to ten per cent; so there was no advantage from the five per cent protection.

I have every sympathy for the farmer, although some of the Western farmers may not think so. To a large extent, farmers are the breath of life to the manufacturers, for if farmers have no money to buy goods the result is that our factories cannot be operated on full time.

I have glanced through this treaty and I can see nothing that will help the manufacturers of woollen goods in any way, shape or form.

Hon. R. LEMIEUX: Honourable senators, I would not have risen to speak on this subject but for some remarks made by the honourable member from Manitou (Hon. Mr. Sharpe). I was pleased to hear him, but I am bound to say that he has forgotten some

facts. It is a matter of history that treaties have been negotiated in this country for the direct relief of farmers. If my honourable friend had sat in the House of Commons in 1910 he would remember the scene that took place there.

Right Hon. Mr. GRAHAM: He was there.

Hon. Mr. LEMIEUX: The French treaty had just been negotiated, and just before it was passed there were strong criticisms from the other side of the House—I sat to the right of the Speaker then—to this effect: "It may be a good treaty, but, after all, our trade with France is not so important. Our principal trade is with the United States. Why do you not negotiate a treaty with the United States?" I would remind honourable members that such criticism as that came from the Conservatives. I remember very well that my friend the late Mr. Northrup, a brilliant member from Belleville, was most emphatic on that point. He argued that it was all very well to negotiate treaties with France and other countries, but that we should recognize that our interests in trade matters lay directly with the United States. While Mr. Northrup was speaking it so happened that, at the request of President Taft, the late Mr. Fielding and the late Mr. Patterson, two honest and true Canadians, were in Washington closing the negotiations of the reciprocity pact with Mr. Knox, the Secretary of State. They were successful and brought back with them the famous Reciprocity Treaty.

Hon. Mr. DANDURAND: In natural products.

Hon. Mr. LEMIEUX: In natural products. It was a treaty designed to serve directly and primarily the interests of the farmers. As the honourable gentleman from Colchester (Hon. Mr. Stanfield) has said, farmers are the very breath of life to manufacturers, for if the farmers cannot buy goods the manufacturers cannot sell them. After all, Canada is a great farm. The country applauded and the House of Commons cheered when Mr. Fielding made the announcement. And one must remember that the treaty covered exactly the same list of articles that was contained in the permanent offer made by Sir John A. Macdonald when he inaugurated his National Policy in 1879. But the terms of the Reciprocity Treaty of 1910 were too good. My right honourable friend who leads this House (Right Hon. Mr. Meighen) was younger then, and perhaps thought he would grow very old before getting a chance to hold office, if such a good treaty ever passed the Parliament of Canada. There was an adjournment of the House. Sir Wilfrid Laurier was called—

Hon. Mr. SHARPE: To the Imperial Conference.

Hon. Mr. LEMIEUX: —to the Imperial Conference, and he also attended the coronation of the King. During that time, I am told, Sir Robert Borden, who came from the Maritime Provinces and who was aware that in the old days those provinces were made prosperous by trading with Massachusetts and the neighbouring states, hesitated as to the attitude of his party. He thought that it would be perhaps better to support the treaty than to oppose it. But it is a matter of history that the young bloods of the party read the Riot Act to him and he had a change of heart.

Hon. Mr. DANDURAND: It was said the flag was in danger.

Hon. Mr. LEMIEUX: The treaty was never discussed on its merits.

Hon. Mr. SHARPE: Champ Clark had something to say about it.

Hon. Mr. LEMIEUX: The flag played a large part in the elections of 1911. I read this appeal in Quebec: "Under Which Flag?" And in Toronto there was the slogan, "No Truck or Trade with the Yankees." The same lugubrious cries were heard all over Canada, so much so that when the elections were held the party that sponsored the treaty for the farmers was defeated,—or I should add that the farmers were betrayed by the manufacturers and high protectionists.

Hon. Mr. SHARPE: Does the honourable gentleman remember what Champ Clark said?

Hon. Mr. LEMIEUX: I do not know what he mumbled at the time. He did not say much.

Hon. Mr. LAIRD: He said enough.

Hon. Mr. LEMIEUX: Talleyrand, speaking of Poland, which was robbed by Austria, Russia and Prussia, once said that the mortal sin of Europe during the last century was that the nations had allowed that unfortunate country to be despoiled by those three grasping powers. Now, I say that the mortal sin of Canada in 1911 was the defeat of that treaty by the means to which I have lightly referred. As a result, tremendous losses have been sustained by the farmers, the cattle raisers and the wheat growers of the West. A bad feeling arose as a consequence between the East and the West, and relations between this country and the United States have been strained. True, the pact was defeated, yet the Wilson Administration left it on the Statute Book in Washington for several years in the hope that perhaps better judgment would bring a change of heart to the Canadian people.

Right Hon. Mr. MEIGHEN: Was it not still on the Statute Book when the honourable gentleman's party came back to power?

Hon. Mr. LEMIEUX: I think not.

Right Hon. Mr. MEIGHEN: I think so.

Hon. Mr. LEMIEUX: No, it was not. My right honourable friend has a good memory, but I feel sure the pact was not left on the Statute Book until that time. After the Liberal Party came back to office Mr. Fielding introduced in his Tariff Bill of 1922 a clause by which Parliament authorized the negotiation of another reciprocity treaty with the United States on the same terms. But the United States had undergone a change of heart.

Hon. Mr. GILLIS: It always does.

Hon. Mr. LEMIEUX: How could it do otherwise after the treatment it had received? Be serious.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LEMIEUX: Let me say that I am very pleased we are reopening trade channels between our sister Dominion of New Zealand and Canada. But I do not like the provision that on one month's notice any clause or clauses in the treaty may be cancelled. As between nation and nation a notice of six months is required, and that makes for stability of trade. This provision for altering the terms on such short notice reduces the treaty to something of very little value.

However, as I say, I think the treaty with New Zealand is a good thing. It means that we are going back to the policy of the late Mr. Robb and of Mr. Dunning. The renewal of the treaty with New Zealand is a compliment to that Dominion on the part of Canada, the big brother.

But there are more important trade channels to be found for Canada, if this country is to forge ahead as it should. At the present time there is considerable agitation in the United States in favour of a new trade arrangement with Canada. I was privileged to attend lately a couple of sittings of Congress at Washington, where, by the way, I was addressed as "Colonel." I protested that I had no such title, but that made no difference, and I was given a good seat, from which I heard a debate on tariff matters by leading members. I may say to the right honourable leader of the House that a very influential section of the Democratic Party is eager to arrive at a new trade pact with Canada. In the American press there has been a general discussion on reciprocity. Not long ago a prominent Republican sent a letter to President Hoover calling his attention to the fact that Canada is the best customer the United States has, and urging that a new agreement similar to that of 1911 be arrived at.

I hope that the Imperial Conference will be a success, but I am always afraid of such family gatherings, for sometimes they end in family quarrels. I read the English press, and I know that John Bull is not going to be bullied this time. He will ask for his fair share.

Hon. Mr. GORDON: Is he not entitled to his fair share?

Hon. Mr. LEMIEUX: Certainly he is. He has opened his ports to Canada for almost one hundred years, and in return we have taxed British goods all that time. Now we have invited him to the conference, and we cannot exact from him all the sacrifices, making none ourselves; he will expect us to make some. Honourable senators will remember the recent speech of Sir Josiah Stamp, in which he gave some good advice to the right honourable the Premier of this country and his high protectionist friends. He said that it was all very well to bargain, but that friends should try to make as equitable terms as possible; that one friend should not try to get the lion's share. I sincerely hope that the conference will turn out well, but we must not forget that at a very short distance from us are the American people, who perhaps are ready to open up more friendly channels of trade than we have at the present time.

Hon. Mr. SHARPE: May I ask the honourable member a question?

Hon. Mr. LEMIEUX: Certainly.

Hon. Mr. SHARPE: Did we ever make a treaty with the United States which that country did not want to change, just as soon as it had been put into operation?

Hon. Mr. LEMIEUX: My friend's question is based on a misinterpretation of history. We had a Reciprocity Treaty from 1854 to 1866, which was the golden era of Canada.

Hon. Mr. GILLIS: The American Civil War had much to do with making that successful.

Hon. Mr. LEMEIUX: My own father, who lived not far from the international border at the time the treaty was in effect, told me that those twelve years were the golden era of Canada; and that statement will be corroborated by reference to figures in the blue-books.

Hon. Mr. LAIRD: That was at the time of the American Civil War.

Hon. Mr. DANDURAND: And before the War.

Hon. Mr. LEMIEUX: And before the War.

Right Hon. Mr. MEIGHEN: Who cancelled the treaty?

Hon. Mr. LEMIEUX: In our Canadian legislatures—I am sorry to say, even in the city of Montreal, in my own province, on the occasion of the trial of the St. Albans raiders—the sentiment was in favour of the South against the North, and Southern victories were occasions of cheering. After the War ended, was it to be expected that the United States would be desirous of renewing the treaty with us? In Toronto the powerful voice of George Brown was almost alone in favouring the cause of the North. We all know what happened in the Mother Country. So if the United States did not renew the Elgin-Marcy Treaty, it is not due to them as much as it is to us and to the Mother Country.

This is ancient history, but let us not forget that the teachings of history should guide us. Now, a word about this Imperial Conference to be held this summer. I wish it well. But remember that in 1849 this country pretty nearly became annexed to the United States. The great movement for the annexation of Canada to the United States took place in 1849—why? Under the arrangements between the Colonies and the Mother Country Canada had enjoyed a preference on the British market. Our wheat, our lumber, our cattle had been given a preference there. But England decided to have free trade. It meant the ruination of many of our business men and industries. In Toronto and Montreal, amongst Liberals and Conservatives, French and English, mostly English, the manifesto for annexation was signed. As they said, "If we enjoy no preference on the Mother Country's markets, and if the Americans can sell as freely to Britain as we did before free trade, we may just as well join our fortunes with the United States." That movement in favour of annexation stopped as soon as our Governor General went to Washington. He had obtained from the Mother Country the authority to negotiate the Reciprocity Treaty of 1854. It was called the Elgin-Marcy Treaty.

Now, all this is an object lesson for us, and we ought this summer to get the best arrangement possible; but let us never forget that the natural market of the Canadian farmers is to the south.

Hon. Mr. SHARPE: Where was that market in 1911?

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Hon. F. A. Anglin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Hon. the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Criminal Code (Trustees defined).

An Act to amend the Act of Incorporation of The Frontier College.

An Act to amend the Excise 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 1932.

An Act respecting the Export of Gold.

An Act respecting the Eastern Bank of Canada.

An Act to authorize the Refund of Moneys received in connection with the administration of the Natural Resources.

An Act to amend the Fish Inspection Act.

An Act to amend the Royal Canadian Mounted Police Act.

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, 1932.

An Act respecting Unfair Competition in Trade and Commerce.

An Act to amend the Companies Act.

An Act respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railway.

An Act respecting Relief Measures.

An Act respecting a certain Trade Agreement between Canada and New Zealand.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.

The House of Commons withdrew.

The Right Hon. the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Right Hon. Mr. MEIGHEN moved that when the House adjourns to-day it stand adjourned until Monday, May 23, at 8 o'clock p.m., daylight saving time.

Right Hon. Mr. GRAHAM: The right honourable gentleman will recall that when he was a member in another place he would

be asked, or would answer—depending upon which side of the House he was on—this question: What business will there be at the next sitting?

Right Hon. Mr. MEIGHEN: I always answered when I was on the side that could direct the business. Of course, our business comes to us from the other House. There will be no other bills initiated here, aside from divorce bills. It is expected that a resolution on radio will be introduced in another place and ready for us when we convene. There are some other measures before the other House now, the names of which I cannot recall. There will be a bill, I presume, implementing the report of the Civil Service Committee.

Hon. Mr. LEMIEUX: Will there be any new Government measures?

Right Hon. Mr. MEIGHEN: Well, there may be. I have a reservation in that respect.

The motion was agreed to.

The Senate adjourned until Monday, May 23, at 8 p.m.

THE SENATE

Monday, May 23, 1932.

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

Prayers and routine proceedings.

PRIVATE BILL

CONSIDERATION OF COMMONS AMENDMENTS

A message was received from the House of Commons that that House had concurred in the Senate amendments to Bill 32, an Act respecting the Ottawa and New York Railway Company, and had made several consequential amendments.

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. BUREAU: I would remark that the amendments seem to cover more ground than the Bill itself, and it may take some time for honourable senators to study them.

Hon. Mr. BLACK, with the leave of the Senate, moved that the amendments be taken into consideration to-morrow.

The motion was agreed to.

FISHERIES BILL

FIRST READING

Bill 10, an Act to amend and consolidate the Fisheries Act.—Right Hon. Mr. Meighen.

SALARY DEDUCTION BILL

FIRST READING

Bill 19, an Act to provide for the deduction from compensation in the Public Service.—Right Hon. Mr. Meighen.

BANKRUPTCY BILL

FIRST READING

Bill 41, an Act to amend the Bankruptcy Act.—Right Hon. Mr. Meighen.

LIVE STOCK PEDIGREE BILL

FIRST READING

Bill 73, an Act respecting the Incorporation of Live Stock Record Associations.—Right Hon. Mr. Meighen.

JUDGES BILL

FIRST READING

Bill 91, an Act to amend the Judges Act.—Right Hon. Mr. Meighen.

INCOME WAR TAX BILL

FIRST READING

Bill 92, an Act to amend the Income War Tax Act.—Right Hon. Mr. Meighen.

RETURN OF HON. SENATOR MURPHY

On the motion to adjourn:

Right Hon. Mr. GRAHAM: Honourable senators, I want to say a word of welcome to our honourable colleague from Russell (Hon. Mr. Murphy).

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: Our friend has been having a somewhat trying time, which has been a little hard on his patience, I imagine, to say nothing of the suffering; but we are all glad to see him here, and hope that he will be fully recovered in a short time.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BLACK: I want to say, in the absence of the right honourable leader, that every person on this side of the House joins cordially in the sentiment expressed by the right honourable gentleman from Eganville.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable members of the Senate, we have been given a number of bills to examine to-morrow. Could the honourable gentleman tell us whether there are many others forthcoming?

Hon. Mr. BLACK: So far as I know, these are all the bills that have been received up to 4 o'clock this afternoon. I am unable to say what others there may be.

IMPERIAL ECONOMIC CONFERENCE

Hon. Mr. LEMIEUX: Honourable members, there is a rumour in the city of Ottawa that the Imperial Economic Conference may be opened by His Royal Highness the Prince of Wales. I should like to know from the honourable leader of the House whether that rumour is true.

Hon. Mr. BLACK: So far as I have any information, it is rumour, not fact.

Hon. Mr. BUREAU: Five o'clock tea gossip.

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

THE SENATE

Tuesday, May 24, 1932.

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

Prayers and routine proceedings.

PRIVATE BILL

MOTION FOR RETURN OF FEES

Right Hon. Mr. GRAHAM: Honourable senators, in the absence of the honourable member from De Salaberry (Hon. Mr. Béique) I beg to move that the fees paid on Bill D1, entitled an Act respecting the Quebec, Montreal and Southern Railway Company, be refunded to the solicitors for the petitioner.

Right Hon. Mr. MEIGHEN: Honourable senators, I think the custom is that a recommendation of this kind comes from the committee to which the Bill was referred. I have no objection to a reference of the motion to the committee.

Right Hon. Mr. GRAHAM: I do not know that that is the custom. The Clerk placed the motion in my hands and told me that it was the practice to return the fee when a Bill was rejected by a committee.

Right Hon. Mr. MEIGHEN: It may be so. My experience here has not been very long, but I observe that where fees accompanying divorce applications are to be remitted the recommendation always comes from the committee. I have no objection to the motion standing as it is until I look into the procedure. There need not be a reference to the committee until, say, to-morrow.

Hon. Mr. DANDURAND: It can stand as a notice of motion.

The Hon. the SPEAKER: Shall it stand until to-morrow?

Right Hon. Mr. GRAHAM: All right.

The Hon. the SPEAKER: It will stand as a notice of motion.

THE BEAUHARNOIS PROJECT

MOTION FOR PRINTING OF COMMITTEE'S REPORT

Hon. Mr. TANNER moved:

1. That the proceedings of the special committee of the Senate appointed to take into consideration the report of a special committee of the House of Commons respecting the Beauharnois Power Project in so far as said report relates to members of the Senate, be printed as an Appendix to the Journals of the Senate.
2. That 400 copes in English and 200 copies in French of the said proceedings be printed in bluebook form.
3. That the exhibits produced from the records of the House of Commons be returned to that House.
4. That all original documents produced as exhibits before said committee be returned to the witnesses producing same.

Hon. Mr. DANDURAND: I have no objection to any clause of this motion, but I desire to tell my honourable friend from Pictou (Hon. Mr. Tanner) that I learned this morning that the printing of 400 copies would mean the translation and printing of 400 pages. I understand that the type of the report in English is already set, but, as we are at this time trying to effect economies, I wonder whether it is worth while to order the printing of 400 additional copies in English and 200 in French. I do not raise any objection, but simply wish to point out that this printing will entail the expenditure of a few hundred dollars and it seems to me doubtful that this expenditure is necessary.

Hon. Mr. TANNER: The Senate some time ago ordered the French translation of the report, and I have been informed by the officials that the translation is completed, or nearly so. I am told by the officials that the type is all standing and that therefore the

expense of printing the additional copies will be only trifling. Furthermore, I have been notified that the supply of copies of the proceedings is nearly exhausted, and that some should be printed as a reserve. I made the motion at the instance of the Clerk of Committees.

Hon. Mr. DANDURAND: According to the information given to me this morning, not a line has yet been translated; so, if this motion is passed, there will have to be 400 pages translated and printed. However, I am not objecting; I am simply drawing attention to what would be perhaps a useless expenditure.

Hon. Mr. BUREAU: Would it not be better to let the matter stand until we have further information? Every honourable member has a copy of the proceedings.

Right Hon. Mr. MEIGHEN: I agree with that. Let it stand until to-morrow.

The motion stands.

PROPOSED INQUIRY IN ENGLAND

Before the Orders of the Day:

Hon. Mr. GILLIS: Honourable members, I would call the attention of the Senate to a matter of some importance. A rumour has been current to the effect that a gentleman acting as a commissioner for the taking of evidence concerning a certain member of this Chamber will find it necessary to go to England for the purpose of obtaining some information. I think that any information necessary could be obtained quite as well by correspondence, and that this country should not be put to the expense of having to pay for what may be in some respects a joy trip for the commissioner and a certain solicitor. I think a great saving to the country would be effected if a different course were adopted in this connection. Perhaps the right honourable leader of the House could give us some information on the subject.

Right Hon. Mr. MEIGHEN: I will bring the matter to the attention of the Department of Justice. I presume the extent to which a commissioner exercises the authority vested in him is within his own control.

CUSTOMS TARIFF BILL

FIRST READING

Bill 95, an Act to amend the Customs Tariff.—Right Hon. Mr. Meighen.

Hon. Mr. TANNER.

SECOND READING POSTPONED

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

Hon. Mr. BUREAU: When was this Bill passed in the House of Commons?

Right Hon. Mr. MEIGHEN: Yesterday, I think.

Hon. Mr. BUREAU: And we have received it only now. Are there amendments to the tariff?

Right Hon. Mr. MEIGHEN: I think they are very few, and very innocuous; but I am prepared to let the second reading stand until to-morrow.

Hon. Mr. BUREAU: I am not objecting, but I have not seen the Bill, and should like to know what it is.

Right Hon. Mr. MEIGHEN: The amendments to the tariff are very, very few; I understand, only such as are necessary in order to comply with the provisions of the New Zealand Treaty.

Hon. Mr. DANDURAND: I have not the Bill before me. If my right honourable friend has the Bill and could give us a general outline of it, we might take the second reading now.

Right Hon. Mr. MEIGHEN: I have not the Bill before me. I suggest that the second reading stand until to-morrow.

The motion stands.

INCOME WAR TAX BILL

FIRST READING

Bill 96, an Act to amend the Income War Tax Act.—Right Hon. Mr. Meighen.

CIVIL SERVICE BILL

FIRST READING

Bill 99, an Act to amend the Civil Service Act.—Right Hon. Mr. Meighen.

DEPARTMENT OF INSURANCE BILL

CONCURRENCE IN COMMONS AMENDMENTS

Right Hon. Mr. MEIGHEN moved concurrence in the amendments made by the House of Commons to Bill E1, an Act respecting the Department of Insurance.

Hon. Mr. DANDURAND: Has the right honourable gentleman the amendments they are proposing?

Right Hon. Mr. MEIGHEN: Yes. The amendments are as follows: Clause seven, which prohibited officers or clerks of the Department of Insurance from being interested, directly or indirectly, in any insurance company doing business in Canada and registered or licensed under any of the Insurance Acts, has been struck out, and a new clause inserted which goes the same length, but also forbids the same officers or clerks from being interested in any trust company or loan company doing business in Canada and licensed under any of the Acts. The senators who were present will recall that the Superintendent of Insurance, when before our committee, was quite ready to have this amendment inserted. He succeeded in the other House.

The further amendments concern money clauses, which clauses were initiated in this House, but omitted from the Bill. They are now inserted by amendment made in the other House. Over these money clauses, as is well known, we have very limited authority.

Hon. Mr. LAIRD: Was there not an amendment passed in the House of Commons restricting the amount of common stock that any insurance company might invest in?

Hon. Mr. DANDURAND: No; that is not in this Bill.

Right Hon. Mr. GRAHAM: It will be in one of the Insurance Bills.

Right Hon. Mr. MEIGHEN: It was a restriction made in one of our own committees.

The motion was agreed to.

COMMERCE AND TRADE RELATIONS

REPORT OF COMMITTEE—CONSIDERATION POSTPONED

Hon. Mr. McLENNAN moved that the third report of the Standing Committee on Commerce and Trade Relations be now taken into consideration.

Right Hon. Mr. MEIGHEN: I would respectfully suggest to the honourable senator in charge of this report that it might be proper to allow it to stand until the long list of Bills from the other House which we have to consider are dealt with. I should not like, at all events, to run the risk of a considerable delay by the possible carrying over of the consideration of these Bills until to-morrow, because we shall have abundant work to-morrow, as we are fast approaching the close of the session.

Hon. Mr. McLENNAN: Though I did not intend to cause any considerable delay by my remarks, I am quite content to accept the right honourable leader's suggestion.

Right Hon. Mr. MEIGHEN: It was not the honourable senator's speech that I was afraid of.

Hon. Mr. DANDURAND: The Order might be placed at the end of the list for to-day.

The Order stands.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

Hon. G. V. WHITE moved concurrence in the amendments made by the House of Commons to Bill 32, an Act respecting the Ottawa and New York Railway Company.

Hon. Mr. BUREAU: What are the amendments to this Bill?

Right Hon. Mr. MEIGHEN: This Bill provides for the building of approaches to and a right of way over the bridge of this railway company at Cornwall. A company is to be formed to perform this work, and the railway company is empowered to transfer its rights in this regard to the new company. In the committee of this House an amendment was inserted to the effect that should the Government of Canada, because of contemplated improvements to the St. Lawrence river, find it necessary to expropriate or remove the bridge itself, it should not be called upon to pay to this company any compensation on account of expenses incurred in providing an automobile and passenger track over the bridge, or in other construction work. The Commons has amended that provision to the following effect: Should the Government of Canada require the removal of the bridge within eight years, it cannot be called upon to pay in respect of this new construction work—the approaches, the work on the bridge, the lumber between the rails and so forth—more than the actual cost thereof, less depreciation; and after eight years it can be called upon to pay not more than the cost, less depreciation, but this shall apply only to the construction work on the bridge itself, and shall not include the approaches. The idea, apparently, is to provide against complete confiscation, or early confiscation, such as would make impossible the financing of the enterprise.

Hon. Mr. BUREAU: Are we to understand that the Bill as passed by the Railway Committee of the Senate has been amended so that the company shall be recouped the cost of planking the bridge, and shall receive no money for the approaches or whatever means have been provided to get to the bridge?

Right Hon. Mr. MEIGHEN: It says, not that the company shall be recouped, but that it shall not be entitled to anything more

than the cost of the planking if the expropriation takes place after eight years, or the cost of the planking and the approaches if expropriation is within eight years; in either case, less depreciation.

The motion was agreed to.

WINDING-UP BILL

CONCURRENCE IN COMMONS AMENDMENT

Right Hon. Mr. MEIGHEN moved concurrence in the amendment made by the House of Commons to Bill C2, an Act to amend the Winding-up Act.

Right Hon. Mr. GRAHAM: That is a Senate Bill?

Right Hon. Mr. MEIGHEN: Yes. This Bill originated in this House and was considered fully in committee. It is a rather lengthy Bill, and the Commons have made but one amendment, namely, the insertion at page seven, line fifteen—that is to say at the very end of the Bill—of the following:

3. Section twenty-three of the said Act is amended by adding thereto the following subsection:—

"(2) In the case of any company except building societies incorporated, banks, saving banks, insurance companies, trust companies, loan companies and railway companies, the court shall not appoint as liquidator any person who is not licensed as a trustee under the Bankruptcy Act."

The amendment speaks for itself; and it is not uncomplimentary to the committee of this House that this amendment should have been the only one made in the other House.

Right Hon. Mr. GRAHAM: There is provision in one of the Acts for the appointment of these trustees?

Right Hon. Mr. MEIGHEN: Yes. This provides that only a trustee who is licensed under the Bankruptcy Act can be appointed in these cases.

The motion was agreed to.

FISHERIES BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 10, an Act to amend and consolidate the Fisheries Act.

He said: This is a Bill of some importance, and after the second reading I should like to have it referred to the appropriate committee. The Bill has been reviewed before a committee of the other House, and perhaps the Committee of the Whole could deal with it here.

The chief purpose of the Bill is to amend the Fisheries Act so as to bring it into conformity with a decision of the Privy Council in 1929, which rather damaged several provisions of the Fisheries Act as now in force. In conformity with the Privy Council's judgment, provisions of the old Act relating to the licensing of fish canneries, reduction plants, whale factories and so on are omitted, such provisions being declared ultra vires by that verdict. In addition, some provisions which were regulatory in character are also omitted from the present measure. Apart from the changes necessitated by the Privy Council's judgment, certain definitions are improved so as to remove doubt.

Section 8 of the Bill amends the existing Act so as to authorize the cancellation of fishery licences where there has been nonconformity with the law. Under the present Act, according to my understanding, there can be no cancellation of those licences except after an adverse report of the commissioner under the Inquiries Act. This provision is cumbersome and unnecessary.

Then there is a change with respect to section 31 of the existing Act, which has to do with the construction of fishways in power dams and other obstructions. Under the law as it stands, the Minister has power, I understand, in the case of a dam or obstruction in a river or a waterway, to compel the constructors of the dam to provide a fishway; but inasmuch as dams are frequently so high that even if a fishway can be provided, enabling the stronger fish to rise against the current, the younger fish are killed by the fall from the upper levels. This Bill provides machinery to require the installation of hatcheries to protect the younger fish. Members of the Senate from more maritime parts of the country than that from which I come will probably appreciate this section better than I do. It provides that in such instances as I have described the owners of the dams may be required to establish such fish hatchery facilities as will, in the opinion of the Minister, meet the requirements for maintaining the fisheries.

This very briefly outlines the effects of the measure.

Hon. Mr. DANDURAND: This Bill seems to be somewhat important, inasmuch as it not only amends the Fisheries Act, but is a consolidation of that Act. The modifications are not so formidable as they would at first appear to be. I confess that I have not had much experience in regard to the application of this Act, nor have I followed the

various amendments to the Bill. I thought at first that we could perhaps send it to a committee, but, as time is somewhat pressing, we might sit this evening and ask the experts of the department to appear before us.

Right Hon. Mr. MEIGHEN: I know the honourable senator from Alma (Hon. Mr. Ballantayne) has given this measure some consideration. I have sought as best I could to understand all its terms, and I would suggest that we refer it to Committee of the Whole House. If honourable senators prefer, we can postpone consideration until this evening, so that honourable gentlemen who wish to make a careful review of the Bill before it is taken up in Committee may have an opportunity to do so. I am prepared to have the Bill considered in Committee now and to send for the proper official, so that we may be better informed. I think, however, I can give a fair explanation of the different sections.

Hon. Mr. DANDURAND: All right.

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

CONSIDERED IN COMMITTEE—PROGRESS REPORTED

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. L'Espérance in the Chair.

Section 1 was agreed to.

On section 2—interpretation:

Right Hon. Mr. MEIGHEN: These are the same as in the old Act. There is a new definition of "fishing," and also of "lawful excuse."

Section 2 was agreed to.

Sections 3 and 4 were agreed to.

On section 5—appointment of fishery officers:

Hon. Mr. DANDURAND: Are these officers new?

Right Hon. Mr. MEIGHEN: I do not think so. The existing section provides for the appointment of officers by the Governor in Council. That is as it was prior to the adoption of the Civil Service Act. Apparently it was by error that that section was left as it originally stood when the statutes were being consolidated. The effect of this provision in the Bill is to bring the appointments under the Civil Service Act.

Section 5 was agreed to.

Sections 6 and 7 were agreed to.

On section 8—Minister may cancel licence:

Right Hon. Mr. GRAHAM: This is the section to which the right honourable leader of the Government referred?

Right Hon. Mr. MEIGHEN: Yes. This is the section which provides that the power of cancellation shall be in the Minister, and that he does not need to have the authority of the inquirer under the Inquiries Act before exercising the power.

Section 8 was agreed to.

Sections 9 to 14, inclusive, were agreed to.

On section 15—as to spawning rivers:

Hon. Mr. ROBINSON: Will that prevent a person from angling in one river where another river runs into it? I think it will. I do not think it is intended to do that.

Right Hon. Mr. MEIGHEN: The way the Act read was this:

> No salmon shall be fished for, caught or killed otherwise than by angling with hook and line within two hundred yards of the mouth of any tributary of any creek or stream which salmon frequent to spawn.

That is quite clear. One cannot fish for salmon, otherwise than by angling, within two hundred yards of the mouth of any tributary of any creek or stream.

Hon. Mr. ROBINSON: For instance, you could not fish in the branch of the Restigouche. I do not think that is observed at all.

Right Hon. Mr. MEIGHEN: No doubt, what the Act was intended to mean was within two hundred yards of where the stream opens into the sea.

Hon. Mr. ROBINSON: That is, no doubt, what is intended.

Right Hon. Mr. MEIGHEN: The section reads:

> In the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Quebec no salmon shall be fished for, caught or killed otherwise than by angling with hook and line, within two hundred yards of the mouth of any tributary of any creek or stream which salmon frequent to spawn.

Hon. Mr. ROBINSON: I do not think it is intended to mean that.

Hon. Mr. BLACK: It is the same wording as section 18 of the present Act.

Right Hon. Mr. MEIGHEN: Only that the prohibition is confined to the four provinces.

Hon. Mr. DANDURAND: The explanation given is:

This section is the same as section 18 of the existing Act, with the exception that its application is restricted to the Atlantic Provinces. It was clearly intended so to apply, and has never been enforced in British Columbia.

Hon. Mr. MACDONELL: Should not the words "during the spawning season" be inserted, so that fishing would not be prohibited after spawning has taken place?

Right Hon. Mr. MEIGHEN: Only two hundred yards are covered; so it does not seem to matter much in that respect. But what bothers me is the objection raised by the honourable senator from Moncton (Hon. Mr. Robinson). The section appears to forbid the fishing at the mouth of a tributary. I do not know much about fishing, but I should think that what is necessary is the forbidding of fishing at the mouth of a river where it enters into the sea.

Hon. Mr. BLACK: I think that is the intention. That is the practice in the Maritime Provinces, at all events.

Hon. Mr. ROBINSON: It is not observed.

Hon. Mr. BLACK: Not observed so far as tributaries are concerned; that is, where one river enters into another. It is intended to apply only where a river enters into the sea.

Hon. Mr. CASGRAIN: The practice in Quebec is—unless there has been a change—that people are allowed to fish as far as the tide goes, but no farther. For instance, in the Bonaventure river the fishing was free for anybody at the mouth of the river; and the same with the St. John river. Wherever the tide goes the fishing has been considered open to anyone.

Hon. Mr. BLACK: This does not say anything about that.

Right Hon. Mr. MEIGHEN: No. I suggest that the clause stand, and I shall send for an official.

Hon. Mr. BLACK: After reading over the section, I think perhaps it is all right. It simply means that no seine or net fishing shall take place within two hundred yards of the mouth of a stream, but fishing with the fly and line is permissible. I think that is proper.

Right Hon. Mr. MEIGHEN: But what I do not understand is why the prohibition to fish otherwise than with the line applies only within two hundred yards of the mouth of any tributary, and not within two hundred yards of the mouth of the main stream. According to my understanding of fishing, which is very limited, salmon come up from the ocean through the main stream.

Hon. Mr. FORKE: I do not know the habits of Maritime Provinces fish, but in Scotland during the spawning season salmon will go up a very small tributary, and in some places it is possible to catch salmon with the hands. During that season, however, the taking of them is prohibited.

Hon. Mr. BLACK: That does not apply to New Brunswick.

Hon. Mr. FOSTER: I think the right honourable leader of the House knows considerable about fishing, judging by his remarks. It seems to me that the section should be rewritten in plainer language, to provide that the fishing of salmon, otherwise than by angling with hook and line, shall be prohibited within two hundred yards from the mouth of any river. A tributary runs into a river. You cannot stop fishing where a branch of a river runs into a main stream.

Right Hon. Mr. MEIGHEN: I do not see why the prohibition should apply to the tributary. I suggest that the section stand.

Section 15 stands.

Sections 16 to 19, inclusive, were agreed to.

On section 20—construction of fishways:

Right Hon. Mr. GRAHAM: A good deal of this is new.

Right Hon. Mr. MEIGHEN: It is new from line 21 to the end of subsection 2. This is the most important section of the Bill.

Right Hon. Mr. GRAHAM: Have there been any expressions of objection or approval by any of the companies or individuals who are engaged to a large extent in fishing?

Right Hon. Mr. MEIGHEN: I have read the discussion in the other House and I think I am safe in saying that no assurance was given there of such consultation having taken place. I am satisfied that there are members of this House who know whether or not the clauses of this section are practicable. Undoubtedly they are pretty drastic. I should like to have the opinion of senators from the Maritime Provinces and Quebec on this section. It will be observed that this section enables the Minister to construct, operate and maintain, in fishing streams where there are dams, fish hatcheries of a type that will in his opinion meet the requirements for maintaining the annual return of migratory fish, and he may require the owner or occupier of the dam or other obstruction to pay such sums of money as are required for this construction, operation and maintenance.

Hon. SMEATON WHITE: That is only where fishways are not feasible.

Hon. Mr. BLACK: That would apply to places where there are dams as high as eighty or one hundred feet, as there are in some rivers. In such instances the fishway is so steep and the volume of water so great that only the strongest of fish are able to get up, and the result is that the supply of fish in such streams is not kept up to normal. The section would apply, I think, only to those rivers on which there are power stations for generating electricity.

Right Hon. Mr. MEIGHEN: What is meant by providing a fish hatchery establishment? I thought a hatchery was for hatching out fish. How would that get over the difficulty of fish not being able to get over an 80-foot dam?

Hon. Mr. BLACK: Suppose there are 50,000 small fry that cannot get over the dam: the owner or occupier of the dam would have to pay for the hatching of 50,000 fry to be placed in the river above the dam.

Right Hon. Mr. GRAHAM: There is a clause which says that the Minister may grant one-half of the expense incurred by an owner or occupier in constructing and maintaining a fishway or canal.

Hon. Mr. BLACK: I think that is very reasonable, too.

Right Hon. Mr. MEIGHEN: What clause is that?

Right Hon. Mr. GRAHAM: Subsection 4, at the top of page 7.

Section 20 was agreed to.

Section 21 was agreed to.

On section 22—seines, nets, etc., not to obstruct navigation:

Right Hon. Mr. MEIGHEN: No change.

Section 22 was agreed to.

On section 23—stakes to be removed:

Right Hon. Mr. MEIGHEN: No change.

Section 23 was agreed to.

On section 24—main channel not to be obstructed:

Right Hon. Mr. MEIGHEN: No change.

Section 24 was agreed to.

On section 25—killing fish when passing through fishways, etc., prohibited:

Right Hon. Mr. MEIGHEN: The only change is in substituting the words "downstream from" for the word "of" in the second last line.

Section 25 was agreed to.

On section 26—use of explosives prohibited:

Hon. Mr. DANIEL: Why should it be necessary to allow explosives to be used against an animal no bigger than a hair seal? It appears to me to be an extremely unpleasant sort of death for any of these animals to undergo. A hair seal is not a very large animal; not like a whale or a walrus. I should think hair seals might be left out of this section.

Right Hon. Mr. MEIGHEN: I never saw a hair seal, and I do not know what the average size is. The section is the same as it was before.

Hon. Mr. DANIEL: A hair seal might possibly be a little larger than the ordinary seal that Newfoundland fishermen hunt. They apparently go after them with a club, and kill them by knocking them on the heads.

Hon. Mr. DANDURAND: Hair seals are not listed in the copy of the Bill I have.

Right Hon. Mr. MEIGHEN: The section reads:

> No one shall hunt or kill fish or marine animals of any kind, other than porpoises, whales, walruses, sea lions and hair seals, by means of rockets, explosive materials, or explosive projectiles or shells.

Right Hon. Mr. GRAHAM: That is not in the Bill I have.

Hon. Mr. BLACK: Nor in the one I have.

Hon. Mr. DANDURAND: The Bill was reprinted.

Right Hon. Mr. MEIGHEN: The words "sea lions and hair seals" are only in the Bill as passed by the House of Commons on the 20th of May. I understand the Bill was amended in committee, and objection was raised in the other House to going on with the measure until it was reprinted. As reprinted, it contains the additional words I have mentioned, and it is worth while for the Committee to decide whether it desires to permit the use of explosives against sea lions and hair seals. I must decline to offer any opinion.

Hon. Mr. DANIEL: Can the right honourable gentleman tell us the difference between a sea lion and a walrus?

Hon. Mr. ROBINSON: Ask the ex-Minister of Marine (Hon. Mr. Ballantyne).

Right Hon. Mr. MEIGHEN: I never saw either animal, but I have brought with me my expert from Alma (Hon. Mr. Ballantyne).

Section 26 was agreed to.

Sections 27 and 28 were agreed to.

On section 29—permit required to catch. trade in or export fish for manure:

Right Hon. Mr. MEIGHEN: No change.

Section 29 was agreed to.

On section 30—eggs and fry not to be destroyed:

Right Hon. Mr. MEIGHEN: This is new.

Section 30 was agreed to.

Section 31 to 33, inclusive, were agreed to.

On section 34—fishery officer may convict on view:

Hon. Mr. MEIGHEN: No change.

Section 34 was agreed to.

Section 35 to 42, inclusive, were agreed to.

On section 43—gurry grounds:

Hon. Mr. ROBINSON: What are gurry grounds?

Hon. Mr. HUGHES: Gurry means the offal or entrails of the fish.

Section 43 was agreed to.

Sections 44 to 49, inclusive, were agreed to.

On section 50—as to right to use vacant public property for fishing purposes:

Right Hon. Mr. MEIGHEN: The wording of this section is the same as that of section 63 of the existing Act, except that subsection 2 of the existing Act, which provides that any British subject may take bait or fish in any of the harbours or other waters of Canada subject to regulation, is dropped, as obviously bait or any other fish may be taken in accordance with the regulations. The omission of subsection 2 being the only change, there is no underlining of words.

Section 50 was agreed to.

Sections 51 to 56, inclusive, were agreed to.

On section 57—refusal or neglect of dam owner, etc., to provide fishway:

Right Hon. Mr. MEIGHEN: This is the same as before, except that the penalties are more adequate, and the provisions for enforcement are more definite.

Hon. Mr. DANDURAND: As the dams grow deeper the penalties grow heavier.

Right Hon. Mr. MEIGHEN: Yes.

Section 57 was agreed to.

Right Hon. Mr. MEIGHEN.

On section 58—use of rockets or explosives:

Right Hon. Mr. MEIGHEN: There should be no brackets over the words "sea lions and hair seals." I move that the brackets be omitted. I remember the discussion in the Commons, and the Commons were assured that the brackets would be omitted in this House when the Bill came here.

The amendment was agreed to, and section 58 as amended was agreed to.

On section 59—neglect or refusal to provide and maintain fishguards:

Right Hon. Mr. MEIGHEN: There is a change here, in the words at line 25, "of such dimensions as the Minister may prescribe." That is, the meshes must be of those dimensions; otherwise there is an offence.

Section 59 was agreed to.

Sections 60 to 63, inclusive, were agreed to.

On section 64—confiscation of all fishing property used, and all fish taken, bought, or sold, in violation of Act:

Right Hon. Mr. MEIGHEN: There is a change here. This section replaces section 82 of the existing Act, and the amendment strikes out the provision relating to confiscation of fishing property for violation of any international regulations. Section 90 of the existing Act provided for bringing international fishery regulations into force, but the regulations under the treaty with the United States, signed in 1908, never became effective. Section 90 is therefore omitted from this Bill.

Section 64 was agreed to.

Section 65 was agreed to.

On section 66—penalties not otherwise provided for:

Right Hon. Mr. MEIGHEN: The words "or prepares to violate" are inserted.

Hon. Mr. DANDURAND: This is pretty difficult to establish.

Except as herein otherwise provided, every one who violates or prepares to violate any provision of this Act . . .

Right Hon. Mr. MEIGHEN: There are similar clauses in the Code. Any one who prepares to make counterfeit coin is guilty.

Section 66 was agreed to.

Sections 67 to 75, inclusive, were agreed to.

Right Hon. Mr. MEIGHEN: I am not prepared to go on with section 15. I have word from the department that they have nobody at hand who is able to explain these clauses

to the Committee. I move that the Committee rise and report progress. I will not move the House into Committee again until they have somebody who can explain these sections.

Hon. Mr. LITTLE: Section 15 would be more intelligible if the words "stream or" were added, so that it would read:

In the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Quebec no salmon shall be fished for, caught or killed otherwise than by angling with hook and line, within two hundred yards of the mouth of any stream or tributary of any creek or stream which salmon frequent to spawn.

Right Hon. Mr. MEIGHEN: That may be necessary. I do not see why the tributary need be protected unless you protect the whole stream.

Hon. Mr. BLACK: I should like to hear the explanation of the department on that.

Right Hon. Mr. MEIGHEN: We will wait until we see somebody who can give the explanation. I do not like the wording of the last section:

76. Chapter seventy-three of the Revised Statutes of Canada, 1927, entitled the Fisheries Act, with all amendments thereto, is repealed.

I think the amendments should be distinctly repealed. It may be that this wording was adopted before, but I do not recall that it ever was.

I move that the Committee rise, and that we leave sections 15 and 76, the preamble and the title, as not fully considered.

Progress was reported.

SALARY DEDUCTION BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 19, an Act to provide for the deduction from compensation in the Public Service.

Right Hon. Mr. GRAHAM: According to the press reports, there have been many changes, deviations, variations and fluctuations in this Bill. Could we have an explanation of just what the Bill means now?

Hon. Mr. BUREAU: It is going to Committee of the Whole.

Right Hon. Mr. MEIGHEN: We can take it up in Committee of the Whole if that is desired.

I do not think there have been many, if any, important changes in the Bill itself. What has given rise to the press reports is this. The Bill as introduced provided for a ten per cent reduction of all salaries or other increments in the nature of salaries or revenue received by men and women in the public service of Canada, but it did not cover the salaries of judges, lieutenant-governors or members of the permanent force. There may have been amendments in the other House, but they were not important. Subsequently in the other House another Bill was introduced to provide for a taxation on income or salary received by judges and members of the permanent force who are not enlisted men. This was not in the nature of a change in the Bill now before us; it was a supplementary Bill. It was criticized as being a variation from what had been the intent of the Government when this Bill was introduced. But this Bill as passed by the Commons stands pretty much as it was when originally brought before them.

Hon. Mr. DANDURAND: Except that those who receive a salary of less than $1,200 are allowed by the Government their superannuation payments, and this allowance brings their deduction down to five per cent.

Right Hon. Mr. MEIGHEN: Yes. But the Bill was introduced in that form. There has been no change in that respect either.

Hon. JACQUES BUREAU: Since the discussion is taking place on the second reading, time may be saved, instead of going into Committee of the Whole, if I may, by leave of the Senate, combine with my remarks on this Bill what I have to say on Bill 92, which puts a tax on the judiciary. Bill 19 defines what is a member of the public service of Canada, excluding the Governor General of Canada and the lieutenant-governors of the several provinces. It also excludes the judiciary and members of the military, naval and air forces of Canada, and of the Royal Canadian Mounted Police. I wonder why they are excluded. Naturally we are not going to say to the representatives of the King, "We regard you as ordinary public servants, and want to deduct a certain percentage from your salary;" but if we have the power to tax them we also have the power—I do not say we have the right—to make deductions from their salaries. Parliament can do almost anything; anything that is not immoral. Why not do away with the second Bill, concerning the judiciary, and in defining the members of the public service of Canada in paragraph b of section 2 of Bill 19 say:

"Member of the public service of Canada" means every officer, clerk and employee in any branch or portion of the public service of Canada, to whom any compensation is paid, either directly or indirectly, out of the revenue

of His Majesty in respect of his Government of Canada, other than the Governor General of Canada and the Lieutenant-Governors of the several provinces of Canada, and includes the members of the judiciary, the members of military, naval and air forces of Canada, the Royal Canadian Mounted Police, members of the Senate and House of Commons of Canada—

and so on?

I have read in the press, and have heard it stated in various places, that certain members of the judiciary in the rural districts, particularly in the Province of Quebec, were opposed to any deduction from their compensation or salaries. During the recess I made it my duty to interview as many judges in the rural districts of Quebec as I could. I may say that I know nearly all of them, and I interviewed nearly every one I know, and in justice to them I must say that every one to whom I spoke expressed a willingness at any time to contribute to the public exchequer, either by way of deduction or otherwise, to help in the present crisis.

The exclusion of the judiciary from this Bill means that we want to exempt them from the deduction because we have no right to include them. If the proposition that we want to exclude them is correct, then why do we come along with Bill 92 and say that we are going to impose a tax on them? I am speaking from the point of view of the judiciary. Bill 92 is simply a devious method of accomplishing the same end. The judges on the Bench are the very men whose duty it is to discourage and prevent others, who come before them, from taking devious ways in trying to circumvent the law. We have the power, I take it, to make a deduction. Why not do it in the regular way instead of adopting the roundabout method of exempting them by one Bill and taxing them under another?

My right honourable friend (Right Hon. Mr. Meighen) will answer by saying that we exclude them from the meaning of "member of the public service of Canada." I may say that I do not think they would be at all humiliated by being included in that definition. They are public servants, men in whom we have confidence, and to whom we look for justice. Our fate is in their hands. We depend upon their integrity and impartiality to give us the rights we desire to assert. Would it not be well to consider the two Bills together in order to see whether it would not be better to avoid taking devious ways to attain our end? If we adopt such means of reaching men who are in a position to appreciate what is being done, they will say, "Those people place us on the Bench and make laws to prevent circuitous and devious ways of doing business, yet they adopt similar methods themselves in dealing with us."

We have heard a great deal about the dignity of the Senate. I do not think it is dignified on our part to act in this way. Either we have the right to make a reduction or we have not. If we have not the right, we should say in the preamble of the Bill, "Whereas there are doubts" in regard to this matter, "nevertheless it is expedient that we should" do so and so, and "we cannot do otherwise." Put "whereas" in as many times as you like, in order to show that we cannot help ourselves.

My purpose in rising was simply to protest against the injustice that is being done to these men, twelve or fifteen of whom have expressed to me their willingness to contribute in this time of need.

There is another point. The judges are not all paid equally. I know how they are paid in the Province of Quebec, and I understand that in the Province of Ontario payments are made to the county court judges for revising voters' lists, and to the judges of the Supreme Court for sitting in cases of contested elections. The important point is that they are paid for that by the Provincial Government, not by the Dominion Government, and whatever they receive in that way should not be taxed.

As I have said, we look to the judiciary to discourage circuitous methods and dubious practices, to act fairly and openly, and to see that justice is done without evasion or equivocation. I think I have said enough to make you understand that I do not believe it is right that men who are expected to keep people straight should be asked to swallow a Bill which reduces their compensation by circuitous and devious ways.

Right Hon. Mr. MEIGHEN: I do not wish to allow the remarks of the honourable senator from La Salle (Hon. Mr. Bureau) to go unanswered. I thought there would be so many eager to reply to him that I should not have to do so, but in that I have been disappointed. It is true that as respects the judges and members of the permanent force, other than enlisted men, the same object is being attained by a method different from the one adopted in the Bill before us. It does not follow, however, because one route is taken in the case of civil servants generally, and another route in the case of the judges and members of the permanent force, that the second route is circuitous or devious or

crooked while the first is straight. One is just as straight and direct as the other. In the case of the Civil Service the method adopted is that of deduction; in the case of the judges and others, it is a tax. There is nothing devious about a tax; it is not a back-door or side-stairs method; it is perfectly direct and open, and I do not think it will engender in the mind of any judge any sinister thoughts or feelings that will affect his conduct in the future.

The question is, which is the better method to adopt? It was thought by the Government—I do not know that the reasons behind it are very formidable—that there should be a distinction drawn between members of the judiciary, members of the permanent force and lieutenant-governors, on the one hand, and members of the Civil Service on the other. Certainly no judge would object to being called a public servant—no one presumes that he would—but I do believe that he would object to being called a civil servant, or being classified with civil servants when his salary or any other feature of his relations with the Government is under review. A civil servant is a man who is under the direction of the Government; a judge is in no sense under the direction of the Government.

Hon. Mr. HUGHES: Would not senators be in the same class as judges?

Right Hon. Mr. MEIGHEN: Perhaps so, but we are quite ready to be classified in any way at all, as long as we are known as servants. We do not care whether we are called civil servants or public servants or any other name, but when we are treating of others we observe a punctiliousness that we do not observe with relation to ourselves. The judge is in a place apart. It is true that he is appointed by the Crown, but he is in no sense a civil servant.

Hon. Mr. BUREAU: He is a public servant.

Right Hon. Mr. MEIGHEN: Yes, but the Bill before us refers to civil servants only.

Hon. Mr. BUREAU: It defines "member of the public service."

Right Hon. Mr. MEIGHEN: It deals generally with those known as civil servants.

Hon. Mr. BUREAU: We are not civil servants.

Right Hon. Mr. MEIGHEN: Oh, no, and that is why the term "member of the public service" is used, but I do not think it is well to include the judiciary in that sphere and group. The judiciary decide between the Crown and the subject, as well as between subject and subject. Their course of conduct and their duties are defined by statute and tradition. They are under no superior authority save that of the superior courts, and even as respects those superior courts they are subject in no way to direction, but only to review. It was with this in mind that the Government felt that while perhaps it was justifiable to make a deduction in the case of the judges, it should be done by way of a tax rather than by withholding part of the salary fixed by law. In the carrying out of this principle only as much as is paid by the Crown in the right of Canada is subject to taxation under the Bill, not what may be received from other sources.

Right Hon. Mr. GRAHAM: What about the military?

Right Hon. Mr. MEIGHEN: They are placed in the same position for the reason that a certain quasi-contractual relationship exists between the force and the Government. There are differences of opinion as to the exact nature of that quasi-contractual relationship.

Hon. Mr. BUREAU: It is the force of the Government.

Right Hon. Mr. MEIGHEN: It is the force of the Government, because it is with the Government that the men enlist.

Hon. Mr. BUREAU: Not with Parliament.

Right Hon. Mr. MEIGHEN: With the Government, as constituted by Parliament. Because of that distinction they are put in the same class. There is no Bill to apply the tax to the lieutenant-governors, for reasons which are quite distinct, but it does apply to judges and members of the permanent force other than enlisted men.

There may be considerable question as to the propriety of even a tax in relation to the Bench. It was argued in another place, and very ably argued, that the judge is not represented in Parliament, that he has no vote, that he is not a citizen in the ordinary sense of the term, and that he should not be subject to taxation without representation. Well, his salary is increased by Parliament, and I do not know why it should not be taxed by Parliament under very special circumstances—and the only justification for this Bill is that the circumstances are very exceptional. It is not wise to interfere lightly with judicial emoluments; certainly it is very unwise so to legislate that the judge will feel that he is in some way subject to the favour

of either the Government or Parliament. His position must be above interference from either. But many judges were of the view that they ought to share in the common sacrifice at this time. Had it been left entirely to voluntary action, many would have shared, but the sharing would not have been universal and a sense of unfairness would have remained. Hence, this method is taken. I think the explanation I have given is adequate. At least, it is the best I can give. I would not have objected to the measure had it been in the first place as outlined by the honourable gentleman from La Salle (Hon. Mr. Bureau).

Hon. Mr. BUREAU: Why not make it like that now?

Right Hon. Mr. MEIGHEN: I do not think it should be made so now, for the reason that it would be only running back to another road leading to the same goal. Both Bills have been passed through one House now. Furthermore, they are taxation measures, and I think this House should be very careful—it has to be very careful, in fact—in dealing with taxation measures. I think it would be most unbecoming on the part of the Senate to refer taxation measures back to the other House in order to reach, not a different or higher goal, but the same one, by a method which is no better than the one proposed, if it is indeed as good.

Hon. Mr. DANDURAND: I have seen it stated somewhere that although Parliament has the right to increase the indemnities or salaries of judges, it is questionable whether it has the right to reduce them. Has the right honourable gentleman any clear answer to that contention?

Right Hon. Mr. MEIGHEN: I did not understand that the former Minister of Justice in the other House argued that Parliament had not the legal right either to reduce or to tax. He did argue against the propriety of either course; he took the ground that there should be no taxation or reduction. Certainly he would never take the ground that there should be no increase, because he has been a member of Parliaments, and I think of Governments, which have granted increases. As to Parliament's legal right, I do not think there is any question. We can tax as we like, and we can discriminate as we like. There may be ground for questioning the wisdom of what we are doing, but there is no ground for questioning the legality.

Hon. Mr. DANDURAND: I was not personally questioning the legality, for in 1922 I brought in a Bill, which emanated from the Department of Justice, giving the Minister of Justice the right to suspend the salary of a judge in certain circumstances.

Right Hon. Mr. MEIGHEN: I do not recall that legislation. I think that would be a pretty dangerous enactment.

Hon. Mr. DANDURAND: I shall give my right honourable friend the reference in a minute or so.

Hon. Mr. BUREAU: While the honourable gentleman is looking up his reference, may I point out that if we pass this legislation we shall be making it possible to levy an interest charge against a judge, and, if he does not pay, to have his goods and chattels seized, and sold by a sheriff. I think it would be just as polite to the judges to call them public servants as to make them subject to such an indignity.

Right Hon. Mr. MEIGHEN: But such an indignity could be suffered by any judge, or anyone else, under the Small Debts Act of any province.

Hon. Mr. BUREAU: If the judges were called public servants the Government could retain the money, and there would never be any possibility that the judges might default and be sued.

Right Hon. Mr. MEIGHEN: That is right.

Right Hon. Mr. GRAHAM: Very humane.

Hon. Mr. DANDURAND: The legislation to which I referred is chapter 29, 12-13 George V, an Act to amend the Judges Act. Section 26A, subsection 1, reads:

> Any judge of the Supreme Court of Canada or of the Exchequer Court of Canada, or of any superior court in Canada, or any Local Judge in Admiralty of the Exchequer Court of Canada, or any judge of a county court, who is found by the Governor in Council, upon report of the Minister of Justice, to have become, by reason of age or infirmity, incapacitated or disabled from the due execution of his office, shall, notwithstanding anything in this Act contained, cease to be paid or to receive or to be entitled to receive any further salary, if the facts respecting the incapacity or disability are first made the subject of enquiry and report in the manner hereinafter provided, and the judge is given reasonable notice of the time and place appointed for the enquiry and is afforded an opportunity by himself or his counsel of being heard thereat and of cross-examination of witnesses and of adducing evidence on his own behalf.

Provision is made for a commission of inquiry, in subsection 2, and subsection 3 reads:

Nevertheless His Majesty shall by Letters Patent under the Great Seal of Canada grant unto any judge who has been so found by the Governor in Council to be incapacitated or disabled by reason of age or infirmity as aforesaid, and who resigns his office, the annuity which he might have received if he had resigned at the time when he ceased to be entitled to receive any further salary.

Right Hon. Mr. MEIGHEN: I will forgive the honourable senator for being a party to that legislation, for I think it is all right. It provides that in case of infirmity or age, where a judge is found by judicial inquiry to be incapable, his salary is to be discontinued. However, that applies only to certain classes of judges, because Parliament is powerless to do anything of the kind with respect to the judges of certain higher courts, exclusive of the Supreme Court of Canada.

What I have stated is, I think, a very good principle. The farther we can keep judges away from the immediate interference of either governments or Parliament, the better for the Bench and the nation.

Hon. Mr. DONNELLY: I should like to ask the right honourable leader whether rural mail carriers or contractors are affected by this Bill?

Right Hon. Mr. MEIGHEN: The definition will govern. I think that they operate under contract, and that there will be no deduction.

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

BANKRUPTCY BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 41, an Act to amend the Bankruptcy Act.

Hon. Mr. BUREAU: Are we going into Committee?

Right Hon. Mr. MEIGHEN: I think we should. There are very extensive amendments.

Hon. Mr. DANDURAND: The amendments are so numerous that it is hardly worth while to give a general explanation on second reading.

Right Hon. Mr. MEIGHEN: I will attempt to give a summary of the Bill, by way of an historical review. Honourable members, of course, know that under the British North America Act the subject of bankruptcy and insolvency is exclusively within Dominion jurisdiction. Notwithstanding that, no bankruptcy or insolvency legislation was passed in the Dominion for a very considerable time after Confederation; or, to be more accurate, certain legislation was passed, I believe in 1876, found to be not acceptable, and repealed. From that date on, the provinces made certain provisions which were known under various names, but were really bankruptcy legislation. This provincial assumption of jurisdiction was generally acquiesced in on the part of all concerned, and the Dominion, by lassitude, surrendered to the provinces what was really its own jurisdiction. In 1921, however, bankruptcy legislation was passed by the Dominion Parliament for the second time—the first time in many years. It had, of course, a Dominion scope. It has been under trial now for ten or eleven years. There are differences of opinion as to how this Dominion legislation has operated. The chief objection to it has been that it is too expensive, that in too many cases the residue of the bankrupt's property has been absorbed in the fees of trustees, inspectors and lawyers, and that the creditors have had very bare bones by the time those three classes of persons have got through.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I hear some of the perennial creditors in the House say "Hear, hear." As a debtor, I of course know nothing about that.

The object of the Bill is to overcome those features and to render the Act more simple and inexpensive in operation. One of the chief objects of the Bill is the establishment of the position of Superintendent of Bankruptcy. Whether it is the intention to have a separate man fill this office, or to add the work of the office to the duties of an official such as the Superintendent of Insurance, I do not know. I hope there will not be any substantial increase in the service, or in the cost, in that regard. It is felt, however, that the existence of the office and the supervision by this incumbent will be such as to exercise over trustees in bankruptcy, inspectors, and the like, a control that will result in diminution of the costs that have been entailed in the past.

Quebec farmers are wholly omitted from the measure. There are provisions with respect to the omission of other farmers, where the residue of the estate is less than $500.

A special committee of seventeen members of the House of Commons was appointed to consider the Act. It held sittings at which were heard many who are interested in the legislation, including representatives of wholesale and retail associations, boards of trade, and the like. The committee made a unani-

mous report, which is really the present Bill. Consequently, not only was the Bill passed by the other House, but it received the unanimous support of a committee which, I must say, did exceedingly careful work.

Hon. Mr. CASGRAIN: May I ask the right honourable gentleman how far he thinks we should go in discriminating with respect to farmers in one part of the country? I thought the laws were supposed to be made to apply to everybody.

Right Hon. Mr. MEIGHEN: Prior to the coming into force of the Bankruptcy Act in 1921, the Quebec statute relating to insolvency excluded from its operation non-traders, that is, farmers and wage-earners. As I stated a little while ago, provincial legislation controlled the whole subject of bankruptcy for a long period up to 1921. The Bankruptcy Act of 1919 permits farmers and wage-earners to make assignments, but excludes them from the compulsory provisions. Representations were made before the committee in the Commons in favour of excluding Quebec farmers from the Act. These representations were made by the provincial Minister of Agriculture and by representatives of one or two agricultural societies. No representations, however, were made with reference to wage-earners. Therefore, the committee decided against adopting the old Quebec rule of excluding non-traders. An alternative suggestion was made to the chairman of the committee to empower the Lieutenant-Governor in Council of any province to exclude farmers in his province. This suggestion, however, was not approved by the chairman, and was not presented to the committee. I am not able to say whether the provision of this clause is generally acceptable, but I have heard that, notwithstanding the unanimous representations that were made, some dissatisfaction has been expressed.

Honourable members will therefore see that Quebec farmers are excluded in deference to the desire of the Minister of Agriculture of that province, and of certain societies specially interested in the matter. Also it will be borne in mind that, as I have stated, prior to the Act of 1919 both farmers and non-traders were exempt, and that under the 1919 Act they were exempt from the compulsory provisions, but were permitted to assign.

Hon. Mr. DANDURAND: I think it was very unfortunate that this modification was put into the Act of 1919, and that the word "trader" was made to include farmers and even members of the liberal professions. Prior to that time our farming people in Quebec—and I am quite sure the same is true of farmers all over Eastern Canada—never thought of themselves as business people who might in certain circumstances reach a point where they would make an assignment. But when the idea was circulated that a man who was hard pressed could drop his load and obtain a discharge from his debts, there were some undesirable consequences. For one thing, banks and loan companies began to wonder to what extent it was safe to advance money to farmers, and the credit of farmers generally was restricted. Many people wondered why this was so. The explanation was that the new law enabled those who were perhaps less conscientious than they should be, to obtain a discharge of their debts and make a fresh start. This created considerable perturbation in the Province of Quebec, and I do not know that it has not extended beyond our province. I welcome the present legislation, which will free the farming population of the Province of Quebec, at all events, from the operation of this Act.

My right honourable friend has said that the costs were mounting, and when liquidation was completed there remained very little for the creditors. That is quite true. I do not know to what extent this legislation will cure that evil; but there is one evil that it will not cure, and that is the immorality. It allows a number of people to free themselves of their obligations with a view to regaining their virginity.

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

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Gillis in the Chair.

Section 1 was agreed to.

On section 2—definitions:

Right Hon. Mr. MEIGHEN: That just extends the definition of a creditor to include the holder of a negotiable note.

Hon. Mr. DANDURAND: Of course I do not know how this would work in its daily application to the operations of persons who have obtained credit from their banks. Such debtors will have given collateral to the bank. The clause now reads:

"Secured creditor" means a person holding a mortgage, hypothec, pledge, charge, lien or privilege, on or against the property of the debtor, or any part thereof, as security for a debt due or accruing due to him from the debtor, or a person whose claim is based upon,

or secured by, a negotiable instrument held as collateral security and upon which the debtor is only indirectly or secondarily liable.

That person or institution will have to appraise the value of the security in hand, which may fluctuate from day to day.

Right Hon. Mr. MEIGHEN: Yes. That is the way it was in Manitoba. The definition of a secured creditor is amplified to include the holder of a negotiable instrument held as collateral. Hitherto such a holder has ranked as an ordinary creditor, but with the additional right to recover on a negotiable instrument. The difference is that now he is to be placed in the rank of a secured creditor.

Hon. Mr. HUGHES: Can he as holder determine the value of the security?

Right Hon. Mr. MEIGHEN: I am afraid I cannot answer that. In Manitoba, where I practised law, he had to put a value upon that instrument.

Hon. Mr. HUGHES: And that value held?

Right Hon. Mr. MEIGHEN: That value held, but the other man—that is, the assignee—could say, "Very well, I will take it at that value"; so he had every reason not to put it too high or too low.

Hon. Mr. BUREAU: While we are on section 2, I desire to add an amendment to paragraph y, after iii. For two consecutive sessions a Bill has been presented here, and has passed the Senate unanimously, providing that the locality of a debtor in the Province of Quebec should be the locality within the judicial district in which he carries on business. Following the discussions in the other House, I see that exception was taken on the ground that, under authority of the Act, the Province of Quebec had been divided by the Governor in Council into bankruptcy divisions. In the argument that took place the speakers all said that twenty-five complete organizations would have to be created if the locality of the debtor were the judicial district wherein he carried on his business. In the course of the discussion it was stated by the Minister of Justice that in the framing of this Bill it had been borne in mind that the Province of Quebec was divided into twelve bankruptcy districts, and these were all fully organized and equipped with the proper machinery with which to carry on all necessary proceedings, both in receiving petitions and in administering bankruptcy laws.

I desire to submit an amendment substituting for the "judicial district," of which there are twenty-five in the province, the words, "bankruptcy division." I would therefore move that after the figure 2 the following be added:

In the Province of Quebec the bankruptcy division wherein the debtor carries on his business, as defined by the Governor General in Council.

That does away with all the objections which have been raised about making it the judicial district wherein the debtor carries on his business.

May I be allowed to quote the explanation given by the Minister of Justice:

Mr. Guthrie: If I understand correctly, I am afraid the suggestion will rather complicate the operation of the Bankruptcy Act.

It had been suggested at that time that the prothonotaries of the various Superior Courts should act as registrars. He thought that would complicate the Act. He went on:

This Act has been drawn in pursuance of the idea that there were in the Province of Quebec twelve bankruptcy divisions.

Now, I suggest that instead of making the judicial district, as defined by the statutes of the Province of Quebec, the basis of my amendment, as heretofore, we insert the words, "bankruptcy division as defined by the Governor General in Council."

Right Hon. Mr. MEIGHEN: The Bill before us is Bill 41. Which section does the honourable gentleman seek to amend?

Hon. Mr. BUREAU: We are dealing with the Bankruptcy Act.

Hon. Mr. DANDURAND: But the honourable gentleman might indicate where he brings in his amendment to this Bill.

Hon. Mr. BUREAU: I take paragraph y of section 2 of the Bankruptcy Act.

Right Hon. Mr. MEIGHEN: But the honourable gentleman cannot submit an amendment unless it is an amendment to the Bill before us. If he wants an amendment to the original Bankruptcy Act he will have to introduce another Bill.

Hon. Mr. BUREAU: This is an amendment to the Bankruptcy Act. It is amending Chapter 11 of the Revised Statutes of 1927. We are here to see whether the amendments made in the Commons are right, or whether any amendments have been omitted that should be made.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. BUREAU: This is one of the amendments that they have left out, and that I think should be made.

Right Hon. Mr. MEIGHEN: If the honourable member will read his motion I shall be able to make this clear to him.

Hon. Mr. BUREAU: That section 2 of the Bankruptcy Act—

Right Hon. Mr. MEIGHEN: That Act is not before us.

Hon. Mr. BUREAU: Yes.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. BUREAU: What is before us when we amend the Act? Must we take the amendments from the other House without looking at the Act? Can we satisfy ourselves without going back to the ground of the amendments?

Right Hon. Mr. MEIGHEN: Certainly we can go back to the Act. But here is the Bill. The Bill is in Committee, and it is only the Bill that can be amended in Committee. It may be that such an amendment as is suggested ought to be made in this Bill.

Hon. Mr. BUREAU: By adding to the Bill after paragraph nn, "locality of a debtor means," etc.? It would read better if I were allowed to say that paragraph y of section 2 of the Act is amended.

Hon. Mr. ROBINSON: Make it a new clause, 2a.

Hon. Mr. BUREAU: All right.

Right Hon. Mr. MEIGHEN: Or 3a. You want it to come after nn.

Hon. Mr. BUREAU: Make it 4, paragraph y.

Hon. Mr. LEMIEUX: Will you read the amendment?

Hon. Mr. BUREAU: That after the words "'Superintendent' means the Superintendent of Bankruptcy," in the Bill, there be added the following as subsection 4:

Subsection y is amended by adding a new paragraph: "In the Province of Quebec the bankruptcy division wherein the debtor carries on his business, as defined by the Governor General in Council."

I will write it, and you can go on with something else.

Section 2 stands.

Section 3 was agreed to.

On section 4—appointment of interim receiver:

Hon. Mr. BUREAU: After section 3 I want to submit another amendment.

Hon. Mr. DANDURAND: To what clause?

Hon. Mr. BUREAU: To clause 4 of the general Act. It is:

Subject to the conditions hereinafter specified, if a debtor commits an act of bankruptcy a creditor may present to the court a bankruptcy petition.

I want to provide that the petition shall be presented to the court having jurisdiction over the bankruptcy division.

Right Hon. Mr. MEIGHEN: Is the honourable gentleman prepared to read his first amendment, so that I may get it properly placed?

Hon. Mr. DANDURAND: We might suspend section 4 and proceed.

Section 4 stands.

Sections 5 to 17, inclusive, were agreed to.

On section 18—Superintendent of Bankruptcy:

Hon. Mr. DANDURAND: It is a pretty big contract for the Superintendent to cover the whole country from the Atlantic to the Pacific.

Right Hon. Mr. MEIGHEN: Yes, it is a big responsibility.

Section 18 was agreed to.

Sections 19 to 28, inclusive, were agreed to.

On section 29—remuneration of trustee; disbursements to be taxed:

Hon. Mr. LITTLE: Honourable gentlemen, the provisions of this Bill undoubtedly give a great deal more protection to the creditors than they have had in the past, yet I think that this question of the taxation of costs might very well receive further consideration. As the procedure runs at the present time, a final statement is prepared and submitted to the inspectors of the estate; a copy is then sent to all creditors. The inspectors may refuse to sign the statement, or any creditor may raise objections to the court. The inspectors, being in close touch with the character of the business which is being handled by the trustee, are surely in a position in the great majority of cases to say whether the costs of winding-up are reasonable. If the bills must be taxed in all instances, the cost undoubtedly will be increased.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman suggest that there should be taxation only in certain cases?

Hon. Mr. LITTLE: If there is no objection the taxation should not be compulsory.

Right Hon. Mr. MEIGHEN: In many cases it certainly should. It would never do to substitute "may" for "shall." I suggest that this clause stand. Perhaps the honourable senator will confer with some others and prepare an amendment.

Hon. Mr. DANDURAND: The remuneration is fixed by the court, and the honourable gentleman (Hon. Mr. Little) thinks that in certain cases where the inspectors agree there should be no application to the court.

Hon. Mr. LITTLE: To have the costs taxed.

Right Hon. Mr. MEIGHEN: An appropriate amendment might be all right there.

Hon. Mr. DANDURAND: It would have to be very minutely drawn, so that it would not cover too much ground.

Right Hon. Mr. MEIGHEN: There might be collusion between the inspectors and the trustee.

Hon. Mr. DANDURAND: In many cases within my knowledge the inspectors were appointed because they were creditors, or represented institutions that were considerably involved, and after the parties whom they represented had been satisfied they showed no further interest. There is perhaps not as much assurance of security as my honourable friend thinks in giving that discretion to the inspectors.

Hon. Mr. LITTLE: But there is now the additional protection of the Superintendent.

Section 29 stands.

Sections 30 to 37, inclusive, were agreed to.

On section 38—restricted creditors:

Hon. Mr. DANDURAND: This is all for the greater protection of the ordinary creditors?

Right Hon. Mr. MEIGHEN: Yes.

Section 38 was agreed to.

Sections 39 to 42, inclusive, were agreed to.

On section 43—levy to be paid to the Receiver General:

Right Hon. Mr. MEIGHEN: This takes care of the office of Superintendent generally.

Hon. Mr. DANDURAND: It will take some time before an average is struck as between the contributors.

Right Hon. Mr. MEIGHEN: Yes.

Section 43 was agreed to.

Sections 44 and 45 were agreed to.

Section 46—application for discharge of bankrupt:

Hon. Mr. DANDURAND: Under this section the Superintendent may exercise a very useful control.

Right Hon. Mr. MEIGHEN: Yes.

Section 46 was agreed to.

Sections 47 to 49, inclusive, were agreed to.

On section 50—bankruptcy offences:

Right Hon. Mr. MEIGHEN: This is the same as before, only that it is more comprehensive.

Section 50 was agreed to.

Sections 51 to 55, inclusive, were agreed to.

On section 2—definitions (reconsidered):

Right Hon. Mr. MEIGHEN: The honourable senator from La Salle (Hon. Mr. Bureau) suggests an amendment. A reference to the original Act will show that section 2 is a long series of definitions, and section 2 of the Bill contains a number of amendments to section 2 of the Act. We have already considered the definition of "secured creditor," which is to be paragraph ii of section 2 of the Act. The honourable gentleman from La Salle wishes to amend paragraph y, which precedes paragraph ii, and which reads:

"Locality of a debtor," whether a bankrupt or assignor, means

(i) the principal place where the debtor has carried on business during the year immediately preceding the date of the presentation against him of a bankruptcy petition or the making by him of an authorized assignment;

(ii) the place where the debtor has resided during the year immediately preceding the date of the presentation against him of a bankruptcy petition or the making by him of an authorized assignment; or

(iii) in cases not coming within i or ii, the place where the greater portion of the property of such debtor is situate.

I am reading slowly, for I find it a little difficult to follow. Now the honourable gentleman from La Salle desires to add the following as paragraph iv:

In the Province of Quebec, the bankruptcy division wherein the debtor carries on his business, as defined by the Governor in Council.

That is to say, whereas in other provinces the "locality of a debtor" will mean either the principal place where he has carried on his business for a year before his assignment, or where he has lived a year before his assignment, or if he has not done either, where the greater portion of his property is situated, in the Province of Quebec it will mean the bankruptcy division in which he carries on his business, such division being defined by the Governor General in Council. I suggest that this clause stand, along with other clauses which have been allowed to stand, until I can explore the whole effect of it. One would need to read that amendment in association with a great many clauses before one could

feel quite safe in adopting it. I do not know just what difficulty the honourable gentleman wishes to overcome, because as the law stands the locality of a debtor is clearly defined as being either where he lived for a year before his assignment, or where he carried on business for a year before his assignment, or if he did not either live or carry on business at any place during the preceding year, then within the province where the greater portion of his property is situated. I am not clear why that would not apply to Quebec as well as to any other province.

At 6 o'clock the Committee took recess.

The Committee resumed at 8 o'clock.

Right Hon. Mr. MEIGHEN: Mr. Chairman, though the two senators who were consumed with ambition to improve this Bill have not yet arrived, I do not see that there is any course open to us but to discuss the amendments they suggested. I will commence with the suggestion made by the honourable senator from La Salle (Hon. Mr. Bureau).

Hon. Mr. DANDURAND: We might send for him.

Right Hon. Mr. MEIGHEN: I am quite content.

Hon. Mr. DANIEL: I do not think he is very well.

Hon. Mr. DANDURAND: In the meantime I may tell my right honourable friend that it has been suggested that it would not be a bad thing to amend the Bill in such a way as to postpone the bankrupt's right to discharge for from twelve to twenty-four months. There are people, and they are quite numerous, who have abandoned their property and paid ten cents on the dollar, or nothing, and have then gone to their creditors and succeeded, sometimes through a third party, in obtaining their consent to a discharge from bankruptcy. They then appear a few months later fully solvent, only to become bankrupt again within a year or two. This has occurred more than once in the good, but not pious, city of Montreal, and the suggestion has been made that it might be well to keep the bankrupt waiting some twelve or twenty-four months for his discharge.

Right Hon. Mr. MEIGHEN: At the present time the court has power to defer the granting of the discharge. Section 142 of the Act reads as follows:

On the hearing of the application the court shall take into consideration the report of the trustee, and may either grant or refuse an absolute order of discharge or suspend the operation of the order for a specified time, or grant an order of discharge subject to any conditions with respect to any earnings or income which may afterwards become due to the bankrupt or authorized assignor or with respect to his after-acquired property.

That is a very wide discretion.

2. The court shall refuse the discharge in all cases where the bankrupt or authorized assignor has committed any offence under this Act or any offence connected with his bankruptcy or assignment or the proceedings thereunder, and shall on proof of any of the facts mentioned in the next succeeding section, either

(a) refuse to discharge; or

(b) suspend the discharge for a period of not less than two years: provided that the period may be less than two years if the only fact proved of those hereinafter mentioned is that his assets are not of a value equal to fifty cents in the dollar on the amount of his unsecured liabilities; or

(c) suspend the discharge until a dividend of not less than fifty cents in the dollar has been paid to the creditors; or

(d) require the bankrupt or assignor, as a condition of his discharge, to consent to judgment being entered against him by the trustee for any balance or part of any balance of the debts provable under the bankruptcy or assignment which is not satisfied at the date of the discharge, such balance or part of any balance of the debts to be paid out of the future earnings or after-acquired property of the bankrupt or assignor in such manner and subject to such conditions as the court may direct; but execution shall not be issued on the judgment without leave of the court, which leave may be given on proof that the bankrupt or assignor has, since his discharge, acquired property or income available towards payment of his debts.

Then the court may modify that after a year. The suggestion of the honourable gentleman opposite is that the discretion be taken away from the court, and that the bankrupt be absolutely disentitled until a specified time. I should not like to take the responsibility of admitting such an amendment, because it is clearly out of harmony with the principle of the Act. I should think the discretion of the court is good enough, because any absence of bona fides would undoubtedly disentitle the bankrupt to a discharge, and the court would exercise the right to withhold it. I know that the abuse is tremendous. Honourable gentlemen may have heard of the partnership agreement under which it was provided that in the event of bankruptcy there should be an equal division of the profits.

Hon. Mr. DANDURAND: I know of cases in which the circumstances, and the representations to the court, have been such that the court has felt obliged to use its discretion

in granting a discharge. But those who are in the very centre of things, creditors who appear on many lists—I might mention the banks generally—have seen the performances of men who succeeded in getting their discharge very easily. Such creditors have been wondering whether what I have suggested would not cure the evil.

Have I not heard that there would be a general revision of the whole Bankruptcy Act shortly?

Right Hon. Mr. MEIGHEN: No. This revision is pretty general. It has been brought about in the following way. The Canadian Bar Association appointed a committee composed of men specially interested in bankruptcy law. That committee, if I remember rightly, was headed by Mr. Grundy, of Winnipeg, who, as everyone knows, is exceedingly well versed in this subject. A report was brought in, making certain recommendations, and, on the acceptance of those recommendations, the Bar Association prepared a Bill and submitted it to the department. This Bill is by no means a transcript of the Bar Association Bill, but in the main the suggestions were adopted. I do not think there is any general revision in contemplation.

Hon. Mr. DANDURAND: This is a very great improvement on the Act as it stood.

Right Hon. Mr. MEIGHEN: The suggestion of the honourable senator from La Salle (Hon. Mr. Bureau) is to add to the definition of "locality of a debtor." It now means the place where he did business for a year before his bankruptcy, or the place where he resided for that year, or, third, if he did not either reside or do business in the province, the place where the greater portion of his property is situated. The honourable senator desires to have added a proviso that the locality of the debtor in the Province of Quebec shall mean the bankruptcy division wherein the debtor carries on his business, as defined by the Governor General in Council. Clearly, the purpose of his amendment is to retain the business of administration, especially its legal features, in the locality in which the debtor did business or in which he lived, in so far as it is circumscribed by a bankruptcy division. I am told that the County of Gaspé, for example, is a bankruptcy division. The purpose of the honourable gentleman is to see that the business is done in that county, and to combat the tendency towards centralization in Quebec, Montreal, Sherbrooke, and, I presume, Three Rivers.

Hon. Mr. BUREAU: Unfortunately, not Three Rivers.

Right Hon. Mr. MEIGHEN: I feared not, because of the interest of my honourable friend. The honourable senator will remember that an honourable gentleman in another House, in whom he has very great confidence, the former Minister of Justice, argued strongly the other way.

Hon. Mr. BUREAU: I think he only asked if there had been any petitions against it from Montreal and Quebec.

Right Hon. Mr. MEIGHEN: I am informed that he argued quite strongly. I do not know very much about it. My opinion is that locality is significant principally from two points of view. As I proceed to discuss them I would ask the House to remember that this is pretty largely a question of the patronage of lawyers.

Hon. Mr. DANDURAND: I doubt it. Of course there is a tendency towards these large centres; but a man who fails in an outlying district has most of his creditors around him, and they complain very much of being obliged to travel a hundred miles or two hundred miles to reach the court to attend to their interests. I think that is the main argument, but as the honourable member from La Salle (Hon. Mr. Bureau) is here, he can speak for himself.

Hon. Mr. BUREAU: It is provided by the Bankruptcy Act that you cannot sue a man who has presented his petition; but if, before putting in his petition, he runs away from the bankruptcy division or the district where he carries on business, rumors are circulated, and three or four actions may be taken against him. Those actions are dismissed with costs, and the poor creditors, who did not know the man had assigned, have to pay the costs. If he had assigned within either the bankruptcy division or the judicial district, they would be in a position to know it.

Right Hon. Mr. MEIGHEN: As I understand the present Act, a man cannot make an assignment effective outside of his own bankruptcy division; but if a majority of the creditors so elect, the administration may be transferred elsewhere. It is not a matter of choice with him. In the case of Boilly vs. McNulty, in the Supreme Court of Canada, it was held that Quebec comprises one bankruptcy division, and that for the purposes of a petition in bankruptcy the whole province constitutes the locality of the debtor. In that particular case a creditor in Montreal had a

petition against a debtor in Roberval, and the Supreme Court held that the judge in Montreal had jurisdiction. That was not a voluntary assignment, but a case in which the creditor had to petition against the debtor. In the case of a voluntary assignment the debtor has to assign in his own district.

Hon. Mr. BUREAU: In any case you have to amend section 4.

Right Hon. Mr. MEIGHEN: You are defining the locality of a debtor, and you say that for all purposes you want that to be in his own bankruptcy division. That does not give much consideration to the creditors.

Hon. Mr. BUREAU: But I intend to move that section 4 be amended as follows:

In the Province of Quebec, subject to the conditions hereinafter specified, if a debtor commits an act of bankruptcy a creditor may present to the court having jurisdiction over the locality of the debtor a bankruptcy petition.

Right Hon. Mr. MEIGHEN: That is how the honourable gentleman would amend section 4 of the present Act, but that has no regard for the creditors at all. The creditors may all be in Montreal and the debtor in Gaspé, and I am told that they may wait six months for a judge. Bankruptcy is different from a case of an ordinary claim by one man against another, where each party is solvent. There the time of disposition is not so important, but where one of the parties is bankrupt it is very important to get an early disposition. I think it is asking a great deal to expect the creditors, no matter where they may be, to go to the debtor's residence and wait for a judge before they can get disposition of their case.

Hon. Mr. BUREAU: This is special legislation. When a man wants to get a petition in bankruptcy he has his agent at the locality of the debtor, just as he has a representative there for the sale of goods. The right honourable gentleman cited a case in point, Boilly vs. McNulty. This man Boilly lived in Chicoutimi and all his creditors lived there also, but he had one creditor in Montreal—

Right Hon. Mr. MEIGHEN: How could he have one there if they all lived in Chicoutimi?

Hon. Mr. BUREAU: I do not mean to split hairs; I will say the majority of them lived there. One of them took action in Montreal and those in Chicoutimi made a motion to have the matter brought back before the court in Chicoutimi. Upon this application the case was decided. It was held by our highest court that the Province of Quebec is one judicial district, for bankruptcy purposes. I think we may feel sure that if this amendment were made to section 4, restricting the jurisdiction to the court having jurisdiction over the locality of the debtor, the big creditors in Montreal would have agents in every bankruptcy division. Consequently there would be no delay in disposing of cases. If the bankruptcy divisions were made and defined by the Governor in Council we could assume that all the machinery to do the work quickly would be in each division. I think the amendment is fair and I should like it to go through.

Right Hon. Mr. MEIGHEN: You cannot have the machinery unless there is a judge, and my information is that there is often not a judge available at all. My honourable friend's amendment would compel creditors, no matter where they are, to satisfy the local feeling of the district where the debtor happens to reside, even though there may be no facilities of a court in that district.

Hon. Mr. BUREAU: There is a judge in every district.

Right Hon. Mr. MEIGHEN: I know there is, but how often does he sit? For example, how often does a judge sit in Gaspé?

Hon. Mr. BUREAU: Whenever there is reason for him to sit where he is assigned he does so. If the lawyers want him for chamber work or anything else, they write him and he goes.

Right Hon. Mr. MEIGHEN: And there is no delay at all?

Hon. Mr. BUREAU: No delay.

Right Hon. Mr. MEIGHEN: One has to be in practice in a province to be familiar with what goes on there, but I am told it is not always possible to get a judge quickly. There is an immediate application for an interim receiver after the assignment. Now, it would seem to me a most inconvenient thing to have to get into communication with the Chief Justice to ask for a judge to hold court at some time in the future—

Hon. Mr. BUREAU: That is not necessary, for the Chief Justice would already have assigned a judge to that district. There is always a judge assigned to every district.

Right Hon. Mr. MEIGHEN: I know that out in some small places in the West you cannot get a judge to sit on a minute's notice, or on a day's or week's notice—I doubt if even on a month's notice, in some instances. I do not see how expeditious disposition of this nisi prius work can be obtained if this amendment is insisted upon.

Hon. R. LEMIEUX: I may remind the right honourable leader that the principle advocated by my honourable friend from La Salle (Hon. Mr. Bureau) has already been sanctioned by this House twice—at least once--

Hon. Mr. BUREAU: Twice, unanimously.

Hon. Mr. LEMIEUX: In addition to the two large judicial districts of Montreal and Quebec, there are in the Province of Quebec the districts of Sherbrooke and Three Rivers, to which permanent judges are assigned. All the other districts receive visits from judges who are assigned by the Chief Justice, and when they have completed their work there they go to Quebec or Montreal, where there is of course more judicial business to be done. It is not fair for the debtor that he should be dragged from his district to, let us say, Montreal or Quebec. The debtor is entitled to be judged by his peers in his own district. I may tell my right honourable friend that Sir George Etienne Cartier—of whom he is rightly so great an admirer—established in the old Province of Quebec the system under which judges resided at the shire town. It was a great thing for the people to have the bishop, the seigneur and the judge residing at certain places, where naturally they became the leaders of society. But now that system has been abolished and instead judges are sent around from one district to another. I am not sure that justice has not suffered on this account. I have already spoken on this matter on another occasion. Of course, I know there are arguments in favour of the present practice. People say that if you have the same judge in one district all the time there will be no improvement in the jurisprudence of that district. On the other hand, there is the social order of things, which ought to be considered. Under the old regime, the one established by Cartier, we had a splendid administration of justice in our province.

What is being asked by my honourable friend from La Salle (Hon. Mr. Bureau), who has one of the largest practices in our province, and has had a great deal of experience, is that we revert in the matter of assignments of judges, in bankruptcy cases, to the old regime. If we did so, every debtor would appear before the courts of his own judicial district. I appeal to the sense of justice of the right honourable leader of the House, that it is not fair that a debtor, whose creditors are mostly in Gaspé, should be dragged to the far-away district of Montreal or Quebec, at great expense, simply because a large creditor happens to be there.

There is another point worthy of consideration. When the question was debated in another place, a member who has a large practice in a rural section of Canada appealed to the Government to respect the prejudice—you may call it prejudice if you wish—of the rural sections of the Province of Quebec, as well as of those of other provinces, in favour of decentralization. There is to-day a cry all over the country to get back to the land, and we must do something to support that movement. But if we take away from the rural sections what is necessary to keep them in harmony with the rest of Canada, we defeat that movement. If we take the business from rural districts and concentrate it in large cities like Montreal or Quebec, we do an injury to the rural sections. I rise in support of the amendment proposed by my honourable friend, not because I was a member for Gaspé for so many years, but because I believe the principle of the amendment, which has been adopted twice by this House, is sound. The honourable gentleman has brought the matter before us on two previous occasions in the form of a Bill, which was passed unanimously here, but was defeated in the other House. Now we have a chance, by amending this Bill, to have the principle incorporated in the law.

Hon. G. PARENT: I desire to support what has been said by the honourable gentlemen from La Salle (Hon. Mr. Bureau) and Rougemont (Hon. Mr. Lemieux). I have been practising law for a number of years, and apparently I have advised my clients very well, for none of them have gone into bankruptcy. It does seem to me that it is unfair to bring a person from Gaspé, for instance, to Montreal to protect his interests. I sincerely believe that if a debtor is sued he ought to be tried in his own judicial district. To a certain extent it is possibly true that judges are not always promptly available in some of the districts, but that is not so generally true as to be of very much importance. Every time that a judge is needed for an important matter, one is available.

I repeat that it seems to me unfair that a man whose locality is in the district of Gaspé, or any other judicial district, should be tried in Montreal or Quebec, for instance. Any legal matter concerning him should be fought out in his own judicial district. I sincerely believe that the amendment proposed by the honourable member from La Salle is sound, and I submit it ought to be accepted.

Right Hon. Mr. MEIGHEN: There is no reason why I should be seeking to press for a prompt disposition of business in the Prov-

ince of Quebec, against the wishes of honourable members from that province, but I want to take care not to make a mistake by going against the judgment of those who ought to know. I call attention to the fact that the chairman of the special committee in the other House was a barrister practising in Quebec.

Hon. Mr. LEMIEUX: Yes, in Montreal.

Right Hon. Mr. MEIGHEN: But he was a barrister practising in Quebec.

Hon. Mr. PARENT: Quebec is a large province.

Right Hon. Mr. MEIGHEN: He would be likely to know what is most desirable and convenient in that province. What I said with respect to the former Minister of Justice is correct, and the honourable senator from La Salle (Hon. Mr. Bureau) will understand my reluctance to place my views against those of that honourable gentleman in a matter concerning the administration of law in the Province of Quebec. I know it is against the rules of the House to quote from the debates in another place, but I refer honourable senators to the middle of page 3333 of Hansard of the House of Commons, where they will find a pretty powerful argument advanced in favour of the convenience of the law as laid down in the present Bill.

Hon. Mr. LEMIEUX: But I would call the attention of the right honourable gentleman to another speech, delivered by a man who has been the batonnier of the Bar, in which he spoke very strongly against the principle of the Bill in this respect.

Right Hon. Mr. MEIGHEN: Mr. Gagnon?

Hon. Mr. LEMIEUX: Hon. Mr. Cardin.

Right Hon. Mr. MEIGHEN: Well, there is nothing more I can say.

Hon. Mr. LEMIEUX: By passing this amendment the House would only be sanctioning what it has already sanctioned on two occasions.

Hon. Mr. PARENT: The amendment would make section 4 read:

Subject to the conditions hereinafter specified, if a debtor commits an act of bankruptcy a creditor may present to the court having jurisdiction over the locality of the debtor a bankruptcy petition.

Right Hon. Mr. MEIGHEN: We are not at that amendment yet. That is a consequential amendment, to be taken up if the amendment proposed by the honourable gentleman from La Salle (Hon. Mr. Bureau) is carried.

Hon. Mr. PARENT: I am merely speaking for the honourable gentleman from La Salle, who does not feel equal to rising at present.

Hon. Mr. BUREAU: It is not necessarily a consequential amendment.

Right Hon. Mr. MEIGHEN: As I understand it, the honourable gentleman from La Salle wants the following clause added as subclause iv of paragraph y of section 2 of the present Act:

In the Province of Quebec, the bankruptcy division wherein the debtor carries on his business, as defined by the Governor General in Council.

That is the amendment that must be decided first. It will come in before paragraph ii of the Bill. It will come in at the very first.

The CHAIRMAN: Page 1, clause 2, line 8.

The amendment of Hon. Mr. Bureau was negatived: contents, 14; non-contents, 17.

Section 2 was agreed to.

Right Hon. Mr. MEIGHEN: Section 3 is passed. Now section 4.

On section 4—appointment of interim receiver (reconsidered):

The CHAIRMAN: Section 4 is amplified by adding, after the word "court," in the third line thereof, the words "having jurisdiction over the locality of the debtor."

Right Hon. Mr. MEIGHEN: It would be necessary if the other amendment had carried.

Hon. Mr. BUREAU: We restrict the court to the court having jurisdiction over the locality of the debtor as prescribed now.

The amendment of Hon. Mr. Bureau was negatived: contents, 15; non-contents, 17.

Right Hon. Mr. MEIGHEN: As the amendment is defeated, I may point out to the honourable senator from La Salle (Hon. Mr. Bureau) that what he moved for is the law now. Section 4, subsection 5, says:

5. The petition shall be presented to the court having jurisdiction in the locality of the debtor.

Section 4 was agreed to.

On section 29—remuneration of trustee; disbursements to be taxed (reconsidered):

Hon. Mr. LITTLE: Honourable gentlemen, I quite appreciate the fact that the suggestion which I made is in direct contravention of the amendment to the Act, and would possibly restore the position in which we are at the present moment. I do not presume to offer any amendment.

Hon. Mr. DANDURAND: On what section?

Hon. Mr. LITTLE: On section 29, particularly in view of the fact that there are so many bright legal luminaries on the whole Bill. But I do feel that some means should be found. Possibly I could emphasize my point by suggesting a hypothetical case before the bankruptcy courts. A general merchant in a small town fails, with assets of $4,000 or $5,000, and liabilities within a thousand dollars or so of that amount. There are wholesale jobbers of groceries, dry goods, boots and shoes and possibly hardware interested, along with several smaller creditors in specialty lines. A meeting of the creditors is held and in the ordinary course of business three inspectors will be appointed, representing the grocery house, the hardware and the dry goods house, or the boot and shoe house. As a rule, these gentlemen are in a good position to judge and advise as to what should be done for the best realization on the assets of the business. When the business is finally wound up the official receiver or trustee prepares a statement; this goes to the inspectors, and either it is signed by them, or it may be repudiated by one or more of them. Whether it is agreeable to the inspectors or otherwise, a copy of the statement goes to all the creditors, and notice is given that on a certain date the receiver will appear before the court for his release. It seems to me that in such a case as this there is ample protection for the creditors, and when the amendments which are proposed in this Bill are put into effect there will be further protection through the appointment of the Superintendent of Bankruptcy; and I think that it is rather unreasonable to insist that all these bills of costs be taxed. I believe that in such an instance as I have cited nothing is gained thereby, but on the contrary the expenses are piled up, and the creditors receive less dividend than they would otherwise. I would respectfully request, therefore, that the right honourable leader give some consideration to this point, in order to see if something cannot be done.

Right Hon. Mr. MEIGHEN: The suggestion of the honourable senator from London (Hon. Mr. Little) is received with more favour, I think, than he expects. As the law stands now, every trustee's bill must be taxed unless the taxation is waived by the creditors or the inspectors. If this Bill passes there must be taxation in every case. That taxation will entail more expense, of course, and will put an additional burden on the taxing officers. The only advantage of it will be that it will do away with the possibility of collusion between the trustee and the inspectors; and it can be argued that that collusion is likely to be done away with by reason of the presence of the Superintendent, who has this control. On the merits, I do not think there is very much difference between the old measure and the new one in this regard; but if the honourable senator from London will move that subsection 1 of section 29 be struck out, he will attain his object. As long as honourable senators understand clearly what is being done, I am prepared to take the judgment of the Committee on the question whether we should compel taxation in every instance as a means of preventing collusion, or should trust to the Superintendent to see that there is none.

Hon. Mr. DANDURAND: I should be disposed, not to strike out the clause, but rather to consider tempering it. The case the honourable senator from London has in mind is one of a small estate where the costs could be settled between the inspectors and the trustee in order to avoid what the honourable gentleman regards as a large expenditure in the taxing of the bill. Generally speaking, I should be favourable to the taxing of bills, but I should be sympathetic to an amendment excepting the small estate, if we could draw the line.

Right Hon. Mr. MEIGHEN: It seems to me that if the idea of the honourable senator from London (Hon. Mr. Little) were carried out, the matter would stand just about where it should, because then the bills would have to be taxed unless the inspectors waived the taxation. I do not see that we can get anything better than that unless we have compulsory taxation.

Hon. Mr. LITTLE: There are two other points that I should like to make. The first is that the great majority of assignments are assignments of small estates. The other point is that with the appointment of a Superintendent there will undoubtedly be a very great improvement in the caliber of the trustees handling the estates.

Right Hon. Mr. MEIGHEN: Does the honourable senator move to strike out?

Hon. Mr. LITTLE: I would move that subsection 1 of section 29 be struck out.

Hon. Mr. DANDURAND: Has the right honourable gentleman the section of the Act as it stands?

Right Hon. Mr. MEIGHEN: Yes. The honourable senator from London moves to strike out the first four lines of section 29 of the Bill, which read as follows:

Subsection 5 of section eighty-five of the said Act is repealed and the following is substituted therefor:—

"(5) The disbursements of a trustee shall in all cases be taxed by the prescribed officer."

If the motion to strike out is carried, the law will be as it was before, namely, that the disbursements of the trustee shall be taxed unless taxation is waived by the inspectors. If we are ready to leave the waiving of taxation to the inspectors and to run the risk of collusion, the motion should carry.

The proposed amendment of Hon. Mr. Little was negatived: contents, 14; non-contents, 14.

Section 29 was agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

LIVE STOCK PEDIGREE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 73, an Act respecting the Incorporation of Live Stock Record Associations.

He said: Honourable senators, this Bill is a complete revision of the existing Act respecting live stock records. The original Act of 1900 permitted the formation of Live Stock Record Associations. This was repealed in 1912, and the present statute was enacted. This Bill, the purpose of which is to overcome some administrative difficulties, also deals more or less with some changes of forms, and makes more thorough and exacting the supervision of the breed associations and the Canadian National Live Stock Records, with a view to protecting the whole system of recording pedigrees of pure bred stock against fraud, especially on the part of those who represent themselves as having authority, but who are not licensed under the Act.

Right Hon. Mr. GRAHAM: It is just one association?

Right Hon. Mr. MEIGHEN: There are many associations, but there is one central or affiliated organization.

Hon. Mr. FORKE: I always understood there was just the one Dominion association.

Right Hon. Mr. MEIGHEN: Yes. The framework of the Act contemplates, not one association with branches, but rather individual associations recording a certain species, like hogs, for example, and all affiliated in the general organization. Provision is made for the general organization to take over the records and assets of any individual association that fails to comply with the Act.

Right Hon. Mr. GRAHAM: Do the provinces have similar legislation?

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. FORKE: Any registering that I have ever done has been with the central organization.

Right Hon. Mr. MEIGHEN: But there is an association for pure bred hogs, for instance, and one for Holsteins, and so on; then there is the affiliated organization. The registration is with the individual association, but the organization is Dominion, not provincial.

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

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Beaubien in the Chair.

On section 1—short title:

Hon. Mr. DANDURAND: At the beginning of the session we seemed to have a number of members who were interested in the breeding of race-horses. I suppose they will now enlighten us as to this Bill.

Right Hon. Mr. MEIGHEN: I may say, in opening, that the explanatory notes to this Bill are the best that I have seen in any Bill submitted to the House since I have come here. The work has been carefully and thoroughly done. I wish that all Bills were accompanied by as carefully prepared notes as this one.

Hon. Mr. DANDURAND: I suppose the right honourable gentleman knows that it was this Chamber that insisted upon explanatory notes to Bills. We had considerable difficulty in bringing the House of Commons to a like state of mind, but I think it is now admitted by everybody that the innovation was a good one.

Right Hon. Mr. MEIGHEN: Yes.

Right Hon. Mr. GRAHAM: That is Senate reform of the Commons.

Section 1 was agreed to.

Sections 2 and 3 were agreed to.

On section 4—limitation:

Right Hon. Mr. MEIGHEN: I call the attention of the honourable senator from Brandon (Hon. Mr. Forke) to this section. He will see from it the general scheme that has been in operation. It says:

(1) Not more than one association for each distinct breed or a number of breeds of the same species shall be incorporated under this Act.

(2) Save as provided by this Act when an association for a distinct breed is incorporated under this Act it shall be unlawful for any other person, in respect of such breed, to conduct a book of record or to issue a certificate of registration or any document purporting to be a certificate of breeding.

Section 4 was agreed to.

Sections 6 to 11, inclusive, were agreed to.

On section 12—inquiries:

Right Hon. Mr. MEIGHEN: These subsections are new.

Right Hon. Mr. GRAHAM: It provides for more commissions?

Right Hon. Mr. MEIGHEN: No. The old association takes over the one constituent body, that is all.

Section 12 was agreed to.

Sections 13 to 23, inclusive, were agreed to.

The schedule was agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

JUDGES BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 91, an Act to amend the Judges Act.

He said: Honourable senators, this is a very simple Bill, the object being simply the correction of an error that occurred in the revision of the Statutes in 1927. In the revision of 1906 provision was made for the retirement of county court judges, but this was accidentally omitted in 1927. The present Bill seeks to remedy that omission and to date the remedy from the time of the last revision.

Right Hon. Mr. GRAHAM: Would that bring in any members of the Bench who were left out under the Statutes as printed?

Right Hon. Mr. MEIGHEN: I should think that if a judge had been retired between the time of the taking effect of the revision as law, which was some date in 1928, and the present time, the effect of this amendment would be to ratify the payments that have been made to him on the understanding that he was compelled to resign at seventy-five, the same as other judges of the same standing in the other provinces. The fact is that every such judge has been treated the same as other judges of the same standing in the other provinces, and the Bill simply validates what has been done.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

INCOME WAR TAX BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 92, an Act to amend the Income War Tax Act.

Hon. Sir ALLEN AYLESWORTH: Honourable members, I am not willing to let this Bill have second reading without at least registering against it my own feeble protest. I think it is not a fair thing, or a very creditable thing, for Parliament to do what this Bill proposes. It is simply taking, in the form of a tax, ten per cent from the salary of each of our judges. When it was proposed in the House of Commons earlier in the session to do that in an open, straightforward and what I may call a manlier way, by passing a statute which would reduce the amount of the salary of each judge by ten per cent, the whole country was told, according to the newspapers—and, I presume, according to the truth—by the First Minister and the Minister of Justice, that to do any such thing would be practically a breach of faith with the judges, a breach of the understanding upon which each judge was appointed. For that reason, and for that reason only, the judges were excepted from the Bill to take ten per cent from the salary of civil servants for the coming year. If it is a breach of faith to do that in one way, if it is a discreditable thing, a thing that Parliament ought not to think of doing, is it any the less discreditable, any the less a breach of faith because the Government chooses to do the same thing by imposing upon the judges a special taxation? It seems

to me not so. It seems to me rather a more discreditable thing that Parliament should seek to accomplish by a roundabout, devious method something which it is not willing to try to accomplish openly and in a manly, outspoken, straightforward way. That is to me a sufficient objection to justify my protesting against the passing of this Bill.

I do not know what to say upon the general question of whether or not a judge is appointed under what is substantially a contract that he shall, as long as he continues in office, receive a salary of not less than the amount which is fixed by statute at the time of his appointment. It is not exactly a contract in point of form. I suppose it amounts to that substantially, but whether or not it is in point of law an actual contract, it certainly is something upon the strength of which as an obligation of honour, if nothing else, the judge accepts his position. And it is of vital importance to the country, to every person in the country, that the position of the judges should continue to be what for centuries it has been, a position of absolute independence of the Crown, and, in a sense, of independence of Parliament.

Think for a moment what this Bill proposes to do. It is dealing with a very small minority of our taxpayers. Out of a population of ten millions, with hundreds of thousands of taxpayers, it is asking the Parliament of Canada to turn upon a trifling minority, in number a few hundred, and say to that minority, "Because we are in a vast majority we are going to tax you ten per cent in addition to all the other items of taxation we put upon you." It is anything but a manly thing, and to my mind it is a course of conduct so little creditable that I protest against it and intend to vote against it, if I am given the opportunity.

Right Hon. Mr. MEIGHEN: Honourable senators, reluctant as I am to take responsibility as a member of the Government for even this special taxation on judges, I must dissociate myself from the fervour of opposition expressed by the honourable senator who has just sat down. An analysis of his remarks will fail, I think, to reveal in the main the soundness of his reasons, certainly of the reasons for the bitterness of his protest.

His argument is, first, that it is a roundabout way of taking money from a salary. I do not see anything roundabout in it. I do not see anything circuitous nor backhanded. It is choosing a method of direct taxation rather than of direct deduction. One is just as straightforward, as frank and open, as the other. The first method is chosen merely because it does seem more appropriate treatment of those occupying a position on the Bench, that they should be asked to contribute by way of taxation rather than that we, at the source, should deduct from their remuneration as fixed by statute. I do not know that I have any preference for this over the other method. At all events, I have no preference that amounts to anything worth emphasizing. This method is as good as the other. The result is the same, in any event, and I fancy that anyone who takes umbrage is really much more opposed to the result than he is to the method.

The zeal of the honourable senator from North York (Hon. Sir Allen Aylesworth) is mainly exercised because of the relation which he says was established by virtue of the statute and the judges' acceptance of their positions on the basis of the statute, though he says that acceptance by the judges does not amount to a contract in form. His argument is that the relation is one of honour, binding the state not to make, by any means, the remuneration of a judge less than it was at the time he accepted office. There is a degree of force to the contention unless we proceed to ransack experience a little. If we do that we find that this obligation of honour, if such it be, has very often been invaded. The whole argument about which the honourable gentleman from North York appears so enthusiastic would apply with equal force against our income tax law. When a judge is appointed his remuneration is stated to be a certain sum, but Parliament comes along and imposes an income tax on that remuneration, and thereby reduces the amount that the statute fixed as the salary. So the imprecations that the honourable senator hurls against this Bill should first have been hurled against the income tax law, for which many eminent men in this country prayed before it came into force, and which was opposed by no one who claimed to be a champion of the Bench.

Then he says it is unmanly. Why? Because those whom we are pursuing are only the few, and we are many. We represent the majority; they are a mere inconspicuous minority of our country, and for us to chase them down and tax them specially is unmanly, he says, on our part as legislators. Well, we did not pass unmanly legislation this afternoon when we passed the Bill, which all applauded, taking ten per cent off the salaries of the civil servants; yet it was open to precisely the same argument. It is true that the Civil Service represents sixty-five thousand, while members of the Bench are perhaps less than one; but the sixty-five thousand constitute a negligible portion of the population of Canada.

The fact is that the Bill merely places the judges in the same position as all those others who for all these years have been in receipt of a certain definite amount from the Government of Canada. It asks them at this time, when financial distress prevails the world over, and especially when reduced living costs really add to the value of their remuneration, to share in the common sacrifice for the benefit of their country. It asks them after many have signified a desire to do so, and it asks them because we believe the Bench of this country will stand not less securely or less authoritatively, but more securely and more authoritatively, if they share in this sacrifice, than if by any act of theirs, or weakness of ours, they fail to do so. It is my firm belief that the position of the judges in the eyes of the people of Canada will be better because they have taken their part under legislation that applies to all in receipt of government salaries, than it would be if they stood apart and occupied a preferred position through this time of distress.

Now, I have stated the case for the Bill briefly, and I think fairly. There are arguments against it. It is with reluctance that the Bill is brought in. Certainly both Houses of Parliament and certainly the people of Canada would prefer not to interfere, by income tax, by deduction, or by special tax, with the position of the judges, because of their relationship to the body politic and to our great political system. But special occasions bring special duties and special responsibilities, and I humbly submit this question to the House.

Hon. Mr. BUREAU: Just one word. My right honourable friend tries to get around the point made by the honourable senator from North York (Hon. Sir Allen Aylesworth), that the legislation we are now asked to pass is unmanly, by stating that the senator from North York has based his contention on the fact that the judiciary are but very few. I have discussed this question quite often with my neighbour to the right (Hon. Sir Allen Aylesworth), and have seen his objection. He objects on this ground. This afternoon we passed a law wherein the judiciary and the military are exempted, and the reason for the exemption, if we are to believe rumour, is that the Government felt it could not impose that deduction decently or legally. This afternoon my right honourable friend led us to believe that it was undignified to classify them as public servants. But, whatever may have been the reasons for the exemption, those who presented the first Bill, which we passed this afternoon, should have known whether they had the right to apply that deduction or not, and if they erred they ought to have acknowledged the error by amending the Bill we passed this afternoon, and not by bringing in new legislation under the title of a war tax measure.

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

Hon. Mr. BUREAU: Carried on division.

The Hon. the SPEAKER: With the leave of the House, it is moved by Right Hon. Senator Meighen that this Bill be now read the third time.

Hon. Mr. GRIESBACH: Before the question is put, I have an objection to offer. I thought we were going into Committee of the Whole House. I have no objection to the effect that is sought in this section, but I take objection to the phraseology which is used in drafting.

Right Hon. Mr. MEIGHEN: We are going into Committee.

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. L'Esperance in the Chair.

On section 1, new section 9A, subsection 1—special income tax on certain salaries:

Hon. Mr. GRIESBACH: My objection is not to the intention of this section, but to the phraseology, the form and the drafting of it. An expression is used in the twelfth line to which I object. Perhaps I should preface my remarks by saying that amending legislation should synchronize with the legislation which it affects, and should run more or less true to form. Here we have in the twelfth line the expression, "other than enlisted men." I submit that nowhere in our legislation would this phrase be found. This is an Americanism, applicable only in the American army, never used in our legislation, and not to be found in any of the regulations based on any of our legislation. The phrase is unnecessary if the word "members" is struck out of the tenth line and the words "commissioned officers" are substituted. The section would then read:

> The members of the judiciary and the commissioned officers of the military, naval and air forces of Canada.

Then we should strike out the words, "other than enlisted men." I object to that phrase because it is not used in any of our services.

I would also amend the section by inserting after the word "salaries" the words "or pay." We have a Militia Act and a Naval Service

Act, and such amendments as provide for a flying service. Under these legislative measures there is a provision for the enactment of regulations, and it is under the regulations that those services are carried out. I submit that the legislation should have regard for the phraseology of the regulations. The word "salaries" is not in any sense applicable to men in the military, naval or air forces. The word used is "pay," and that word has a distinct legal meaning, and should be inserted here. The word "salaries" applies to judges. If, as I suggest, there are inserted after the word "salaries" the words "or pay," the amended Act would read:

> Notwithstanding anything contained in this Act or in any other statute or law, the members of the judiciary and the commissioned officers of the military, naval and air forces of Canada and of the Royal Canadian Mounted Police shall be liable to pay a special income tax of ten per centum upon the salaries or pay paid to them by the Dominion of Canada.

The effect is exactly the same, but the phraseology would follow the regulations, all the provisions of which are based on legislation.

There is also this fact to be borne in mind. In our military and air services a warrant officer is an enlisted man, a man enlisted under a definite contract, and under definite conditions of service for a definite period of years, and he is not a commissioned officer. But, curiously, in the navy warrant officers of the higher rank are considered as officers, though they are not commissioned officers.

One curious result of this legislation will be that a detective-sergeant of the Mounted Police, who is a man enlisted and will not be subject to taxation, will draw more pay than a junior inspector, who is a commissioned officer. I suppose the persons who drafted this section did not know that, but it is a matter of very great importance.

I do think that the section should be properly phrased, for the reasons that I have given. I therefore move to strike out the word "members" in the tenth line, to substitute the words "commissioned officers," and to strike out the words "other than enlisted men" in the twelfth line, and to insert after the word "salaries" in the thirteenth line the words "or pay."

Right Hon. Mr. MEIGHEN: I think the honourable gentleman is probably right, but I do not feel sure enough to say anything more on the subject at present. I should like to hear from some others who have been more closely allied with the militia than I have been. Perhaps the right honourable gentleman from Eganville (Right Hon. Mr. Graham) could tell us something about this.

Hon. Mr. DANIEL: I do not quite understand the explanation of the honourable gentleman from Edmonton (Hon. Mr. Griesbach) in regard to the position of warrant officers. They are not commissioned officers. What position would they be in?

Hon. Mr. GRIESBACH: A warrant officer in the military forces is an enlisted man; he is not a commissioned officer. The same is true of a warrant officer in the air force. In the navy warrant officers of the higher ranks are regarded as officers; they mess with the officers and are treated as such. By the use of the words "commissioned officers" you do away with confusion in relation to any warrant officer. I am pointing out at the same time that this clause as it stands, and even as it will be if amended as I suggest, will have a rather curious result, in that a junior inspector in the Mounted Police will draw less pay than a detective-sergeant, because he will pay a tax, whereas the detective-sergeant will not. If my amendment is accepted, the effect of the Bill will be precisely the same as it is now. I am merely objecting to the phraseology.

Right Hon. Mr. GRAHAM: There is no doubt that the language used by the honourable gentleman from Edmonton (Hon. Mr. Griesbach) is the language to be found in militia legislation and militia regulations. I cannot recall ever having heard the emolument paid to a member of the militia called a salary. It is always called pay. I should not care to take the responsibility of saying that the amendment is all right, or of having the leader of the Government think that I know. I am speaking from my knowledge of the statutes governing the militia and the regulations under that legislation.

Hon. Mr. LEMIEUX: We have the same distinction in French. We never speak of the "salaire" of the soldier; we speak of the "solde."

Hon. Mr. BALLANTYNE: I have not had as much experience in military matters as the honourable gentleman from Edmonton (Hon. Mr. Griesbach), but having had some experience in the militia and in the overseas forces, as well as having been the Minister in charge of the naval forces, I may say that everything the honourable senator has said is perfectly correct, and I should like to see effect given to it.

Hon. Mr. LEMIEUX: Carried.

Right Hon. Mr. MEIGHEN: Is there anyone who can add to the assurance that the term "commissioned officer" will include all whom the words "members of the military,

naval and air forces of Canada and of the Royal Canadian Mounted Police, other than enlisted men" are intended to cover? I am not at all worried about inserting the words "or pay" after "salaries"; but I should like to be sure on the other point.

Hon. Mr. GRIESBACH: The draftsman uses the words "enlisted men," which should not be used at all. If I may venture an opinion as to what he meant, I should say that he intended to exclude from the effect of this taxation all enlisted men. Enlisted men are warrant officers, non-commissioned officers and private soldiers. The words "commissioned officers" have precisely the same effect, but are, I submit, plain English and not Americanese.

Right Hon. Mr. MEIGHEN: I will accept the amendment.

Hon. Sir ALLEN AYLESWORTH: Honourable members, I want to say another word about this measure before it is reported. It seems to me that the unmanly thing about this legislation is the shape it takes, the refusal to make a deduction from salaries directly and openly, and the accomplishment of the same end in a roundabout fashion by a special tax. To illustrate that, I want to refer to the concluding clause of this Bill. The clause provides in substance that the amount of this special tax, whatever it may be in the case of each individual, is to be deducted or deductible from his income for the current year in the computing of his income tax next year. That is all very fine for the purposes of the Dominion income tax, but what about the provincial and municipal income taxes? As a result of the legislation taking this circuitous route every judge, every man who is to suffer a ten per cent reduction under this Bill, will have to pay a provincial income tax next year on that ten per cent. It is not any mere trifle that I am talking about. Take a judge who suffers a reduction of $1,000 in his salary for the current year by reason of this Bill. If Parliament had gone ahead in a straightforward, manly fashion, and put him into the class of civil servants, who have a ten per cent reduction, his income for the year would have been $1,000 less for all purposes of taxation; but under this Bill he will have to pay to the municipal and the provincial authorities a tax upon his full income, including the $1,000, just as though he had received and enjoyed every cent of it. That illustrates the iniquity of this measure in the accomplishment of its purpose by this roundabout method.

The amendment of Hon. Mr. Griesbach was agreed to, and subsection 1 of new section 9A, as amended, was agreed to.

On section 1, new section 9A, subsection 2 —payable on salaries for 1932-33:

The CHAIRMAN: This subsection as amended will read:

The special tax imposed hereby shall apply only to the said salaries or pay received—

and so forth.

Right Hon. Mr. MEIGHEN: I am prepared to accept that amendment. There is another amendment to be moved to this subsection.

Hon. Mr. McLENNAN: I beg to move that the following be added to subsection 2 of section 9A, line twenty:

Provided that in the case of persons appointed during the fiscal year the tax shall be payable in equal monthly instalments on the last day of each month.

Right Hon. Mr. MEIGHEN: Without that provision it would be arguable that anyone appointed for the remainder of the fiscal year should escape the tax altogether. That makes it clear that he pays the same percentage as others.

Hon. Mr. LEMIEUX: Those who are appointed pay for the full year?

Right Hon. Mr. MEIGHEN: The tax is payable on the amount they get.

Hon. Mr. LEMIEUX: And those who are appointed will pay each month?

Right Hon. Mr. MEIGHEN: That is right.

The amendments were agreed to, and subsection 2 of new section 9A, as amended, was agreed to.

Subsections 3, 4 and 5 of new section 9A were agreed to.

Right Hon. Mr. MEIGHEN: I think that in courtesy I owe it to the honourable senator from North York (Hon. Sir Allen Aylesworth) to admit that his argument as to the effect is right, and that if there had been a deduction from the salary of a judge he would not have to pay to a city or province as large an income tax as he will have to pay because it is a tax that is provided for in this Bill. The difference will not be great; neither will it be insubstantial. This follows unless the provinces permit of the deduction of this payment. At the same time it must be remembered that our income tax provision is open to the same objection. The provinces, in arriving at what we have to pay,

do not deduct the federal tax. I admit that had the method of making a deduction from the salary been followed, the judge would be in a better position in respect of provincial or municipal income taxes.

The preamble and the title were agreed to.

The Bill was reported as amended.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

COMMERCE AND TRADE RELATIONS

REPORT OF COMMITTEE

Hon. Mr. McLENNAN moved concurrence in the third report of the Standing Committee on Commerce and Trade Relations.

He said: Honourable senators, if it were not for a certain pride that we all take in clearing the Order Paper, I would not at this time make any explanation of the report submitted yesterday by the Committee on Commerce and Trade Relations, particularly as in a matter like this, in giving an explanation that shall not be too brief, it is difficult to avoid taking too much of the time of this House.

In making the report the Committee endeavoured to be as succinct and as brief as possible. In an exploratory inquiry such as this was, one must depend upon the evidence to supplement the report. This evidence has been carefully revised and condensed.

At a time like this, when everybody is concerned about the condition prevailing in this country—a condition which, I believe, is somewhat better than that prevailing in a great many other countries with which we are closely allied, but is nevertheless an extremely uncomfortable one—the question naturally arises, Are the organizations of the country which deal with such things as the promotion of trade and prosperity as effective as they should be?

Your committee first saw representatives of the Department of Trade and Commerce. They were followed by representatives of two great organizations, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association. I feel sure that I speak the mind of every member of the committee, and of every other senator who attended the committee's sittings, when I say that Canada is well served by men of ability in these associations. Also, we were extremely pleased with the expressed and incidental evidences of co-operation between those two organizations and the Department of Trade and Commerce. It was impressed on our minds that Canada is represented abroad by trade commissioners of ability and zeal, who would be likely to create a good impression on the people of other countries.

Any of our recommendations that might involve the spending of money were carefully worded, lest we should induce Ministers to rush into extravagance. Our way of putting the recommendations was to express the hope that when the time is opportune such and such a thing will be done.

We were struck by the evidence that there was a considerable difficulty for a time because trade commissioners who were sent abroad were not familiar with the language of the country to which they were accredited. We made a recommendation in this respect that I feel certain will be implemented, at the proper time, by whatever Minister is in charge of the Department of Trade and Commerce.

One feature that favourably impressed us was the promotion of what might be called business education by the Manufacturers' Association. We were told that classes in various branches of trade and commerce were conducted all last winter in Toronto, that they began with an attendance of about 120 students, and that the average attendance throughout the whole course was 100. Certainly such a keen interest in business promotion by a hundred students, young men and women, in one city, is very commendable.

As a trading nation we have cast our nets into the farthest waters of the world. There is scarcely any country with which Canada has not now commercial relations. Afghanistan has come into the list of countries with which we do business, and I do not think we can go much farther than that.

We took up in some detail a matter of great importance, the cattle export trade, and it was gratifying to know that we have at least three experts on this subject in this Chamber. I suppose that we have in the Senate some experts on every branch of business activity. We had the advantage of hearing the honourable gentleman from High River (Hon. Mr. Riley) and the honourable gentleman from Calgary (Hon. Mr. Burns) on the possibilities of reviving our overseas trade in cattle.

That trade was once carried on in a big way, but it declined very greatly and now much difficulty is being found in attempting to revive it. This is due to a variety of causes in addition to the generally existing depression.

For some time our principal exports of cattle have been to the United States. That trade has the advantage of giving quick returns. For instance, cattle are shipped from Alberta and disposed of at Chicago in about one week. Of course, a much longer time is required for getting our cattle on the British and European markets. In addition, the overseas business suffers from various disabilities, such as the uncertainty of the supply, and the dislike of Western producers to take cargo space for a season when they do not know what results will be obtained. We expressed the hope that a pool, marketing board or some other means might be devised by which the whole risk would not fall on the individual shipper, and the loss, if any, would be borne by the pool or board, through a system of taxation of individuals; and it was understood that whatever might be done should be without expense to the already overburdened taxpayer. We did not presume to work out any scheme, but I feel sure that some such thing will be necessary in order to bring about a complete revival of the trade. Our report in this respect was limited to Western cattle, since most of the evidence we heard dealt with Western conditions.

We had not the privilege of hearing from the third expert whom I had in mind a little while ago, the honourable gentleman from South Bruce (Hon. Mr. Donnelly). He is thoroughly familiar with conditions in the cattle trade in Ontario and other eastern provinces. I understand that these conditions apply fairly generally to the whole country.

The Hon. Mr. Weir, Minister of Agriculture, was good enough to attend before the committee and make a statement. I may say that we were much impressed by all the departmental officials, as well as by the representatives of the Chamber of Commerce and the Manufacturers' Association.

It is interesting to note that the Committee on Commerce and Trade Relations of Canada came into being, as one of a brood of apparently healthy committees, as long ago as 1908. Along with most of the others, it fell into a state of suspended animation, being revived for a few moments once a year for the purpose of organization, fixing of quorums, and so on. The members of our committee decided to try not merely to revive it spasmodically, but to make it a really active committee during every session of Parliament. It is not for me to say whether we have entirely succeeded in our attempt at this session. We did our best, and we certainly got together in a convenient form a great amount of interesting information. I conclude with the suggestion that members of other dormant committees might, by reviving them, perform a great and valuable service for the good of Canada.

I move the adoption of the report.

Hon. Mr. DANIEL: Does the motion include the evidence?

Hon. Mr. McLENNAN: Yes.

Hon. J. J. DONNELLY: Honourable members, I did not have the privilege of attending sittings of the committee, and I did not see the report until this afternoon. With the bulk of the report I am in hearty accord, but I should like to go on record as dissenting from an inference that may be drawn from one short section of it. I refer to that part of the report under the heading, "Western Beef, Bacon and Barley":

> The evidence given by the officials of the Department of Agriculture (namely Honourable Robert Weir, P.C., Minister, and Messrs. G. B. Rothwell, Live Stock Commissioner, and L. H. Newman, Dominion Cerealist), and our colleagues, Senators Burns and Riley, indicates the difficulties of establishing what is in reality a new trade.

I wish, first, to dissent from part of the heading, "Western Beef." I notice that the committee recommends the printing of the report, and I think a fair inference from this heading would be that the West has a monopoly of the production of beef and beef cattle. I come from a section of Western Ontario which specializes in the production of beef and beef cattle, and with all due respect to our Western ranchers, I contend that there is no finer class of beef or beef cattle produced at any place in Canada than in that section of Western Ontario to which I refer, namely the counties of Middlesex, Wellington, Perth, Huron and Bruce. And I venture to make the assertion that no other section of Canada of the same size produces an equal number of high-class beef cattle. I desire to make this matter clear, in the interest of the section of the country from which I come. I am not a cattle dealer, but in my community I have been associated for the past forty years with men who are largely interested in cattle. In passing, I might say that forty-two years ago, in the year 1890, I had four loads of cattle on the Liverpool market for my brother, who made a business of exporting cattle. So I have some knowledge of the subject.

The part of the report that I read says the evidence "indicates the difficulties of establishing what is in reality a new trade." I think it would have been better to say "the difficulties of reviving or re-establishing what has been a very important business for the people of Canada for many years." I have

before me a table showing the number of cattle that have been exported from year to year from Canada to the United Kingdom, from the year 1890 to the present time. I do not purpose to weary honourable members by putting all the figures on record, but I intend to give a few of them, to show how at one time the trade grew. In the year 1890 we exported to Great Britain 66,000 head of cattle. I am quoting round figures only. By the year 1900 that trade had grown to 115,000 head, and in 1910 to 140,000 head.

The cattle business fluctuates. Like every other business, it seeks to get the best returns. In the year 1915 we did not ship any cattle to England. The reason was not that we had no cattle to ship, or that there was not a fair market in Great Britain, but that the prices here were very high and our people could get a better return on the home market. The same conditions applied in the years 1917, 1918 and 1919, when we did not export any cattle to Great Britain. In those years business was very good, particularly in the northern part of Ontario. There was a great demand for meat in our mining and lumber camps. At that time the tariff on beef and beef products going to the United States was not high enough to prohibit our sending them over there. There was really what was called a beef famine over there at that time, and we had the benefit of shipping to the New England States, which raised the price of beef in this country so high that it would not have been profitable to export cattle to Great Britain.

Hon. Mr. FORKE: In what year was that?

Hon. Mr. DONNELLY: In 1917, 1918, and 1919. Then again there was a revival of the trade. In 1922 we shipped only 418 cattle to the United Kingdom; in 1924, 59,000; in 1925, 86,000; in 1926, 117,000; in 1927, 61,000; in 1928, just 1,000 cattle; and in 1930 we did not ship any cattle. The figures I am now giving are for the twelve months preceding the 31st of March in each year. Previously the figures were for the calendar year.

For the twelve months preceding the 31st March, 1931, we had shipped 6,224 cattle to the United Kingdom; so there has been some revival in the trade. The latter part of 1931 was even better than that: I think that in the calendar year of 1931 we shipped something like 13,000 cattle.

I have tried to explain how it was that our shipments fluctuated so much. It is a matter of supply and demand. That is one of the main difficulties that we have to overcome —the fluctuation in the number of cattle that are shipped to Great Britain. As you will all realize, an ordinary freighter is not prepared to load cattle, and when the cattle are not going over, there are really no cattle boats coming in. When it is seen that the market in Great Britain will justify sending our cattle over there, we find the steamship companies willing to go to the expense of installing facilities. The expense of installing for one animal would be more than the freight for carrying the animal across. So the ship companies maintain that we should guarantee them three shipments before they fit up their ships to carry our cattle. That is one of the difficulties that the present Minister of Agriculture found. I wish to commend him for his efforts; I think he is doing everything possible to improve our export trade.

The reports from Great Britain show that the market there, as compared with the low market we have here at present, would justify us in sending our cattle, provided we had some assurance as to exchange.

I desired to make these few remarks as to the cattle trade, in elaborating the contents of the report.

Hon. Mr. McLENNAN: I want to say that we put the word "Western" in the original report when writing about beef, etc., because the evidence we received was almost exclusively about the West. Although much of it would carry over, we thought it was better to say "Western" in order that there should not be a mistake. But I should be very glad to eliminate the word "Western," and I think that deletion would meet the case.

Hon. Mr. DONNELLY: Yes. I noticed that the two senators, whose evidence would naturally relate to Western Canada, dealt with the value of live stock to the people of Canada as a whole.

Hon. Mr. LITTLE: Is the honourable gentleman who has just spoken of the cattle trade in a position to state whether the cattle from his district, say the counties of Bruce and Middlesex, could be landed in Great Britain in competition with those from the Western Provinces?

Hon. Mr. DONNELLY: Well, we have been doing that. I am not a cattle dealer, but in connection with my lumber business I handle a good many cattle, and I shipped one carload to Glasgow and another to Liverpool from Ontario, and got quite satisfactory results.

I think the object of this report was to place before the public some facts that would assist us in dealing with this matter at the Imperial Conference. I think we do

know that what our people are endeavouring to secure at that conference is that our cattle should be placed on the same footing as cattle from Ireland. It is a fact at the present time that we are permitted to send cattle to England for beef purposes only. From Ireland milch cows and heifers are permitted to enter Great Britain. Our milch cows and heifers for breeding purposes are not permitted.

Hon. Mr. FORKE: It is getting late, but as Western cattle have been mentioned I would place on record a few figures for the information of honourable members. These are Prairie exports for 1931; that is, exports from the Prairies to Ontario or any other place. The total animals exported numbered 668,000. I want to impress on you those figures, because we hear so much about wheat farming and almost nothing but that. There were 109,000,000 pounds of meat; 10,000,000 dozens of eggs; 33,000,000 pounds of butter. If it were not for the surplus supplies of produce on the Prairies, not only would Canada have large deficits of pork, lamb, butter and eggs, but the people would have to import large quantities of those products.

Hon. Mr. McLENNAN: Where are those figures from?

Hon. Mr. FORKE: From the Guide, published in Manitoba. Those figures mean the exports to outside points from the three Prairie Provinces.

On motion of Hon. G. V. White, the debate was adjourned.

RADIO BROADCASTING BILL

FIRST READING

Bill 94, an Act respecting Radio Broadcasting.—Right Hon. Mr. Meighen.

INTERNATIONAL PEACE PARK BILL

FIRST READING

Bill 97, an Act respecting the Waterton Glacier International Peace Park.—Right Hon. Mr. Meighen.

MONTREAL HARBOUR COMMISSIONERS' BILL

FIRST READING

Bill 98, an Act to amend the Montreal Harbour Commissioners' Act, 1894.—Right Hon. Mr. Meighen.

SOLDIER SETTLEMENT BILL

FIRST READING

Bill 100, an Act to amend the Soldier Settlement Act.—Right Hon. Mr. Meighen.

SPECIAL WAR REVENUE BILL

FIRST READING

Bill 102, an Act to amend the Special War Revenue Act.—Right Hon. Mr. Meighen.

The Senate adjourned until to-morrow at 11 a.m.

THE SENATE

Wednesday, May 25, 1932.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE BEAUHARNOIS PROJECT

PRINTING OF COMMITTEE'S REPORT—MOTION ADOPTED

Hon. Mr. TANNER moved:

1. That the proceedings of the special committee of the Senate appointed to take into consideration the report of a special committee of the House of Commons respecting the Beauharnois Power Project in so far as said report relates to members of the Senate, be printed as an Appendix to the Journals of the Senate.
2. That 400 copies in English and 200 copies in French of the said proceedings be printed in bluebook form.
3. That the exhibits produced from the records of the House of Commons be returned to that House.
4. That all original documents produced as exhibits before said committee be returned to the witnesses producing same.

Hon. Mr. DANDURAND: May I ask the right honourable gentleman if he is agreeable to that expenditure?

Right Hon. Mr. MEIGHEN: I do not see any reason for taking exception to it.

Hon. Mr. DANDURAND: But the amount is not settled.

Hon. Mr. FORKE: I want to protest against this, which I think is a needless expenditure.

Hon. Mr. LEMIEUX: I wish to protest. I do not know what good it will do to publish this bluebook and send it abroad. We have heard a great deal about this matter, and not to the credit of this House. We are adopting, and rightly so, the policy of retrenchment and strict economy, and we are reducing the salaries and stipends of even the lower classes of the Civil Service, yet here it is proposed to print these reports, although we have had them from day to day and every member of the Senate have received copies of them. I appeal to my honourable friend not to press his motion. The newspapers

have been full of reports of this matter. We have had the evidence before us, we have heard the very interesting debate on the whole question, and the House has given its verdict. Now, when we are cutting, pruning, retrenching, from top to bottom and from bottom to top, I do not see why we should spend any additional amount, especially when we do not know what the cost will be. I appeal to the honourable gentleman to live up to his old reputation for economy and retrenchment.

Hon. Mr. TANNER: Honourable members, on the 15th of March—that is some time ago—the Senate ordered that a French translation of the proceedings of the committee should be made and published. Now, in order to stop that, some honourable member would have to move, if it is proper—which I doubt—to rescind that order.

Hon. Mr. LEMIEUX: We can do that.

Hon. Mr. TANNER: This present motion only follows that former one. If any honourable member on the other side of the House would like to move that the French translation be not printed, he is at liberty to do so. So far as I am concerned, I intend, not to make any such motion, but to abide by the resolution passed by the Senate on the 15th of March, and that is why I make the motion that is now before this House.

Hon. Mr. McRAE: I quite agree with the statements in regard to economy. I think very little useful purpose would be served by the printing of this long report of evidence, and it does seem to me that, if the motion is in order, we should rescind any action that the Senate took some time ago in authorizing the printing of this report.

Hon. Mr. DANDURAND: We need only reject the present motion. There is no need to revert to the previous order and rescind it.

Right Hon. Mr. GRAHAM: Honourable members, I wish to make my position clear, so that there may be no misunderstanding. The chairman of the committee came to see me, in the absence of the honourable senator from De Salaberry (Hon. Mr. Béique), and stated that there had been so much demand for these copies, as the clerk had informed him, that he suggested a certain additional number should be printed. I acquiesced, though only for myself, but when I acquiesce I acquiesce. I am not going to present any argument. The House may do what it likes. As a matter of principle, I agreed to have the report printed. But that need not influence any person.

Hon. Mr. COPP: I can say, with the right honourable member from Eganville (Right Hon. Mr. Graham), that the chairman of the committee came to our room the other day with the proposed motion. He gave the reason for the printing, and I agreed. But I am inclined to think that the printing of this lengthy evidence is hardly necessary, though it is perhaps pardonable, as carrying out the same procedure as was followed by the House of Commons committee. I think that that part of the motion dealing with the return of exhibits to the House of Commons should carry. I feel, however, that the expense of printing the evidence is really not warranted. When my honourable friend from Pictou (Hon. Mr. Tanner) was speaking to me the other day I thought the matter was merely a formal one.

Hon. Mr. GRIESBACH: I will support the motion, for the reason that I believe there is a demand on the part of the public of this country for the information contained in these proceedings. I should have thought that a very much larger number of copies would have been printed. It seems to me that it would be unwise for this House to refuse to publish information that the people really want: that would look like suppression. I have been asked for several copies of the proceedings, and especially for copies of our Debates on the Beauharnois matter. From that fact I conclude that the public have an interest in the subject and want to know what went on.

Hon. Mr. ROBINSON: I am in somewhat the same position as the honourable gentleman from Westmorland (Hon. Mr. Copp). When the honourable gentleman from Pictou (Hon. Mr. Tanner) showed me the resolution and asked me if I thought it was all right, and I said I thought so, I regarded it as a matter of form. Of course the exhibits should be returned to the House of Commons, but I think that it would be a waste of money to reprint the proceedings. Therefore I should be glad to see clause 2 of the motion stricken out. All the evidence was printed and circulated while the inquiry was going on; every member has a copy, and I presume there were a number of surplus copies made. So I do not see anything is to be gained now by reprinting the evidence.

Hon. Mr. McRAE: I move in amendment that clause 2 of the motion be deleted. I understand that would do away with the printing of the evidence and would save expense.

Hon. Mr. LEMIEUX: I second that motion.

Hon. Mr. TANNER: I should like to explain that the officials inform me that they have only eleven copies of the proceedings left, and that there are requests for a number of copies. All the type is set, and the cost of printing would be trifling. Why we should deny information to the people who want it, I am at a loss to understand. I submitted this motion to all the senators who were members of the Beauharnois committee—at least, to all who were in the city and who are in the House now—before I gave notice here, and I understood it was quite agreeable to them all; otherwise I might not have proceeded with it.

As for the French translation, the House has ordered it and the work is going on. Even if this resolution is not passed, the work will go on.

Hon. Mr. LAIRD: Honourable senators, it strikes me that the House is overlooking one important and telling feature. On former occasions within the recollection of every honourable member our French Canadian friends have been very much annoyed over the failure or omission to publish certain official reports in both languages. There is probably more widespread interest from one end of the country to the other in this Beauharnois matter than there has been on any other question that has come before the Senate. That interest is not confined to the English-speaking parts of the country, which would be served by the printing of the proceedings in English, but it exists in the Province of Quebec as well, where the facts of the case had their origin. If the House in this case adopts the principle of printing the evidence in English only, what will happen on a future occasion should a similar question arise and our French Canadian friends want the evidence printed in both languages? If we now establish the precedent of printing in one language only, how shall we avoid making invidious distinctions in the future? It seems to me that the logical and consistent course for this House to follow, in an important matter of this kind, is to order the printing in both languages. The proceedings in the Beauharnois inquiry were scrutinized as perhaps the proceedings in no other case ever were, and they probably will be scrutinized for a long time to come. I do not desire to see a precedent established that would require us to make an invidious distinction in the future when considering whether we should publish any report in both languages.

Hon. Mr. LEMIEUX: I would call the attention of my honourable friend to the fact that the amendment is for the deletion of the second clause, that 400 copies in English and 200 copies in French of the proceedings be printed in bluebook form; so there is no danger of creating a precedent for an invidious distinction. If the amendment were not against the printing of both the English and the French versions, I would be the first one to point out that both languages are official and should be respected in this case.

My honourable friend says that this is a very important matter and the country is waiting for the publication of the proceedings. I would tell my honourable friend that the main desire in the country to-day is for strict economy, for the saving of every cent that we can save, so that the exchequer of Canada may be as soon as possible as full of money as it should be.

Some Hon. SENATORS: Question!

Hon. Mr. FORKE: When I made the objection I did not know that any honourable members would second my remarks. Speaking to the amendment, I think honourable members exaggerate the eagerness of the public to obtain the evidence in this case. Most of the anxiety that was exhibited during the course of the inquiry was as to what might happen to certain senators. The Beauharnois project itself was not so much in the mind of the public at that time. But things have changed: we have finished with the inquiry into the actions of senators, and now the public are very much interested in what is going to happen to Beauharnois. There is no information in the evidence with regard to that.

Another point for consideration is that the motion calls for the printing of only 600 copies. Now, there are 245 constituencies in Canada; so if 600 copies are printed there will be an average of a fraction over two for each constituency. What good would two copies of the proceedings do in a constituency? If it were intended to print a few thousands, it might be different. The printing of 600 copies will simply mean that a few senators and members of Parliament will get hold of them and perhaps, if they can see any advantage in doing so, use them at the next election. I think that the sooner we forget about this thing, the better it will be for all parties.

Some Hon. SENATORS: Question!

Hon. Mr. COPP: If I am permitted to speak again for a moment, may I say that I do not feel I am in any way breaking faith with the honourable senator from Pictou (Hon. Mr. Tanner). If the amendment had not been moved, I should have supported the motion, but as I feel that the reprinting of the evidence is not necessary, I shall support the amendment.

The motion of Hon. Mr. McRae was negatived: contents, 17; non-contents, 22.

The motion of Hon. Mr. Tanner was agreed to.

PRIVATE BILL

RETURN OF FEES

Right Hon. Mr. GRAHAM moved that the fees paid on Bill D1, intituled "An Act respecting The Quebec, Montreal and Southern Railway Company," be refunded to the solicitors for the petitioner.

The motion was agreed to.

BUSINESS OF THE SENATE

Before the Orders of the Day:

Hon. Mr. LEMIEUX: May I ask the right honourable leader of the House what are the prospects for the day? May we expect prorogation to-day?

Right Hon. Mr. MEIGHEN: The information I have is to the effect that we may confidently expect prorogation to-day.

SALARY DEDUCTION BILL

THIRD READING

Bill 19, an Act to provide for the deduction from compensation in the Public Service.—Right Hon. Mr. Meighen.

FISHERIES BILL

FURTHER CONSIDERED IN COMMITTEE

The Senate again went into Committee on Bill 10, an Act to amend and consolidate the Fisheries Act.—Right Hon. Mr. Meighen.

Hon. Mr. L'Espérance in the Chair.

On section 15—as to spawning rivers (reconsidered):

Right Hon. Mr. MEIGHEN: Honourable senators, I have an explanation which makes this clause intelligible to me at least. It appears that the habit of salmon in spawning time is to come up tide-water rivers, in search of the river of their birth, and to linger around the mouth of the river of their birth for some time, always lingering until close enough to the spawning period for them to ascend the river. The consequence is that there is a congregation of salmon in the neighbourhood of the mouth of the tributary for a considerable period of time, and therefore it is necessary to protect the mouth of the tributary. It appears there is no necessity for protecting the mouth of the main river, for the reason that the waters are of large dimensions and no matter what fishing may be done in that vicinity there is ample opportunity for the fish to ascend the river. But when the fish get to the tributary they remain still, they congregate around the mouth, and that mouth must be protected so that the fish may be able to ascend and spawn. As the Bill reads, it protects the mouth of any tributary for two hundred yards. I had in mind that the distance of two hundred yards was up the tributary only. The protection does apply to that area, but the principal object is the protection of two hundred yards, on either side of the tributary, on the main stream. The reason for the section is apparently quite sound.

Hon. SMEATON WHITE: The protection is only against netting?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. WHITE: Not against angling?

Right Hon. Mr. MEIGHEN: No. If netting were not prohibited there, all the fish could be caught in a jam.

Section 15 was agreed to.

On section 76—repeal (reconsidered):

Right Hon. Mr. MEIGHEN: I neglected to look into this section. I do not like the way it is worded:

> Chapter seventy-three of the Revised Statutes of Canada, 1927, entitled the Fisheries Act, with all amendments thereto, is repealed.

In the first place, as to the English, if the amendments are to be repealed, the verb should be plural.

Hon. Mr. DANDURAND: I rise with hesitation to speak on a point concerning the English language. I would suggest that the intention is to repeal the Act, but the amendments that have been made are incorporated in it, and the whole thing is known as the Fisheries Act.

Right Hon. Mr. MEIGHEN: The Act appears as a single Act in the Revised Statutes which Parliament made the law of Canada in 1927. But the amendments that came subsequently are subsequent Acts, and there must be a repeal of every one. I take the liberty of suggesting an amendment to this effect:

That the word "with" be changed to "and" and the word "is" be changed to "are."

Hon. Mr. LITTLE: Would the right honourable gentleman read the whole clause as he would have it amended?

Right Hon. Mr. MEIGHEN: As amended it would read:

Chapter seventy-three of the Revised Statutes of Canada, 1927, entitled the Fisheries Act, and all amendments thereto, are repealed.

Right Hon. Mr. GRAHAM: I do not want to be technical, but I doubt that the mover of a resolution can move an amendment to it.

Right Hon. Mr. MEIGHEN: I am merely suggesting an amendment.

Right Hon. Mr. GRAHAM: It will have to be moved by someone else.

Hon. Mr. GRIESBACH: I will move that amendment.

The amendment was agreed to, and section 76 as amended was agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

Hon. Mr. DANDURAND: I thought the right honourable gentleman would have mentioned the amendments made to the Act, instead of covering them all in a general statement.

Right Hon. Mr. MEIGHEN: I would have done so if I had them before me, but I have not. I think it is quite sufficient to say "all amendments thereto."

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

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to pass this Bill?

Hon. Mr. LEMIEUX: Honourable gentlemen, before this Bill passes, may I say that the right honourable gentleman was quite right in stating, as he did a moment ago, that the mouths of the rivers wherein salmon abound ought to be protected, and that the amendment will provide for protection, but if the fisheries are to be protected should the department not have a head? Although there is an office of Minister of Fisheries, there has been no Minister of Fisheries since my friend Mr. Rhodes was appointed Minister of Finance. I think it would be quite proper to appoint a successor as soon as possible.

Right Hon. Mr. MEIGHEN: The honourable gentleman should have paid a tribute to the economy of the Government in saving the salary in the meantime.

The Bill was passed.

FOREIGN INSURANCE COMPANIES BILL

CONCURRENCE IN COMMONS AMENDMENTS

Right Hon. Mr. MEIGHEN moved concurrence in the amendments made by the House of Commons to Bill F1, an Act respecting Foreign Insurance Companies in Canada.

Right Hon. Mr. GRAHAM: Are the amendments important?

Right Hon. Mr. MEIGHEN: No; the amendments are not important in any single case. They are mainly for the purpose of clearer and better phrasing. I can give to the House, and especially to the members of the Banking and Commerce Committee, an assurance that the amendments do not vary the effect of any clause which was under discussion before the committee and upon which the committee came to a decision. I have been especially careful in this matter, because certain compromises were effected as between various conflicting interests appearing before the committee. I should have liked to move another amendment to the Bill—we seem never to get it quite right—but I am advised that, as the clause I wish to amend has not been amended in the Commons, I cannot do so.

The motion was agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

CONCURRENCE IN COMMONS AMENDMENTS

Right Hon. Mr. MEIGHEN moved concurrence in the amendments made by the House of Commons to Bill G1, an Act respecting Canadian and British Insurance Companies.

Hon. Mr. DANDURAND: Will the right honourable gentleman explain?

Right Hon. Mr. MEIGHEN: Precisely the same explanation applies to this Bill.

Right Hon. Mr. GRAHAM: It does not interfere with the fifteen per cent?

Right Hon. Mr. MEIGHEN: No. That will come up on the War Revenue Act. I intend to move an amendment.

The motion was agreed to.

RADIO BROADCASTING BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 94, an Act respecting Radio Broadcasting.

He said: Honourable gentlemen, this is one of the important Bills of the session, and is one, possibly, in regard to which controversy might be expected. The House will recall that about three or four years ago a commission was appointed by the Government of that day to inquire into the whole radio situation with a view to advising what policy should be adopted by the Parliament of Canada with respect to radio ownership or control. Subsequently to the report of that commission the question of jurisdiction in radio as between the federal and the provincial authorities was submitted to the courts, and the Privy Council gave a decision in favour of Dominion jurisdiction. This session, in the other House, a special committee reviewed the whole question. That committee had before it the report of the royal commission headed by Sir John Aird. It heard evidence from all portions of the Dominion and from all interested parties, including those having investments in radio broadcasting stations, and presented to the other House a unanimous report, upon which this Bill is founded. The Bill has passed the Commons and is now before us.

This Bill contemplates the Dominion control of radio. The jurisdiction is established, and both investigating bodies have reported in favour of the principle of the Bill. This measure does not authorize the acquirement from the present owners of the broadcasting stations or the channels, as they are described, but it contemplates control by a commission, the establishment of which it authorizes, that control going to the extent of determining how the various channels of radio transmission may be shared and how such properties as may be necessary for the exercise of control may be acquired, but only upon the express authorization of Parliament. There naturally was no need of putting into the Bill a clause to provide that stations might be acquired if Parliament authorized such action, because the Bill would still be of exactly the same effect as if such a provision were not contained in it. The only effect such a clause would have would be to indicate the scope of policy. It is apparently the intention to control the radio facilities of this Dominion without at once assuming ownership thereof; possibly in the hope that it will not be necessary to do that at any time.

The terms of the Bill are quite clear. I have had just a few moments this morning to review them, but I do not know that any of them require special attention or explanation now. I should say that the proposed commission is to consist of a chairman, a vice-chairman and a third commissioner, their salaries to be $10,000, $8,000 and $8,000 respectively. They are to have the assistance of nine assistant commissioners, each of whom will be a representative of one of the nine provinces. The nine assistant commissioners are not to be paid a salary, but are to receive such honorarium as may be found adequate to the services given. The other officials of the commission are to be under the Civil Service Act of Canada.

The Government of each of the provinces is to be consulted as to the appointment of the assistant commissioner for the province concerned. These assistant commissioners are to give their services in order that the private stations within their respective provinces may work in harmony with the general policy of the central commission.

Provision is made for conferences between the commissioners, the assistant commissioners and such advisory bodies at each station, created under the terms of the Act, as it may be deemed wise to have attend such conferences.

The Act is clearly of a more or less tentative character. It can be observed from its terms that it is desired to gain experience before any very stringent or definite powers are extended to the commission. That is probably the wise course. Radio is a new subject, and manifestly it is in the interest of all concerned that jurisdiction over it should be federal. I cannot conceive how jurisdiction could be exercised by nine distinct governments. The whole development of radio has been exceedingly rapid. It is intended that radio should pay its way as far as the Government is concerned; in fact, there is a provision in the Bill that Parliament shall not appropriate for radio purposes anything in excess of the receipts of the commission. I am not just clear as to how Parliament can be restrained in advance, but doubtless that provision indicates the general line of policy which the Government has in mind.

Hon. RAOUL DANDURAND: Honourable members, I have given very little attention to the various contentions that have appeared in the press in recent years on the nationalization of radio. I have kept an open mind on the subject. The inquiry in the other House was thorough, and I commend the Government upon the form of this Bill, which sets up a whole organization, but does not appear to give it wide powers. It is not

authorized to purchase or erect stations. As my right honourable friend has said, the project seems to be only a tentative one. I suppose the commission will have to work out a general scheme. It must report to Parliament. Next session we shall probably know something of the developments that have taken place, and we shall be in a position to judge of the wisdom of the commission's action.

Right Hon. GEORGE P. GRAHAM: Honourable members, I seem to be a little out of harmony with some of my friends this morning in a number of things. This is one of them. I have been a consistent opponent of this project to nationalize radio broadcasting, more particularly on the ground that the time is inopportune for Parliament to ask the Government to launch into any new experiment. True, this Bill is innocuous and tentative, but when the system has been in operation for twelve months a great deal of life will have been infused into it by the members of the commission and those who are interested in taking charge of broadcasting in this country. In times of affluence or even of moderate prosperity the Bill might be all right, but at the present time I am opposed to Canada, through Parliament, the Government, a commission or any other channel, entering upon any project which may involve a heavy obligation in the years to come. I say, let us devote our energies to regaining our position in the financial world before we presume to engage in what I call a speculation.

Hon. RODOLPHE LEMIEUX: Honourable gentlemen, I do not rise to oppose this Bill. I think the expenditure to begin with will be small and Canada will have radio autonomy. We shall be independent of American broadcasting, and this independence should be a very good thing, as radio plays an important part in education. We know what the cinema, for instance, has done in some parts of Canada. For many years the cinema in this country has been more an American than a Canadian institution. From the Canadian point of view I agree with the Government on the principle of this Bill; but I believe, with my right honourable friend from Eganville (Right Hon. Mr. Graham), that we should not launch into any wild expenditure on the project, and I know that the right honourable leader (Right Hon. Mr. Meighen) has too great a sense of his responsibility to support any expenditure that is beyond our present means.

But there is a point which I wish to discuss for a few moments. I should like to get an assurance from the right honourable gentleman, who has given to our Province of Quebec a bright son, whom we are all very proud to have with us at the Bar of that province. I had occasion last year to speak to him, and I can say that this young man spoke French admirably well. Now I should like to ask from the right honourable gentleman—and I am quite candid about it—an assurance that in the program of this radio business both languages will be respected, in accordance with the rights given to the minority by the constitution. If that is done you will get the ardent support of the people not only of the Province of Quebec, but also of the Maritime Provinces, where there are large groups of Acadians, and of the Western Provinces as well. Let us lay down the rule that in the administration of this Act there shall be no partiality, and that every regard will be paid to the constitutional rights of the minority. I have no doubt that is in the mind of the Government, but I should like, at this stage of the proceedings, to have an assurance from the right honourable leader of the Senate.

Right Hon. Mr. MEIGHEN: I have not the least hesitation in giving the assurance which the honourable senator has asked. In the first place, it would be a distinct breach of the very basis of our unity that the radio should be used contrary to the intentions of the Act upon which this country rests. Besides, I would call the attention of the House to the fact that the Minister in charge is a Minister from the senator's own province, speaking his own language. That additional assurance would be there, if any more were needed.

Hon. Mr. BUREAU: Who is the commissioner?

Right Hon. Mr. MEIGHEN: I do not know who he will be; I have not heard even a suggestion, though I admit I have received a few applications. I have no doubt that those who speak the French language will be represented on the commission in numbers and in personality quite in keeping with the traditions of this country; and of course, also, among the assistant commissioners the Province of Quebec will have its representative, the same as any other province. I doubt not that, whatever may be the vicissitudes of fortune, the strength and power of appeal and of assistance which we have all realized, in years gone by, as belonging to those who speak the language of the honourable senator will be used and known on the air, and will be effective at all times, just as we have found it in all the years of our Confederation.

Hon. F. B. BLACK: Honourable senators, I am not opposing this Bill, and yet I want to express a doubt and a regret. I followed the debate in the other House, and was very much surprised to notice the almost complete unanimity with which this Bill went through that Chamber. The Bill involves additional expenditure at a time when any additional expenditure does not seem to be warranted. That is one ground of doubt. We are setting up another bureaucracy of high-salaried men, with higher salaries, I think, than the positions would justify. I should like to see the men selected prove their qualifications and justify their appointment before salaries of that size were proposed. That is another cause of my feeling of doubt and regret. I notice from the debates in another place that the probable annual cost of this commission will be half a million dollars. It is quite possible that in this matter, as in the past with other government-controlled industries, we may hear suggestions or charges of extravagance and over-expenditure. It is quite possible that some of us who sit here may see a radio inquiry which may be somewhat like the recent railway inquiry. These are doubts which are in my mind, and they are reasons why I should very much prefer to see no action taken at this present time.

There is, to my mind, a very strong reason for the appointment of this commission for the control of radio by the Government, and that is the propaganda and publicity that come over the Canadian radio, not Canadian or British, but from the neighbouring republic. Unfortunately, however, we are not going to prevent that by any radio control suggested in this Bill, or in any other way, because the republic to the south of us has no Government control. Radio broadcasting across the border is entirely independent and is so organized that there is no indication that there ever will be Government control. Radio listeners in the rural districts of Canada now hear what comes from the various United States broadcasting stations. I can speak about the rural districts in New Brunswick, and I know from experience and observation that there they hear Boston, New York, Pittsburgh, Philadelphia, Washington, Baltimore, Hartford, Schenectady and various other stations, and hear them very clearly. Nothing in this proposed radio control will prevent that. We shall continue to hear those stations just as readily as now. Their programs will come in, and people who have radio sets will tune in on any station they desire, either Canadian or foreign. The great advantage which might result if we could control broadcasting is very largely lost because those who have radio sets can and will make their own selections.

I have talked economy in this House whenever I thought it necessary, and I intend to talk it when I think unwise expenditures are being made or proposed. I feel that the present is not the time to bring in legislation of this kind. I shall not oppose the motion, but I should have felt much better pleased if this legislation could have been passed over until another session.

Hon. A. D. McRAE: Honourable senators, I am very much in sympathy with the sentiments expressed by the honourable member from Westmorland (Hon. Mr. Black). We say we are starting out in a small way, but we are not doing so in the matter of salaries. I think the salaries proposed are excessive. I appreciate the need of legislation with respect to radio. It has been in the air so long now that we should decide on definite action; but I concur in the sentiment which has been expressed, that we should make progress slowly. A few days ago it was stated in the press that someone might be brought out from England to head this commission. I think I am expressing the views of most honourable senators in saying that the time has come when we should run our own commissions. Canadians were not found wanting in war, and I do not think they will be found wanting in peace. If we find it necessary to call in some outsider in connection with the administration of our affairs, let us call on him as an adviser and not as a permanent manager. It is a reflection on Canadians to call in outsiders, and I hope that when the time comes for making appointments to this commission some of the very well qualified Canadians who are now in more or less junior positions will be given an opportunity to show what they can do. If this were done, it would not be necessary to pay salaries as high as $8,000 and $10,000. These are times demanding economy in the public service, and I think that when the Government is starting on a new branch like this, the necessity of which is questioned in certain sections, it should start on a proper basis as to economy.

I hope the Government will appoint the commission at an early date and thus get along with the organization, so that in this respect there will be someone to represent Canada at the Imperial Conference, which will be under way within a couple of months and at which, I hope, consideration will be given to the Imperial All-Red Radio System that I suggested before the House of Com-

mons committee. In October will be held the Madrid Conference, to which it is important that Canada should send a capable representative.

However, it does seem to me that the salaries which it is proposed to pay to the commissioners at the outset are too high. I fear there will be a correspondingly high expenditure in the administration and operation of this new department.

Hon. J. BUREAU: In view of the opinion that this Bill will result in large expenditures, and of the fact that our people are being called upon to make many sacrifices, would it not be well to let this Bill stand until next session? We now have in concrete form the Government's proposal for the constitution of the commission and the administration of radio. In the meantime the people would have a chance to study the actual legislation which the Government wants put through, and I do not think that if the measure were postponed for six months any harm would be done to the broadcasting system that has been developed since radio has become popularized. I am not speaking in opposition to the Bill, although as a matter of principle I am opposed to control by the state of any public utility. I fought against Government ownership of the Canadian National Railways, when I was in another place, as the right honourable leader of the House may remember. I think it is not proper for the state to take hold of any public utility and operate it. It may be contended that this Bill provides for control, but the powers of the commission are very broad. The commission will have the right to license stations, to "regulate and control broadcasting in Canada carried on by any person whatever, including His Majesty in the right of the province or of the Dominion." The commission shall determine the number, location and power of stations required in Canada, and the proportion of time that is to be devoted by any station to national and local programs. The commission may make recommendations to the Minister with regard to the issue, suspension or cancellation of private broadcasting licences. In short, the commission will virtually have absolute control over broadcasting. It may expropriate every existing station, and do anything it pleases.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: It must come to Parliament for authority.

Right Hon. Mr. GRAHAM: It can recommend to Parliament, and Parliament will act.

Hon. Mr. BUREAU: According to section 9, the commission may:

(b) acquire existing private stations either by lease or, subject to the approval of Parliament, by purchase.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. BUREAU: And:

(c) subject to the approval of Parliament, construct such new stations as may be required;
(d) operate any station constructed or acquired under the provisions of paragraphs (b) and (c) of this section; . . .
(e) originate programs and secure programs from within or outside Canada, . . .

and so on. The powers are very wide, and virtually give the commission absolute control.

Hon. Mr. FORKE: Probably the control is not wide enough. How can the commission control American stations?

Hon. Mr. BUREAU: We cannot legislate for matters beyond our own frontier.

Hon. Mr. FORKE: We have not got control and we cannot get control. We cannot control what our own people shall listen to; we cannot prevent anyone from listening to American programs.

Hon. Mr. BUREAU: We are not legislating for listeners so much as for broadcasters.

Hon. Mr. FORKE: We cannot control the programs of listeners. That is the difficulty that appears to me, and I wonder if the right honourable gentleman can say anything about it.

Hon. Mr. BUREAU: The only thing we can control is broadcasting. If I want to listen to a station in Chicago, New York, or Schenectady, I am perfectly free to do so. But if we postpone this measure until next session, we may in the meantime be able to get into touch with the United States and see what arrangements can be made.

Hon. SMEATON WHITE: I should like to add a few words in support of what the honourable member from La Salle (Hon. Mr. Bureau) has said. I think this is hardly an opportune time to spend so much money on something for which there is not an immediate need. I understand that we may possibly have another session three or four months from now, and it seems to me that if the Government could see its way clear to have this Bill held over until that time, no one would suffer very much injury. In my opinion, the commission is going to cost a great deal more money than has been stated in any estimates we have had so far.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. H. W. LAIRD: Honourable senators, it strikes me that the two honourable gentlemen who have just spoken have not a true

conception of what this Bill involves. Those of us who are in the habit of listening to radio programs—and I assume we all are—can easily understand how conflicting interests in the United States and Canada have led to the introduction of this legislation. There are bound to be conflicting interests with regard to radio channels, wave lengths, and so on, in the two countries, when the powerful stations in the United States and Mexico completely overshadow the smaller stations that we have in this country. For this reason, some system of protection to Canadian broadcasting stations has become necessary.

Of course it is clear why neither the present radio interests nor individual owners of broadcasting stations in Canada can make effective representations to the authorities in the United States. We can understand that the Canadian Government would be much more influential in making submissions to the United States Government, or to whatever authority has control of radio in that country, with respect to radio channels, wave lengths and other matters of that kind, with a view to getting a broader scope for the operations of the smaller Canadian stations. I think that the necessity of having in this country some central authority to represent Canadian interests in dealing with radio interests on the other side of the line was one of the reasons that led to the introduction of this legislation.

It being evident that there is necessity for some such commission as is provided for in the Bill, the question naturally arises whether the present is a propitious time for bringing in the legislation. I do not agree with my honourable friends who say that the time is not propitious. The fact that we are passing through a distressing financial period does not mean that we should sit down, fold our hands, and make no progress whatever. There is no reason in the world why the radio users of this country should not have the best facilities that it is possible to afford them, provided that the facilities do not result in an onerous tax upon the public treasury.

Hon. SMEATON WHITE: Will my honourable friend allow me to ask him a question? Have the smaller broadcasting stations, to which he refers, asked for this legislation?

Hon. Mr. LAIRD: I am not sufficiently well posted to say whether they have asked for it or not. I doubt very much, though, that they have asked for it, because I think owners of local broadcasting stations in Canada have a very valuable franchise, out of which they are making a great deal of money, and I imagine they would be the last people to seek legislation of this kind. If they did make such a request, I should look upon it with considerable suspicion. I am not speaking from their standpoint at all, because there are only some fifteen or twenty such stations in the whole Dominion. I am speaking on behalf of the hundreds of thousands of radio users throughout the Dominion, who are not satisfied with the buncombe, bosh and advertising rubbish sent out over the air through various small stations for private gain.

If there is a necessity for a central radio authority in Canada, and if this is a propitious time to consider the establishment of it, the question then arises whether the present legislation meets the situation, or whether it involves too large an expenditure of money. From observations that have been made in the House, one might think that the Bill would result in a very large outlay of public funds, that it would commit the country to embarkation upon another costly public utility. I must confess that our experience with public ownership in this country—not only in the field of railways, but with elevator systems and other things for which we are being very heavily taxed to make good the large deficits—has not been such as to cause any public ownership program to appeal to very many people just now. We have had a surfeit of public ownership schemes, so that our people might well hesitate about adding to the list of them. But if honourable members will read this Bill they will find that the estimated expenditures will not be a charge upon the public treasury. The commissioners will have power to charge and collect licence fees. In the past these fees have not been collected—

Hon. Mr. TANNER: Some of them have.

Hon. Mr. LAIRD: Some people have paid, but there has been no systematized, intensive program for collecting licence fees, and consequently the sum received in this connection has been much smaller than it might have been. It will be one of the duties of the commission to impose and collect licence fees, and to take advantage of penalties assessed against radio users who do not take out a licence. I think we shall find that there will be ample revenue coming in from these sources to maintain the organization that the Bill provides. In the past the radio licence fee has been one dollar a year. That is an insignificant amount, which has not been a burden to any listener.

Hon. Mr. BLACK: It is two dollars now.

Hon. Mr. LAIRD: The commissioners will have power to fix the licence fee, which they may make two or three dollars, and if they

have an efficient system of collection, the revenue from licence fees should be ample for the carrying on of their work. To obtain funds to meet the capital expenditures necessary in acquiring stations now in existence it will be necessary to come to Parliament, and then the whole question whether the money should be provided will be under consideration; but for the expenses of the commission's administrative work, as outlined within the four corners of this Bill, I do not see that there should be any tax upon the people of this country.

To sum up, it appears to me that there is necessity for a radio commission, that the present time is propitious for bringing in legislation for the establishment of a commission, and that the proposed legislation that we have before us in this Bill is good, especially when we bear in mind that any expenses entailed should be provided for out of the revenue received from licence fees paid by people who receive benefit therefor. The best evidence, I think, that the legislation is proper is to be found in the unanimous adoption of the Bill by the members of the House of Commons.

Right Hon. Mr. GRAHAM: You cannot base a judgment on that.

Right Hon. Mr. MEIGHEN: I think I should say something that I omitted to state earlier. The reason why there has to be control, as nearly complete as it can be made, is that the facilities of the air—or space, if you care to call it that—are limited. There are, as I understand it, just 96 channels available for North American broadcasting. The people of the United States, aggressive as they are, have absorbed the great majority of those. We have, I think, four or five exclusive channels, and there are some very complicated concessions under which we share in some minor channels. Honourable members must bear in mind that the franchise of the air is definitely and inexorably restricted. Faced with that fact, we surely have to see that the authority of law shall supervene to make certain that the limited franchise is used for the benefit of the whole country and not monopolized by private greed in Canada, nor—and this especially—monopolized nor unduly invaded by enterprising people of other lands. In a word, it is the definite, permanent, eternal limitation that necessitates control, as far as control can be exercised.

I do not for a moment yield to the assumption that the United States will never control radio. The people of that country got into the radio field early and took almost complete possession; so the demand for control has not come as soon there as in other countries. Great Britain has had Government control and ownership for a long time, as honourable members know. However, I do say that in Canada, whether we should have Government ownership and operation or not, we must control and share in the limited facilities which nature has granted, and for the disposition of which we must be responsible.

The Bill is tentative; it is feeling its way. It may be that the salaries are too high. As to that, I am not sure. I certainly should have supported the Bill if the salaries had been lower. But every person thinks that everything is easy, except what he does himself. I do not pretend to know very much about radio. It may be that a degree of expertness, such as very few persons possess, is necessary, and that the proposed salaries are necessary in order to obtain that. The Bill provides that the whole business of radio, so far as the public of Canada are concerned, must pay its own way. Of course it is arguable that the radio fee is a tax. It is a tax on the radio public. I would never attempt to justify the establishment of an expensive bureaucracy simply because the public are ready to support it. The business of the commission must be to keep the radio charge as low as possible in order that not only the few, but all, may enjoy this great boon of modern civilization. However, inasmuch as there must be control, surely the time has come for us to exercise it.

The Aird Commission reported three years ago. The late Government felt it necessary to look into the matter. The present Government has felt that it is time for action. The verdict of the House of Commons committee was unanimous. The representatives of private stations appeared before that committee, some of them in an organized way, and I doubt that any committee ever sat that addressed itself more systematically to its task and executed it more thoroughly and whole-heartedly than did this committee. It appears not only that every interest was represented, but that all were given every opportunity to present their case in the fullest possible manner. I know that one great weekly newspaper in this country was at first opposed to the principle embodied in this Bill, and felt that the radio industry should be left open to uncontrolled competition, but now, after hearing the evidence given before that committee, and seeing the report, that paper frankly states that there is nothing to be said in opposition to the verdict arrived at.

I want to impress upon honourable gentlemen again the fact that the Bill is only tentative, and that though there may be leasing, it specifically provides that there shall not be Government ownership of radio until Parliament so decides, and that the moneys voted by Parliament are not to be in excess of the earnings of the commission itself. I know that provision is ineffective, but it expresses the policy of the Bill, and there should be no reason to fear that in these difficult times we are launching into something we cannot afford.

Hon. Mr. BUREAU: Do I understand the right honourable gentleman to say that one of the objects of the Bill is to prevent a monopoly?

Right Hon. Mr. MEIGHEN: To prevent the private monopolization of radio.

Hon. Mr. BUREAU: I think that under this legislation it will be a bigger monopoly that it otherwise would have been.

Right Hon. Mr. MEIGHEN: But it will be for the state.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CUSTOMS TARIFF BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 95, an Act to amend the Customs Tariff.

He said: Honourable gentlemen, this Bill has just two features, one of which has to do with certain provisions of the New Zealand Treaty. The changes called for by the New Zealand Treaty are contained in clauses 3 and 4 of the Bill. They refer only to wool, of which a very lengthy description is appended, and to hides and skins, which are similarly enlarged upon. The other feature of the Bill has to do with the extension of the period for the importation of implement parts. Honourable gentlemen will remember that under the Customs Tariff Act of 1930 it was provided that implement parts could be introduced into this country for a certain period under a very low schedule. This Bill extends that period by, I believe, another year.

Hon. Mr. SHARPE: None of these Bills seem to have been distributed. I think they should be distributed.

Right Hon. Mr. MEIGHEN: Oh, yes, they have been distributed.

Hon. Mr. McLENNAN: I have mine.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

Right Hon. Mr. GRAHAM: I want to point out just one thing. Pointing it out may not do any good, but it will do no harm. I have received more complaints about the New Zealand Treaty than I ever received about almost any other treaty that the Parliament of Canada has passed in years. The objections in regard to the importation of hides, for example, seem to be almost unanswerable. It is a mistake to say that this treaty will be of great assistance to the Canadian producer of hides. I am told that Canada does not produce hides for a particular trade in any great quantity, and that even if all the hides of this kind produced in New Zealand could be secured by Canada there would not be nearly enough. The Canadian consumer is prepared, I am told, to take all the hides produced in New Zealand. It is a mistake to believe that we are protecting the Canadian producer when he does not produce, and we are not giving any great benefit to New Zealand when that country produces only about five per cent of the requirements of the Canadian trade. It is pretty late, of course, to raise this point; but I raised it the other day.

Then dairymen of a particular class are objecting strongly to the benefits given to New Zealand on certain of its products, and they say they will close up their establishments. If we were benefiting the agriculturist or anyone else, I would say amen to the treaty, but, as far as I am able to ascertain, it is injuring several industries and is not helping any person. Of course, we should consider Canada as a whole, but the protests coming from one part of Canada are very numerous indeed, and the objections raised seem to me in many cases to be unanswerable.

Right Hon. Mr. MEIGHEN: I should say, of course, that the New Zealand Treaty is not now under review. That treaty has been passed.

All I want to add to what I said before is that we have been taught for many years, and soundly taught, that we must buy in order to sell, and similarly, that we must give in order to take. We certainly take very substantial advantages under the New Zealand Treaty, advantages which ought to increase

the volume of labour employed in Canada. Therefore we should be prepared also to give. If hardship such as is apprehended by my right honourable friend should ensue under the treaty, the old duty on any article or any number of articles may be restored on one month's notice, and modifications may be made, not necessarily restoring the old scale, on three months' notice. If the former conditions were restored on one month's notice, it would of course be done at the peril of retaliation.

Hon. Mr. DANDURAND: This is the very feature that may paralyse all the operations of the treaty. How people will start doing business under such conditions is beyond me.

Right Hon. Mr. MEIGHEN: I think they will. If the operations are paralysed the right honourable senator from Eganville (Right Hon. Mr. Graham), at least, will be highly pleased.

Right Hon. Mr. GRAHAM: Not at all. But I shall not be very much disappointed, because I have discovered in this treaty some defects the results of which, I am afraid, cannot be avoided. I agree that a treaty must be flexible and that there must be advantages on both sides. Sometimes the advantages appear to be mostly on one side, and this, I fear, is an instance. The treaty has been proclaimed, and I suppose that any suggestion we might make for the rejection of the changes in the tariff resulting from the acceptance of the treaty would be futile. While I believe in treaties and know that there must be some give and take, and that we must buy if we are going to sell, still I think that if we are losing it is the duty of members of either House to point out the fact. I have so much confidence in the consistency of my right honourable friend (Right Hon. Mr. Meighen) that I hope he will be strongly for buying as well as for selling. On any other ground it will be impossible to make any trade arrangements even within the Empire. If this is the basis that is going to be adopted by the Canadian representatives at the Imperial Conference, I shall be almost willing to forgive the Government for the little error it has made in the New Zealand Treaty.

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

At 1 o'clock the Senate took recess.

The Senate resumed at 3 p.m.

INCOME WAR TAX BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 96, an Act to amend the Income War Tax Act.

He said: Honourable senators, this is a Bill that will be welcomed by all taxpayers, as it increases their opportunity to sacrifice for the nation. It provides for the abolition of the twenty per cent exemption which in better days was found possible. Ten per cent was taken off at one time and a further ten per cent at another time.

Hon. Mr. DANDURAND: Under a beneficent Government.

Right Hon. Mr. MEIGHEN: Yes, under a Government that was favoured by nature beyond its merits.

Hon. Mr. DANDURAND: Providence was our ally.

Right Hon. Mr. GRAHAM: Nature makes no mistakes.

Right Hon. Mr. MEIGHEN: The Bill also provides for a change in the amount of income exempted, by reducing that amount. There are amendments respecting the exemptions applicable to single and to married persons, also with regard to dependent relatives. The family corporation provision is abolished. That does not, of course, refer to a personal corporation, the law in that regard remaining as it has been. A personal corporation is regarded as non-existent so far as income tax is concerned, and the income of a personal corporation has to be accounted for by the person who owns it. But certain advantages which a family corporation enjoyed under former legislation are by this Bill taken away. In future a family corporation will be in the same class as general corporations.

The Bill increases the corporation tax, and provision is made for doubling any income omitted.

Hon. Mr. BLACK: That is permissive and not compulsory, is it not?

Right Hon. Mr. MEIGHEN: The amendment is in section 10 of the Bill, and reads:

> If any person omits to declare any dividends, rentals, interest, royalties or other like income which, on any inquiry by the Department of National Revenue or on information obtained from any person other than the taxpayer, is subsequently duly ascertained to have been received, such person may be assessed as if double the income so omitted from his return had been received.

Yes, it would appear to be optional still.

Right Hon. Mr. GRAHAM: One has to receive the income.

Right Hon. Mr. MEIGHEN: Yes, or it is not accountable.

Hon. Mr. DANDURAND: I should like to ask the right honourable gentleman what distinction he makes between a family corporation and a personal corporation.

Right Hon. Mr. MEIGHEN: The definition is contained in the Act.

Hon. Mr. DANDURAND: I see that the Bill abolishes the family corporation.

Right Hon. Mr. MEIGHEN: Yes. A personal corporation is a corporation created for the purpose of holding the personal assets of someone. The device was adopted shortly after income taxes came into being. The man who created a personal corporation transferred his assets to it, held the stock in that corporation then drew such amount annually as he required for his living purposes, leaving the rest in the corporation. Therefore he was subject only to the corporation tax and not to the high income tax which his income would have warranted. While I cannot give the actual definition of a family corporation, I can state it generally. There was a special taxation rate applicable to such a company, a certain percentage of the control of which was in the hands of members of a single family. The idea was that such a corporation stood in a special position, because it was formed for the purpose of dividing an individual's property and income among his family. On that account there were certain limitations of taxation, the taxation being less than it would have been had the corporation been a personal corporation, but more than if it had been an ordinary corporation. A family corporation was something in the nature of a stepping-stone between a personal corporation and an ordinary corporation. I am not sure, but I think the whole idea of the family corporation originated under the late Government. This is not said by way of criticism, for I do not know just what was behind the idea. However, the family corporation is now to be abolished.

Hon. Mr. DANDURAND: When Hon. Mr. Robb was Finance Minister there was, I think, an amendment with respect to personal corporations, and the owners of stock in those corporations were made to pay just as if the corporations did not exist.

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

Right Hon. Mr. MEIGHEN.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

INTERNATIONAL PEACE PARK BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 97, an Act respecting the Waterton Glacier International Peace Park.

He said: Honourable senators, this is a Bill which declares the Waterton Lakes National Park of Canada to be a portion of a park of an international character, to be called the Waterton Glacier International Peace Park. In the United States there is a park known as the United States Glacier National Park, and this adjoins the Canadian Waterton Lakes National Park. The international park is established as one unit and called the International Peace Park by common consent of the governments of the United States and Canada. The Canadian section of this park will continue to be one of the national parks of Canada. The purpose of the Bill is principally of a publicity or courtesy character, for the legal effect might have been reached by administrative methods, without a legislative measure. The United States, however, adopted the plan of putting a Bill through both Houses, and thereby bringing home to the people of that country the international aspect of the institution. In Canada we are following the same plan. It seems peculiarly appropriate that this international park should be established at this time, and particularly so because of the identical nature of the interests of the two countries in the property.

The honourable senator from Lethbridge (Hon. Mr. Buchanan) undoubtedly has a great deal more local knowledge of the situation than I have, and he could give the Committee any further information that may be desired on the subject.

Hon. W. A. BUCHANAN: Honourable senators, I might explain that the proposal to create an international peace park by combining the Canadian Waterton Lakes National Park and the United States Glacier National Park emanated among Rotary Clubs in the State of Montana and the Province of Alberta. My honourable friend the senator from Inkerman (Hon. Smeaton White) knows something about Waterton Lakes Park. He was there not long ago, looked down on the stretches of the lake, and learned that

part of Waterton Lake is in the State of Montana, in United States Glacier National Park. Glacier National Park runs for twenty-three miles along the border of Waterton Lakes National Park. Except for the boundary lines, they are really one park at the present time, for the trails and the highways run through them without interruption. The thought of the people interested in this measure was that it would be a good thing to give these two parks the name "Waterton Glacier International Peace Park," without in any way interfering with the administration of Waterton Lakes National Park by our own federal Parks Department. I do not think this proposal interferes in any way with other peace projects of a similar character, such as the Peace Gate in British Columbia, the Peace bridges in Eastern Canada, and the proposed Peace Garden on the boundary between Manitoba and North Dakota. This will be a distinct Peace Park, and the only international one in the country. I think it was a very happy idea to bring forward the suggestion that this park should be termed an International Peace Park.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

Hon. Mr. DANDURAND: This park, which is to commemorate the state of peace that has existed between Canada and the United States for over one hundred years, reminds me that in 1913 the United States and Canada were organizing for the celebration, in December of 1914, of one hundred years of peace. Committees had been formed in Canada and in the United States. I was one of the delegates, and, with Sir Edmund Walker and Mr. Travers Lewis, of Ottawa, attended conferences in New York and in Washington. We met with a British delegation headed by Lord Weardale. A representative of the city of Ghent was also there, for we were to celebrate the Peace Treaty of Ghent, signed in an old abbey building at Ghent, which it has been my pleasure to visit. The celebration, which was to have been held on the Eve of Christmas, 1914, never took place, because the War intervened in August of that year.

During that visit to the United States we were received by the President, Mr. Woodrow Wilson. On that occasion I told him that we had missed President Taft at Murray Bay, because he could not leave the United States during his term of office. Mr. Woodrow Wilson said to me then: "I will confide a secret to you. There is on the upper St. Lawrence an island which everybody in the United States believes to be on the American side, and, whether it is on the American side or not, I intend to repair to my bungalow there for the summer." Of course he did not know at that time that fate had decreed that he should cross to Paris, thus leaving the United States, during his term of office.

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

MONTREAL HARBOUR COMMISSIONERS' BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 98, an Act to amend the Montreal Harbour Commissioners' Act, 1894.

He said: The purpose of this Bill, honourable gentlemen, is to convey to the Crown, in the right of the Dominion, certain properties purchased or expropriated by the Montreal Harbour Commission, but lying outside of the territory delimited by the original Act as coming within the purview of that commission. The original Act declared that the Montreal Harbour should be deemed to embrace all the land within the description contained in the Act, and that the land to be purchased or expropriated by the Harbour Commission within those boundaries should be the property of the Crown in the right of Canada. Subsequently, as the business of the commission expanded, it became necessary to utilize land beyond those boundaries, and power to purchase or expropriate beyond those boundaries was given. But the property so expropriated or purchased became the property of the commission. The purpose of this Bill is to make it the property of the Dominion, the same as the other harbour properties.

Right Hon. Mr. GRAHAM: Administered by the commission, but owned by Canada.

Right Hon. Mr. MEIGHEN: The same as the property within the original boundaries --administered by Canada through the commission.

Hon. Mr. DANDURAND: The terms of the Bill are self-explanatory.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

CIVIL SERVICE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 99, an Act to amend the Civil Service Act.

He said: Honourable gentlemen, the purpose of this Bill is to carry into effect most of the recommendations of the special committee of the House of Commons which during the present session heard evidence at very great length in respect of the working out of the Civil Service Act, especially in relation to that portion of its administration which comes under the Civil Service Commission. I understand that the greater part of the recommendations of the committee, but not all, are embodied herein.

The features to which attention might be called are these. Provision is made that all appointees to local positions in the outside service shall, wherever practicable, be persons who have been not only residents of Canada for five years, but residents of the locality for one year. Provision is made for the removal of post offices of limited revenue, which come under the nomenclature "Revenue Post Offices," from the operation of the Civil Service Act as respects the commission. When retirement takes place, the practice has been to give the retiring officer six months' leave of absence before he becomes entitled to pension. This Bill provides for the payment of a six months' gratuity instead, thus making it possible to fill the position at once, as of course it should be filled, in order that the work may be carried on. There is also provision that if a member of the Civil Service is appointed to the commission his pension rights shall be left undisturbed by the appointment.

I think I have run over the principal elements of the Bill. It is probably a Bill which should go to Committee.

Hon. RAOUL DANDURAND: One feature of the report of the committee that studied this subject is not to be found in the Bill. Section 60 of the Act made it the duty of the commission, when a Minister left office, to appoint his secretary to a permanent position in the public service classified not lower than that of Chief Clerk, provided that the said secretary had been acting for a period of not less than one year. The report of the committee suggested that that obligation should not continue, and that part of the Act was eliminated, and all that remained in the Bill as presented to the House of Commons was the following:

Subsection two of section sixty of the said Act, as enacted by chapter thirty-eight of the statutes of 1929, is repealed and the following is substituted therefor:—

"(2) If such person holds a permanent position in the Civil Service he may be paid an additional salary not exceeding six hundred dollars a year whilst so acting; but if he does not hold a permanent position in the Civil Service, he may be paid such salary as the Governor in Council may prescribe."

The rest of the clause, which entitled the secretary to be absorbed into the Civil Service, was struck out. But now the Bill comes to us with the clause in another form:

Subsection two of section sixty of the said Act, as enacted by chapter thirty-eight of the statutes of 1929, is amended by striking out the words "one year" in the last line of the said subsection and inserting the words "three years" in place thereof.

This means that the private secretary of a Minister will still be entitled to be absorbed into the Civil Service, but only after having been engaged as a private secretary for three years.

I know that some reasons have been advanced for the change that has taken place between the first reading and the third reading, but I am not yet quite reconciled to it. I thought that the committee that had studied this matter had judged properly. Civil servants, being recruited on the basis of merit and with the expectation of promotion, naturally felt aggrieved at the assignment to rather high positions of ten, twelve or fifteen outsiders who had come in, not on merit, but by reason of the fact that they had served as private secretaries. The grievance of the civil servants was caused not only by the violation of the merit system, but also by the disturbance of the line of promotion. We all know that public servants who have been appointed on merit have but one hope of bettering their positions, namely, promotion, and it is somewhat disheartening for men who have been working for a number of years, and are in line for promotion, to find that they are superseded.

It is not only the civil servants of Canada who resent undue preference. I have noticed that in large corporations the system of promotion is sacred, and only in a very exceptional case is a stranger brought in and the line broken. The men who are expecting to be advanced naturally resent the preferment thus given to a stranger.

The principle adopted by the committee was that the merit system of promotion should be respected, and private secretaries were to be debarred henceforth from being taken into the Civil Service except through examination. The amendment before us is one that permits the absorption into the Civil Service of any private secretary who has served as such for three years. I mention this fact because I know that the Civil Service has strenuously protested against such an advantage being given to private secretaries, whatever the length of service.

One thing that surprised me in my latter years, when I was closer to governmental administration, was that Ministers did not look for, or succeed in finding, secretaries who were already in the Civil Service. We have such an army of employees in the various departments of the Government service in Ottawa that I cannot reconcile myself to the idea that incoming Ministers cannot find responsible civil servants with the requisite qualifications for secretaryships. The engagement of such persons would to a large degree obviate the complaint of the civil servants, for they would themselves furnish the material for those secretaryships, and the secretaries thus appointed could subsequently return to their former positions.

When the honourable gentleman from Sydney (Hon. Mr. McLennan) spoke on the report which he brought in, as chairman, from the Committee on Commerce and Trade Relations, I was inclined to emphasize the fact that the country can congratulate itself on having a very high class of civil servants, most efficient men, heading the various departments or branches of the Government. Some years ago, when we carried on an inquiry into the workings of the different departments in order to determine whether they were overmanned or not, we had such men before us, and we were highly satisfied with the technical knowledge and devotion to duty of those heads of departments. Their technical knowledge, their ability and their devotion to duty would do honour to any government in the world. I say this because people outside who know nothing about governmental administration have no idea of the variety of matters that are dealt with by the Civil Service. We ourselves were surprised at the multitudinous functions and activities of the different departments. I may add that, having sat in this House for eight years as the leader of the Government, I had to be in contact with most of the experts and heads of departments or branches, and I always had a high opinion of the value of those men, and a great admiration for them.

Some Hon. SENATORS: Hear, hear.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

SOLDIER SETTLEMENT BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 100, an Act to amend the Soldier Settlement Act.

He said: The purpose of this Bill is to overcome certain tax and other difficulties which have arisen in the course of the administration of soldier settlement lands. As every one knows who has had the misfortune to be the possessor of farm lands in recent years, they have in many cases become a liability instead of an asset. Soldier settlement lands have in some cases come back upon the Soldier Settlement Board, or, as now, on the Director of Soldier Settlement. These lands are held in his name, or in the name of the Crown, and are not taxable under the law. Municipalities find this exemption a burden upon themselves, and power is given by this Act for the conveyance of such lands, where felt desirable, to the municipality, or, should there be none, to the Government of the province in which they lie.

I presume that the provision which appears in the first part of the first clause of the Bill contemplates that where the lands are beyond a municipality they will be conveyed to the province, and where they are within a municipality they will be conveyed to the municipality, the conveyance itself being a matter of discretion on the part of the Director of Soldier Settlement, or rather, on the part of the Minister whom he advises.

In addition to this, provision is made enabling the conveyance of land, held by the Crown for a soldier under the Act, as a site for a dairy factory, cheese factory, fruit preserving factory or creamery, or for any religious, educational or charitable purpose. This applies to larger areas of land than did the previous legislation, which limited to five acres the area that could be conveyed.

Then there is provision for the payment of taxes in respect of occupied lands. The department is enabled to pay taxes on lands which have reverted to the department, and which, although they remain unsold, are in actual occupation. It seems only fair that

when they are in occupation, whether by lease or otherwise, the power of the municipality to tax should not be defeated.

Hon. R. DANDURAND: Honourable members of the Senate, this is an old and well-known poor relation. I am sorry that at the end of the session it reappears before us like a nightmare. We used to ask periodically for a statement of the operations under the Soldier Settlement Act, and periodically we used to wipe out a few millions of the money advanced, sometimes on the cattle, sometimes on the implements, sometimes on the lands. I do not know how much we have advanced, but I should not be surprised to learn that the country had lost $50,000,000, if not more.

Hon. Mr. FORKE: Oh, no.

Hon. Mr. DANDURAND: Not that?

Hon. Mr. FORKE: No; $20,000,000 at the outside.

Hon. Mr. LAIRD: They have lost $50,000,000 already.

Right Hon. Mr. MEIGHEN: On soldier settlement?

Hon. Mr. LAIRD: Yes. They have an investment of $70,000,000 and will not get more than $20,000,000 out of it.

Hon. Mr. DANDURAND: We might at next session—those of us who are here—request the right honourable gentleman to give us a statement of the operations under that Act, showing what has been the outlay, and how many soldiers have remained on the land. We have had arbitration boards more than once. I think I brought in a couple of bills to establish or reorganize boards for the purpose of trying to rearrange the payments of those settlers. When we get the report of operations we shall have, I believe, an illustration of one of the failures of the post-war period. At all events, there may be some consolation in knowing the number of soldiers who have made good on those lands.

Hon. Mr. FORKE: Honourable members, I should like to say just a few words in regard to this matter, because I have had some experience. I would refer to something that has been altogether forgotten in the discussions of this matter, and that is the great amount of really new wealth that was created by the soldier settlers. They produced a vast quantity of wheat, as well as large numbers of cattle and stock of all kinds. We must bear in mind that although many of the settlers did not succeed personally, they did create this great wealth. We should also not overlook the fact that in every district where some soldier settlers have failed, large numbers of other farmers also have failed. A further important consideration is the fact that the soldiers were absorbed under this scheme when they came back from the War. A great many of them were suffering from the stress and strain of the battlefield, and were tired and worn, and they obtained the rest and quiet that they required, by settling on the land. And it must be remembered that a large percentage of these men are still on the land. When these facts are considered, it is seen that the scheme was not altogether a failure. It is very difficult for any farmer in Western Canada—and the majority of these soldier settlers went west—to make a success to-day. The soldier settlement scheme has cost the country considerable money, but I think we owed these men something; we owed them, at least, the chance to succeed. As I say, some of them have failed; but we cannot help that. I do not think it should be held up as a black stain against any Government that some of the men were not successful. Strenuous and generous efforts were made to aid them, but many of them ran into difficulties that they could not surmount. I want to emphasize that the settling of soldiers on the land helped to take care of them at a time when it was necessary to absorb them in useful peacetime occupation.

I think the taxation section of the Bill is a good one. A good deal of trouble would have been obviated, in the years when I was Minister of the department, if I had had some such power as is now proposed for dealing with municipal taxes. At that time we did take certain payments that were made by soldiers and use them to pay taxes, so far as possible.

While a large amount of money has been lost through soldier settlement, I think that the plan was one of the best that could have been adopted in the circumstances that existed after the War.

Hon. A. B. GILLIS: Honourable senators, I have taken a great deal of interest in the soldier settlement scheme. Near my home a portion of an Indian reserve, nine by three miles square, was acquired, and on that land some forty returned men were settled. All excepting two made good and are now fairly prosperous. That, I think, is a high average of farming success. Of course, there have been a great many failures among the settlers as a whole, but we must remember that when the plan was inaugurated land prices were inflated, as were the prices of implements and everything else that had to be purchased. Later on the Government had to make re-

ductions to compensate for these high charges. The soldier settlement scheme was the only thing that could be devised at the time. It was a great undertaking, for which I think the right honourable leader of the House (Right Hon. Mr. Meighen) was largely responsible. A great many of the men were not accustomed to farming, and consequently could hardly be expected to carry on successfully. However, taking the situation generally, I think we may say that soldier settlers can show as good a record of success as can many of our experienced farmers. I am glad that this Bill has been brought in to adjust the tax situation.

Right Hon. Mr. MEIGHEN: Honourable senators, may I express appreciation of the remarks of the two honourable gentlemen who have just sat down? I could not have expressed my feelings on the general subject of soldier settlement better than they have been put by the honourable gentleman from Brandon (Hon. Mr. Forke) and the honourable gentleman from Saskatchewan (Hon. Mr. Gillis).

With regard to soldier settlement, it is true the darkness of the day has not quite borne out the fine promise of the morning, but many thousands of men who otherwise would have had a very hard and discouraging struggle were taken care of through critical years. That is one accomplishment. Secondly, the percentage of failures is, I believe, not greater than the percentage of failures among farmers as a whole in Western Canada over the corresponding time. It is only the most exceptional man who has been able to keep his head above water, under the conditions that have obtained in the last four years.

In the third place, the soldier settlement administration has been without spot or blemish from the beginning, although it operated in a field where the danger of scandal was exceedingly great. It so happened that on the return of these men from overseas farm lands were at a high price. I do not know that we thought they were at the time. We knew they were higher than they had been, but the earnings of farm lands justified, or nearly justified, the market quotations. We could not say to the soldiers: "Wait. We think these farm lands are going to come down in price." Honourable members will realize instantly the position in which a Government would have been if it had taken a stand of that kind. In the first place, we did not know whether prices would come down. In the next place, what would the soldiers have done while we were waiting? They were down here in vast armies and they were determined that, whatever was to be done for them, the time to do it was then. And so it was. They had no occupation and no resources. Whatever the policy of Canada was to be, that was the time to inaugurate it. Thousands of farms were purchased, in a period extending beyond the time that the Government of which I was a member remained in office. I have never heard a word of criticism of the administration of the plan, except in one instance, and that turned out to be nothing but a false alarm. An investigation showed that the conduct of the Board was honourable and efficient in every way. It is something to be said for this country, with respect to an administration which has extended over a period of about thirteen years and which has had to do with purchases of lands in all parts of this Dominion, running into many millions of dollars, with individual instances of purchases running into tens of thousands of dollars, that the whole thing has been accomplished without a single stain being left behind.

Hon. Mr. DANDURAND: I am glad to be able to corroborate what the right honourable gentleman has said, in so far as my own experience goes. We had in the Senate a committee of inquiry with respect to one of the bills that I mentioned, and we were most happy to find that the officials at the head office of the Board, in the Department of the Interior, were efficient and giving very good service to the country.

Hon. Mr. LAIRD: For the benefit of honourable members I should like to point out the amount of money that was invested in the soldier settlement scheme. I am not objecting to the legislation at all. The House will remember that we had a special committee here, which went exhaustively into the whole question, in the 1930 session. I find on reference to records of that time that apparently about $50,000,000 was the total investment in the soldier settlement enterprise.

Hon. Mr. GILLIS: Up to when?

Hon. Mr. LAIRD: Up to 1930. The statements show that some $20,000,000 of capital indebtedness had been wiped out up to that time, and that the assets of the soldier settlement scheme had been reduced to about $27,000,000. That was two years ago.

Hon. Mr. GRIESBACH: Does that include the amount reduced by statute?

Hon. Mr. LAIRD: That includes all the reductions.

Hon. Mr. GRIESBACH: Is that total investment the actual amount, or is it the amount less the deductions made by statute?

Hon. Mr. LAIRD: Less the deductions made by statute.

Hon. Mr. GRIESBACH: That does not show the total investment.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

SPECIAL WAR REVENUE BILL

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 102, an Act to amend the Special War Revenue Act.

He said: Honourable senators, this is another tax Bill. It has to do with taxes on insurance premiums other than life and marine. It also has to do with taxes on cheques, on cable, telegraph and telephone messages, on bills of exchange, on sleeping car berths, on receipts to banks and many other things. I fancy that the whole field of possible taxation has been pretty carefully combed, although it may be that in committee honourable members may suggest some other subject to which we may appeal.

Right Hon. Mr. GRAHAM: We cannot increase.

Hon. Mr. DANDURAND: Nor reduce.

Right Hon. Mr. MEIGHEN: I said that probably some honourable member might be able to suggest something. The Government will do the increasing, if any is to be done. I have an amendment to suggest to the Bill.

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

CONSIDERED IN COMMITTEE

On motion of Right Hon. Mr. Meighen, the Senate went into Committee on the Bill.

Hon. Mr. Gordon in the Chair.

On section 1—part III repealed and re-enacted:

Right Hon. Mr. MEIGHEN: I do not know that the House cares to go through all the provisions of the Bill, even in Committee, especially as we have no power to increase taxation, and possibly no power to alter a Bill of this kind. But I suggest that we have a power, which I think should be exercised, to alter such a Bill at the request of the Government, in the direction of a decrease in taxation. I should like some honourable member, if he agrees with my view, to move, with respect to section 1, new section 16, subsection 1, clause b, that the word "fifteen" in the second line on page 4 be stricken out and the word "ten" substituted therefor.

Hon. Mr. GRIESBACH: I move that.

Right Hon. Mr. MEIGHEN: The purpose of the amendment that I suggest is to reduce the tax on companies that are not registered in Canada, and not licensed in any province, and do not maintain offices in Canada. Under the Bill as it stands, the taxation on such companies is fifteen per cent. My understanding is that hitherto it has been five per cent. If the proposed amendment carries, it will be ten per cent, instead of fifteen per cent as provided in the Bill. The principal, if not the only, company that will be affected is Lloyd's. The reason for the alteration is that fifteen per cent may be considered too high, and that the competition effected by Lloyd's has a restraining influence on the level of rates. At the same time I think that, regard being had to all its factors, it cannot be argued that the taxation is too severe at ten per cent.

Right Hon. Mr. GRAHAM: Ten per cent on the premiums?

Right Hon. Mr. MEIGHEN: Yes. It is a taxation on the person paying the premium, which in effect is on the company, I presume. As the company does not maintain offices in Canada, it cannot expect the same nominal taxation as companies which do maintain offices here. Companies that have Canadian offices are taxable otherwise, and companies of the kind affected by this Bill must expect a somewhat larger tax. On the whole, it is felt that the rate should be ten per cent instead of fifteen.

Hon. Mr. DANDURAND: I do not rise to discuss the amendment proposed by the right honourable gentleman. I desire simply to inform him, or to remind him—for perhaps he was leading the Government in the other House at the time the income tax was brought in—or would it be Sir Robert Borden's?—

Right Hon. Mr. MEIGHEN: Sir Robert Borden's.

Hon. Mr. DANDURAND: However, my right honourable friend was bearing many of the sins of his colleagues at the time, and perhaps this one was included. The Bill came to us and we had to give it some attention. We were forced to amend it in many particulars, although it was essentially a money

Bill. I think we rendered a service to the other House. I would not say that the Bill came to us as it had left the hands of the Government; it may be that the amendments that we had to interpret had been made in the Commons. Nevertheless, it was a somewhat different Bill that left here on the last day of the session, and the House of Commons could not take exception to our work, because, I think, we had put the legislation into better form. I have it in mind, however, that when the other House accepted our amendments to the Bill somebody said that what had been done should not be taken as a precedent. Perhaps it was my right honourable friend who made that reservation. As he now sits in this Chamber, and as he will be obliged to look at things from a different angle, I would draw his attention to the solemn declaration, known as the Ross resolution, which after considerable study was passed by the Senate and in which we asserted our right to amend all money bills.

Right Hon. Mr. MEIGHEN: I agree to this extent.

Hon. Mr. GRIESBACH: I move that the word "fifteen" in line two of page four of the Bill be stricken out, and that the word "ten" be substituted therefor.

The amendment was agreed to.

Section 1, as amended, was agreed to.

On the preamble:

Hon. Sir ALLEN AYLESWORTH: Ever since we have had the statute requiring the placing of stamps upon cheques, a great deal of irritation has been caused by the Canadian banks insisting upon United States cheques, when presented for collection, deposit, or any other purpose, bearing stamps in the amounts required by the Canadian law. Ten or twelve years ago, when the tax was on a percentage basis and the stamps affixed to cheques might be of a substantial amount, I was spoken to by a client who frequently had United States cheques of a considerable size. I looked at the statute and thought it abundantly clear that it did not apply to cheques other than those drawn upon Canadian banks. Then I was told that all the banks in the country had been ordered by the Department of Finance to exact Canadian excise stamps upon United States cheques, and that in accordance with the order they had been doing so. The only redress for my client, or anybody else who thought the banks were doing wrong, was to litigate the matter, and litigation about the stamps on a cheque, even if the cheque were for a large amount, would not be a paying operation; so I advised my client to submit to the ruling. That practice has continued up to the present time, and is still going on.

We are now increasing the amount of the stamps to be placed on cheques—doubling it in the case of cheques over $100. Let me demonstrate how plain my point is. Paragraph b of the proposed section 44, which is the one in question, provides that no person shall present to a bank for payment a cheque without a stamp upon it. What does the word "cheque" mean there? When you go to the definition in the immediately preceding clause, you find that a cheque is defined as being "any order drawn upon or addressed to a bank." Then, if you refer back to find what the word "bank" means, you will find that under this statute it is a bank to which the provisions of the Bank Act apply. So it is only a cheque upon a bank to which the Bank Act applies, namely a Canadian bank, that requires a stamp, and I am utterly unable to see the slightest authority in law for compelling the holder of a United States cheque to stamp that cheque before he cashes it in a Canadian bank. It is perfectly clear, I think, that the Act applies only to cheques drawn upon Canadian banks. The man to stamp the cheques is the man who draws them, not the payee. In the case of the United States cheques, of course, this duty falls upon the payee. That is just an additional nuisance, one of the pinpricks that make taxation of this sort very annoying to business men. All I can ask is that the right honourable leader of the Government will call this matter to the attention of his colleague the Minister of National Revenue, under whose administration this part of the Act is placed, and see to it that these instructions to the banks are cancelled. Our Canadian banks, I submit, ought not to be told by a department of the Canadian Government what they must do about United States cheques.

Right Hon. Mr. MEIGHEN: I can see no flaw in the reasoning of the honourable senator from North York. It appears to me that his law is good and that the Act as it stands intends that a stamp shall be affixed to a cheque issued on a Canadian bank. I will comply with the honourable gentleman's request and bring his argument to the attention of the Minister of National Revenue. I do so because of my conviction that the law, whatever it is, when concurred in by the three branches of Parliament, should be observed precisely as it is written.

I feel, though, that when the law comes to be revised it should be amended so as to include American cheques when they are presented to Canadian banks for payment. A man who is fortunate enough to get an American cheque in these times can afford to put six cents in stamps on it when he utilizes any of the banks of Canada for its collection. He has to pay for collection, but the banks receive advantages from the state, and there is no reason why the state should not get something out of it too.

Furthermore, if I had my way, I would not have any five-dollar exemption. It seems to me that all cheques, even down to those of the lowest amount, might well pay a three-cent tax, exception being made in the case of the ordinary milk and cheese credit slips which go to farmers in the various provinces, and which are in a different category. Why we should make an exception of a cheque of less than five dollars I do not know. It is really the lazy man's cheque, and, further, it is the cheque of the man who is trying to defeat the revenue tax. Men will multiply the number of five-dollar cheques they issue in order to avoid paying the three-cent tax; and when a man wants to use the banks for payments of less than that amount there is no reason why he should not pay. I have had a computation made which shows that if all cheques under five dollars bore a stamp there would be an increase in revenue of $1,000,000 a year.

Hon. Mr. DANDURAND: That is, assuming that the same number of cheques were issued.

Right Hon. Mr. MEIGHEN: No; that is making an allowance for a contraction in the number of cheques. There would be a revenue of $1,000,000 a year. If I were Minister of Finance I would see that it was secured.

Hon. Mr. FOSTER: Last year the budget did contain a provision, I think, that all cheques should bear a stamp; but owing to representations made to the Government at that time by a number of co-operative societies, more particularly farmers' societies, the Finance Minister reconsidered the matter and made an exemption in the case of cheques of less than five dollars.

Right Hon. Mr. MEIGHEN: Those classes should be excepted.

Hon. Mr. FORKE: I think I am the one who was responsible for having the exemption raised from five to ten dollars, and I was very proud of that fact. However, I think the five-dollar exemption is all right. I was thinking of cream cheques to farmers.

Right Hon. Mr. MEIGHEN: They are not in regular cheque form. They should be excepted.

The preamble was agreed to.

The title was agreed to.

The Bill was reported, as amended.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

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

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

REMUNERATION OF RESERVE REPORTER

Hon. Mr. DANIEL, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, moved the adoption of the third report of the committee:

The Committee recommend that the remuneration of $3,000 per annum paid to Mr. Thomas Bengough be discontinued as from the first of October, 1932; and that thereafter his remuneration as a Reserve Reporter be at the rate of $100 per month.

The motion was agreed to.

DEBATES AND REPORTING

REPORT OF COMMITTEE

Hon. Mr. CHAPAIS moved concurrence in the third report of the Standing Committee on Debates and Reporting.

Right Hon. Mr. MEIGHEN: I have not had any communication with the committee, and, as this recommendation involves an added expenditure, I should like to ask the chairman of the committee just what consideration moved it to make the recommendation at this time.

Hon. Mr. DANIEL: Is the right honourable gentleman referring to the committee on Internal Economy and Contingent Accounts?

Right Hon. Mr. MEIGHEN: No. I understand that this is a recommendation of the Standing Committee on Debates and Reporting.

Hon. Mr. CHAPAIS: Yes.

Right Hon. Mr. MEIGHEN: I notice that the committee recommends that the Civil Service Commission be requested to take the necessary action to fill the position of Parliamentary Reporter, Senate.

Hon. Mr. CHAPAIS: The position is vacant.

Right Hon. Mr. MEIGHEN: There has been a vacancy for some time. We should be assured that there is need of filling it.

Hon. SMEATON WHITE: The position has not really been vacant; but there is a vacancy now to be filled because the man who has been doing the work is going out.

Right Hon. Mr. MEIGHEN: I see.

The motion was agreed to.

PUBLIC BUILDINGS AND GROUNDS

REPORT OF COMMITTEE

Hon. CAIRINE WILSON moved concurrence in the third report of the Standing Committee on Public Buildings and Grounds.

Right Hon. Mr. MEIGHEN: I want to call attention to the third clause of the report. I am not altogether clear myself, because of inexperience, as to just what the effect of the recommendation is, or to whom the recommendation is addressed. If it is merely to the officers of this House as an integral part of Parliament, then it might have final effect, and, if so, I think we should consider it carefully before launching on a plan for further beautifying the grounds by obtaining professional advice at this time. If there is room for discretion after the adoption of the report, I have no objection to its adoption.

Hon. CAIRINE WILSON: The committee, in making this report, felt that in consideration of the importance of the grounds surrounding this building, to which very little attention seems to have been paid, not one of us was qualified to speak authoritatively. Personally I made a few suggestions last autumn, which were carried out, but all the members considered that if we could obtain professional advice it would not involve any additional expenditure at the moment, but the plans could be carried out as the funds became available.

Right Hon. Mr. MEIGHEN: The most expensive thing I know of is expert advice. That is what I was worrying about.

Hon. CAIRINE WILSON: I think any landscape architect would be very pleased to draw up plans, and the expenditure would be slight. We might even have a competition.

Right Hon. Mr. MEIGHEN: As long as the matter is at the discretion of the Government, as I presume it is, I have no objection to the passing of the recommendation. I say this without reflecting at all on the recommendation. I do not want to be responsible for a definite commitment if there is no discretionary margin left to the Government after the resolution passes.

Hon. Mr. BLACK: This report is not at all out of line with previous reports that have been submitted by this committee, if I remember rightly. I have not the report before me, but it says that the plan, if approved, may be carried out if and when funds are available. It should be borne in mind that we were not speaking of legal advice when we referred to consultation on architectural features, which we hope would be not so expensive.

Right Hon. Mr. GRAHAM: And more reliable.

Hon. Mr. BLACK: Since I have been on this committee we have made recommendations for changes in the arrangement of shrubbery and lawns and that sort of thing, but I have found by experience in such matters elsewhere that that is a poor way of working. We should have an objective, and a landscape gardener or architect, or even an ordinary man with common sense, could make some plan towards which the work of the future could be directed. That is what the chairman and all the members of this committee had in mind—that there should be some plan or arrangement towards which this committee could work when money was available, so that we should not be wasting money by taking some shrubbery away from Queen Victoria's monument, let us say, and a few years later putting shrubbery back in the same place; or by having some flowers placed near the retaining walls, and a year or two afterwards perhaps taking them away. Such has been the history of the work done by a similarly constituted committee in the past thirty or forty years. The idea, therefore, was to have a plan that could be worked on and gradually put into effect as the years went on, so that in after years this Parliament Hill would be a beautiful place which everybody would want to see.

The Hon. the SPEAKER: I understand that if the report is adopted a copy will be sent to the Minister of Public Works, for him to act on it as he sees fit.

Hon. Mr. LITTLE: Honourable members, should the committee not be a joint committee of both Houses? The report from the Senate committee goes to the Department of Public Works, as I think all the work of the committee has to do with that department, and I suppose that in ninety per cent of the cases that is the last that is heard of the recommendation. If we had a joint committee of both Houses we might get some action.

Right Hon. Mr. MEIGHEN: I think the honourable senator from London (Hon. Mr. Little) is absolutely right. I cannot understand why this should not be a joint committee. We have no distinct and separate interest in the grounds. Has the committee taken into consideration the possibility of having this responsibility transferred to the Federal District Commission? That commission has the organization, it has architectural assistants, and I should think it could administer the grounds much better than they could be administered by the Department of Public Works separately. My information is that the Rideau Hall grounds have lately been, or are very soon to be, transferred to the supervision of the Federal District Commission. I earnestly hope that this is correct. I think nothing is more absurd than to have the Rideau Hall grounds subject to the alternating whims and views of temporary occupants. The same may be said of these grounds. I would suggest that next session we should go about getting a joint committee, and that the present committee should at once take into consideration the wisdom of turning over these grounds to the Federal District Commission.

Hon. Mr. BLACK: It was suggested at yesterday's meeting of the committee that it would be an excellent thing to do something of that kind. While I have been on this committee, ever since I have been in this House, the Deputy Minister of Public Works has always been available and has done what he could. It can be readily seen that a committee of this kind cannot carry on satisfactory work unless it has a plan. The Federal District Commission has an organization, and the work might well be handed over to that commission.

Hon. CAIRINE WILSON: This committee is supposed to have jurisdiction at the moment over the grounds here and at Major Hill Park and at the Museum. It does not seem to be a very practical way of working that the man in charge has to cover so much ground at the three places.

The motion was agreed to.

COMMERCE AND TRADE RELATIONS

REPORT OF COMMITTEE

The motion of Hon. Mr. McLennan for the adoption of the third report of the Standing Committee on Commerce and Trade Relations was agreed to.

PROROGATION OF PARLIAMENT

Hon. Mr. DANDURAND: Can the right honourable gentleman inform the Senate when we are likely to prorogue?

Hon. Mr. LITTLE.

Right Hon. Mr. MEIGHEN: There is a variation in the opinion that has reached me. This afternoon I informed some honourable gentlemen opposite that we probably would prorogue at 11.30 to-morrow morning, but in the meantime I have had restored the hope that we may finish some time to-night. My suggestion now is that we call it six o'clock. The Supply Bill has to come over from the other House, and if it is sent over to us this evening it may be possible to prorogue a short time afterwards.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Right Hon. Mr. MEIGHEN: From the information that I have, which is very sketchy and unauthoritative, I think there is no chance of prorogation to-night. As soon as I am assured of that, I intend to move that when the Senate adjourns it do stand adjourned until to-morrow morning at 10 o'clock. As far as one can see now, prorogation to-morrow morning is a moral certainty.

Hon. Mr. LEMIEUX: The Royal Society meets at 10 o'clock to-morrow morning. Many of the members of both Houses belong to that society. Could not the right honourable gentleman say 11 o'clock, or half-past eleven?

Hon. Mr. BUREAU: Is there no chance of prorogation to-night?

Right Hon. Mr. MEIGHEN: I shall know probably in the course of two or three, or maybe five minutes.

Hon. Mr. BUREAU: We will wait for an hour.

Right Hon. Mr. MEIGHEN: In the event of there being no chance to prorogue to-night, I suggest adjourning till 10 o'clock to-morrow, for the reason that the hour usually set for forenoon prorogation is 11 or 11.30, and I should not like to have the Supply Bill come in just a few minutes before that time. It is not fair to the Senate. I am expecting word every moment. . . . .

I have word that prorogation has been arranged for 11.30 o'clock to-morrow. I therefore move that when the Senate adjourns it do stand adjourned until to-morrow morning at 10 o'clock.

The motion was agreed to.

The Senate adjourned until to-morrow at 10 a.m.

THE SENATE

Thursday, May 26, 1932.

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMMERCE AND TRADE RELATIONS
PRINTING OF EVIDENCE—MOTION NEGATIVED

Before the Orders of the Day:

Hon. Mr. McLENNAN: I cast myself upon the indulgence of the House in order to move:

That 600 copies in English and 200 copies in French of the evidence adduced before the Standing Committee on Commerce and Trade Relations of Canada be printed for general distribution.

I understood that this was included in the motion for the adoption of the report, but I now find that I was in error.

Hon. Mr. DANDURAND: If my honourable friend had notified us that he intended making a slight modification, I would have suggested that in the comparison he makes respecting our foreign trade he should have shown the peak year. He has indicated two years after which there was a considerable expansion of trade. May I ask, does this motion refer to the report only?

Hon. Mr. McLENNAN: No. The report was adopted, but by mistake I did not include the evidence.

Hon. Mr. DANDURAND: The motion covers only the report, not the evidence?

Hon. Mr. McLENNAN: The printing of the report was authorized previously, but the evidence was omitted from the motion. This motion covers the evidence.

Hon. Mr. DANDURAND: Has it been considered by the committee to be of sufficient importance to justify the printing of it?

Hon. Mr. McLENNAN: Yes.

Hon. Mr. LAIRD: I should like to say a word or two before the motion is put. The principle involved in the motion now before the House was raised and discussed in regard to a motion yesterday or the day before, and I have since been giving the matter a little further consideration. I think we perhaps made a mistake the other day in ordering the printing of all those copies in English and in French. In view of the depressing times through which we are passing, and the absolute necessity for economy, I think this House is probably going too far in embarking on such an expense. I was very much impressed by the remarks of my honourable friend from Rougemont (Hon. Mr. Lemieux) and others in this regard, and I have no doubt they will support me in the contention that it is questionable that this printing should be ordered. We must remember that the proceedings of the committee have not attracted a great deal of attention, and while the content of the report might be of general interest, it is a question whether it is of sufficient interest to justify the expense of printing at this particular time. For this reason I suggest that in the interest of economy my honourable friends to whom I have referred should come to my support in objecting to the printing of the report under present conditions.

Hon. R. LEMIEUX: Honourable senators, I was sincere when, yesterday, I made my objection, on the ground of economy, to the printing of a certain report. Although I appreciate very highly the work of the committee presided over by my honourable friend from Sydney (Hon. Mr. McLennan), I believe, with my honourable friend from Regina (Hon. Mr. Laird), that we should not overlook even small economies at this time.

I carry with me a statement by one of the best informed men in the country, a former civil servant, Mr. Lambert Payne, which was published the other day in the Montreal Star. The figures he quoted are simply appalling. They show the enormous extent of the borrowings by our federal, provincial and municipal governments. For the benefit of the House I will give the totals, in round figures. The Dominion funded debt is $2,544,000,000; Canadian National Railways debt, $2,235,000,000; provincial funded debts, $919,000,000; other provincial debts, $299,000,000; municipal debts, $1,209,000,000. The huge aggregate of these debts to which Canada is committed, and which the taxpayer must face every day, every week and every month, is $7,207,790,028.

It seems to me that those figures impress upon us the warning that we must begin somewhere, some day, to practise economy. I was pleased to see that my friend the Minister of Finance, Mr. Rhodes, had used the pruning knife on the estimates, even at the risk of becoming unpopular. He could have gone further, but what he did was done heroically, and I congratulate him upon it. We must not discourage those who advocate stringent economy, for, as I say, we must make a beginning in curtailing our expenditures, and thus set an example to the country.

May I say to honourable senators—and in this I shall be supported by those who know the facts—that many of the municipal governments of this country are unable to solve without assistance the existing financial problems. The unemployment conditions last year created a situation which it will be difficult to surmount. Many municipalities that have spent money, in conjunction with the federal and provincial governments—much of which money could have been saved—will be unable to meet the interest charges on their bonds. The result will be higher taxation and a general dislocation of municipal affairs, and the federal and provincial governments will suffer in consequence. I appeal to my fellow members to support a policy of strict retrenchment.

I must say that in my opinion the report made to the House by my honourable friend from Sydney (Hon. Mr. McLennan) is sufficient for the purposes of the committee. I was pleased to read that report, but I submit that it is not necessary to make of it another bluebook. Since Confederation there has been an expenditure for bluebooks that is totally unwarranted. Canada is the only country in which such a practice is followed. In England the bluebooks that are published under the authority of the Government are not given away, but are sold. If you want to get one you must go to Marylebone Street or to Paternoster Row, and you will have to pay the price that is set for it. The same thing is true in France, in which country official publications are reduced to the lowest possible number. But here we publish tons of printed matter, which we spread all over the country. My honourable friend from Grandville (Hon. Mr. Chapais) and I, who, like poor migrant birds, travel about the rural districts of Quebec, often see copies of bluebooks in some of the old general stores that still survive. Once more let us set an example to the rest of the country so that the people will say that at least the Senate has made a move in the direction of economy.

Hon. SMEATON WHITE: The report of this committee represents about the only effort that has been made to compile, for the use of the coming Imperial Conference, valuable information on Canadian trade. I think the honourable senator from Sydney (Hon. Mr. McLennan) and his colleagues are to be congratulated upon the work they have done. Their report is not very long, and I think that the proceedings should be published, at least in English.

Hon. C. P. BEAUBIEN: Honourable senators, it strikes me that if we adopt this motion we shall be departing from a long established rule of the Senate, that unless committee proceedings deal with some outstanding matter and publication is essential, they are not printed. If we print this evidence we shall be establishing a precedent. I greatly appreciate the material that is contained in the evidence, but, after all, most of the facts stated are of a statistical nature and they will be, no doubt, compiled on a much larger scale for the benefit of the conference. Therefore, I feel that we should not order the printing in this instance.

Hon. G. GORDON: Honourable senators, I agree with many of the remarks of the honourable gentleman from Rougemont (Hon. Mr. Lemieux), for no one believes in economy more sincerely than I, and particularly at the present time. But I remember that some years ago, in a discussion in another place, my honourable friend was a very enthusiastic supporter of the project to build what is now the National Transcontinental Railway. I heard him make an eloquent speech in which he attempted to justify the construction of that road, and I can still picture him as he said that in a short time we should require four, and even five, transcontinental railroads.

Hon. Mr. LEMIEUX: I fear the honourable gentleman is mistaking me for the Hon. Mr. Blair.

Hon. Mr. GORDON: No; I remember the occasion. That was the time when economy should have been practised. We all know now that the National Transcontinental should not have been built for at least twenty-five years from now, if even then. A large part of the heavy debts that the honourable gentleman has referred to are attributable to the premature construction of that road. The printing item that we are considering would mean an expenditure of possibly $300 to $400, and in my opinion we should not refuse to order the printing after the good work that has been done by the committee of which my honourable friend from Sydney (Hon. Mr. McLennan) is chairman. If the information was worth getting, it is worth publishing, and I think the motion should be adopted.

Hon. Mr. ROBINSON: May I ask the honourable gentleman from Sydney (Hon. Mr. McLennan) a question? Has any of the evidence been printed already?

Hon. Mr. McLENNAN: No.

Hon. Mr. ROBINSON: The evidence of the Beauharnois committee was printed from day to day, and the type remained set.

Hon. Mr. McLENNAN: I should like to say to the House, in whose hands my colleagues of the committee and I are, that the report and the evidence were carefully designed to interlock and make a complete picture. Further, I want to emphasize that every bit of the evidence we heard was given by experts of the highest standing in the subjects on which they spoke. I feel that if the proceedings are not printed a distinct loss will be suffered. In the mail this morning I received a letter from the secretary of an important organization asking for copies of this report, which he was good enough to describe as a very valuable one. But I think that the report, which already has been printed, does not carry the weight that it would if the evidence were published. I might say that the evidence was revised and condensed by the various witnesses.

Hon. Mr. TANNER: Honourable senators, I am not of the same mind as my honourable friend from Regina (Hon. Mr. Laird). I have not been convinced that the motion for printing of the Beauharnois committee's proceedings was erroneous. In the present instance, I understand the House has already decided to print the report in English and French.

Hon. Mr. McLENNAN: Yes. But I neglected to add the word "evidence" to the previous motion.

Hon. Mr. TANNER: The proposal now is to print the evidence?

Hon. Mr. McLENNAN: Yes.

Hon. Mr. TANNER: I presume it is not very lengthy.

Hon. Mr. McLENNAN: No.

Hon. Mr. TANNER: The honourable gentleman from Sydney (Hon. Mr. McLennan) has told us that the report and the evidence interlock. I think the committee dealt with matters in which we are all greatly interested, and for my part I am going to adhere to the principle I followed the other day, and vote for the printing.

Right Hon. Mr. MEIGHEN: Lest honourable members may vote under a misapprehension, may I say that my information from officials is that the printing in English would cost about $300, and the translation and printing in French would cost an additional $700. The whole amount is not large, but with great reluctance I must express the view that the printing of the report itself ought to meet the requirements. I know that the chairman of the committee, in common with most of us, is greatly interested in the subject on which evidence was given, but I venture to say that the public are not nearly as interested as they ought to be. The multitude of reports has rather choked the public appetite, and many official publications are never looked at. However, I am not going to ask anyone to follow me in this matter. I should think, though, that in view of the considerable opposition to the printing of the proceedings, the House might well be satisfied at this time to order the publication of the report alone.

Hon. Mr. McLENNAN: May I call the attention of the House to the fact that a large part of the translation costs is made up of the salaries of the French translators, who, I understand, are paid by the year?

Right Hon. Mr. MEIGHEN: If that were so there would be virtually no extra cost, but my information from the officials is that the translation would mean an expense of $700.

The motion of Hon. Mr. McLennan was negatived.

APPROPRIATION BILL No. 4

FIRST READING

Bill 101, an Act for granting to His Majesty certain sums of money for the public service of the financial years ending respectively the 31st March, 1932, and the 31st March, 1933.—Right Hon. Mr. Meighen.

SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of the Bill.

He said: Honourable members, inasmuch as we cannot amend this Bill, there would be no purpose in going into Committee upon it, but there are one or two features to which I may call attention by way of explanation. I may say that it is the usual Appropriation Bill. Fractions of the amounts required for certain purposes have previously been voted, and clauses 2, 3, 4 and 5 of the Bill appropriate for these purposes the balances not hitherto authorized by legislation. To particularize, clause 3 of the Bill refers to the balance of the appropriation required for 1931-32. Clauses 2, 4 and 5 apply to certain schedules. Clause 6 contains the borrowing power, and authorizes borrowing up to $200,000,000 for all purposes. I hope it will be used mostly for refunding. A detailed account of the expenditures is to be given to the House of Commons within fifteen days of the opening of next session.

The remainder of the Bill consists of the schedules.

This Bill is strictly a money Bill, and subject only to rejection; therefore I see no object in going into Committee upon it.

May I call attention to an error in the marginal note to clause 4, which reads, "$8,440,000 granted for 1923-33." It should be 1932-33. I do not think we should imperil the constitution by seeking to amend even a marginal note. Possibly calling attention to it will result in its being corrected.

Hon. Mr. DANDURAND: I suppose the Supply Bill includes all supplementaries.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. LEMIEUX: Is it provided that any borrowing will be done via the banks, or will it be through the issuing of bonds?

Right Hon. Mr. MEIGHEN: It would be by bonds, in the usual way. The clause reads:

> The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of The Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money as may be required, not to exceed in the whole the sum of two hundred million dollars, for public works and general purposes.

I presume that is a stereotyped clause that has come down through the years.

Hon. RAOUL DANDURAND: Honourable members of the Senate, I understand that considerable effort has been made to reduce the expenditure authorized by this Bill. I was struck with the figures placed upon Hansard the other day by the honourable gentleman from Vancouver (Hon. Mr. McRae), in which he showed that, in comparison with the expenditure that could not be controlled, the controllable expenditure was very small. Of course the query in all our minds is: How can we reduce that expenditure? The question may be approached from many angles. I suppose that expenditures on public works could be tested in every item; also the expenditures for purposes of defence. I have seen somewhere a rather large figure for military aviation—a figure which has somewhat surprised me. I am not absolving the Government of which I was a member from all blame for the increase in that expenditure, which, I will now confess, struck me as being of a somewhat doubtful character. I have to accept my share of the responsibility.

I have in mind chiefly, however, the Civil Service of Canada. I do not know what is the total expenditure under that head, but I know it is very large. We have an army of civil servants. Yesterday I spoke of the heads of the departments or branches and the various experts as highly qualified men. Upon that point I will not dilate further. But there lingers in my mind a thought that came to me some years ago when a Senate committee was engaged in an endeavour to ascertain whether or not the Civil Service was really overmanned. We examined the heads of all departments and of virtually all branches. One or two of those in authority, deputy ministers, admitted at that time that they took it for granted that a man entering the Service entered it for life, and that it was not their business to do anything, even to lift a finger, to oust him from his position. That was a very important statement, and indicated a very dangerous situation. In the organization of the staffs of all large institutions in the country there is some elasticity: they may be increased or reduced. But according to the statements we heard, once a person enters the Civil Service he is convinced, and his superiors are of the same conviction, that he is there for life, whatever changes or transformations may occur. Such is the tradition.

Now, if that is the opinion of the deputy ministers and the heads of branches, I would ask whose business it is, when one, two, five or ten employees in a department or branch have become useless through changed conditions, to see that they are transferred to other departments or branches. We went into that question with the Civil Service Commission at the time, and the commission, it seemed, was not empowered to go to the length of examining into departments to ascertain whether any department had too many employees, some of whom should be transferred to other departments.

In view of the situation which confronts us, I wonder whether my right honourable friend would not ask his colleagues to ponder over the situation that I have outlined and to consider this state of mind of the heads of departments. It may be that a very large saving could be effected in that sphere. I am not asking for the retirement of hundreds of employees. This is a matter for the Government to decide. The Civil Service Commission or some other authority might be asked to deal with the matter, and men who could be dispensed with might be placed at their disposal for transfer to other departments. I think that if this were done a considerable saving could be effected.

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

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

Hon. Mr. DANDURAND: I should add one point, which has just been suggested to me by the honourable gentleman from Moose Jaw (Hon. Mr. Ross), namely, that the opportune time for reduction in a staff is when a member of that staff dies or is pensioned. The Deputy Minister might then examine into his organization and see whether he could not, by rearranging his staff so as to distribute the load, get along without a new appointment.

Hon. Mr. LEMIEUX: It can easily be done.

Right Hon. Mr. MEIGHEN: I was going to express pleasure at the enthusiasm of the honourable gentleman opposite for Civil Service reform, now that he is out of the Government. I know that he realizes what a difficult problem it is. The whole Civil Service situation has appealed to me for a long time as one worthy of a great deal of attention—very rigid and drastic attention—at the hands of governments, but nothing has impressed me so much as the difficulty of handling just that phase of government. The Administration of which my honourable friend was a member did not take very great chances with its popularity in the city of Ottawa by adopting any drastic policy with respect to the Civil Service. The present Administration can at least point to the results of a drastic policy, whether it gets credit for it or not. The conviction within a wide radius of where we stand is that economies have been exercised to the distress of the Civil Service. Certainly I do not think I should be a very successful candidate in the city of Ottawa. Honourable gentlemen opposite who have been in governments decided that in this respect they would not suffer a handicap, and they never did. I admit, of course, that the situation to-day is different. Financial conditions are much more stringent than they were. There has been a great contraction of several departments. The Interior Department, for instance, has been very much reduced.

Hon. Mr. DANDURAND: Have some of the officers of that department who were in charge of the natural resources been transferred to the Western Provinces?

Right Hon. Mr. MEIGHEN: Oh, yes. So far as the Government can promulgate orders, it has not failed to see that persons who have become unnecessary because of a contraction of services are placed first in line for vacancies as they occur. Of course, the machinery of the Civil Service Commission interposes itself at all times, and to that machinery, as the law provides, we must submit. Under it, the permanent heads of departments have more to do with selections and appointments than have the political heads, and they are very fertile in reasons why the person whom they prefer should be appointed, and not someone from somewhere else. However, on the whole, I fancy that those who have been more closely associated with the subject than I have been agree that they have had very good co-operation from many of the permanent heads. All I can say is that I think the people of our country who suffer least in these anguishing times are those in the employ of the Civil Service of Canada or its provinces. I am inclined to think that there has been too much protest on the part of some, at least, by reason of the measure of contraction that has already taken place. I must not sit down, however, without admitting cheerfully that, generally speaking, that contraction of pay has been very well received; and to those who cause me to make the admission I desire to pay tribute.

I do not want what I say to be construed as opposition to what has been said by the honourable senator opposite. I merely regret that it was not given executive force a few years earlier.

Hon. Mr. DANDURAND: We were then in times of prosperity.

Hon. W. E. FOSTER: May I take a few moments to give my views with respect to a matter which may or may not be involved in the legislation before us, but which is financial in character? I refer to the system, which has come into being very recently, of making loans to the different provinces which have found it necessary to obtain assistance from the Federal Government. The right honourable leader of the House will know that such a practice has come into being in the last year or two on account of the exceptional conditions, and that formerly no province had found it necessary to call upon the Dominion Government for assistance in financing. I think the principle behind such assistance is wrong; that it rather tends to lessen the self-reliance of the provinces in solving their financial problems. I believe that some of the provinces that have found

it necessary to ask for aid from the Dominion Government would not have had to take that course if greater care had been exercised with regard to certain capital expenditures that those provinces made. Many of the public works in those provinces have been of the kind that does not produce revenue, and the result is that the governments are compelled now to seek federal assistance. I should like to point out that the Legislature of the Province of New Brunswick, from which I come, has been very careful in supervising the capital expenditures of municipalities. When municipalities came to the Provincial Government for authority to issue bonds for capital outlays the proposals were very carefully scrutinized by the Government and members of the Legislature, with the result that to-day the municipalities of New Brunswick are in good financial shape. My personal opinion is that, if some provinces must come to the Dominion Government for aid in financial matters, some supervision should be exercised by the Dominion over capital expenditures of the provinces. Great care should be taken in approving the public works of those provinces, and before they are undertaken the sanction of the Dominion Government ought to be necessary.

Right Hon. Mr. MEIGHEN: I desire to express appreciation of the speech of the honourable senator from Saint John (Hon. Mr. Foster), with whose remarks I wholly agree. The Government has lately come to the assistance of provinces, but only because of the principles that apply in extremis; although after assistance has been rendered and the other parties to the contracts have been able to breathe more freely, they have not been eager to explain to their people that they have been in extremis. Of course, we have to realize that anything in the way of a crash, or serious embarrassment, resulting in something that I should not like to name, would have a bad effect not only on the Dominion but on every province. It has been a case of choosing between the lesser of two bad results. I am not sure yet that the chastening effects of what has happened have been such that any province would be ready to submit to supervision of its expenditures. Supervision of payments is more acceptable. I believe the governments of New Brunswick and, in more recent times, of Ontario, have succeeded in establishing a system of supervision of capital outlays by municipalities. But it must be remembered that the municipalities were created by the provinces, whereas the provinces themselves are sovereign states within the limits prescribed by the British North America Act.

I am glad the honourable senator from Saint John has made this speech as to the attitude of his province, and I sincerely hope that what he has said will be read with care by those in authority in other provinces.

Hon. Mr. DANDURAND: I suggest to the right honourable leader that, since we are becoming creditors of some provinces, further consideration should be given to the proposal, which was put in the form of a Bill this session, to establish a system whereby annual payments due by the Dominion to provinces may be set off against provincial borrowings from the Dominion.

Hon. R. H. POPE: I suggest that if honourable members on the other side of the House will look up the record of past expenditures, under Conservative and under Liberal administrations, they will see where Canada landed when led by their party.

Hon. Mr. DANDURAND: But—

Hon. Mr. POPE: The honourable gentleman is hopping again, but he cannot hop with me. Just take the time to look up the records and make a comparison as to the financial condition of the country before and after Sir Wilfrid Laurier came into power. Under Liberal administration we landed in a deep ditch.

Hon. Mr. BUREAU: On a pile of gold.

Hon. Mr. POPE: No, in a dismal ditch. The honourable gentleman's party led us to that place referred to recently by his leader, the valley of humiliation. You cannot get away from that fact, and there is no use in making a big noise. Let us have a little peace and harmony.

Hon. Mr. BUREAU: Is the honourable gentleman a dove of peace?

Hon. Mr. POPE: Give us a little peace and harmony. Shoulder your own load. Sir Wilfrid Laurier said that the Grand Trunk would cost only $12,000,000 to $15,000,000, but look up the record and see what it cost—hundreds of millions.

Hon. Mr. DANDURAND: No. The $13,000,000 or $14,000,000 was for interest.

Hon. Mr. POPE: But what is that in comparison with the present figures? Honourable members should not talk nonsense to this country. They should shoulder their own load and let the people of Canada know who led us into the present difficulties. I am

prepared to support measures of economy, but honourable members opposite should not try to create the impression that they are not to blame for our present difficulties, for they are.

Hon. Mr. BUREAU: We are not.

Hon. Mr. LEMIEUX: I should like to ask the right honourable leader what is the total amount provided in the Bill for the reception of the delegates at the Imperial Economic Conference?

Right Hon. Mr. MEIGHEN: I could look it up in the Bill, but I am told the amount is $350,000.

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

IMPERIAL ECONOMIC CONFERENCE

ACCOMMODATION FOR DELEGATES

Right Hon. Mr. MEIGHEN: May I take this opportunity of saying that it is the purpose of those in charge of the Imperial Economic Conference that this Chamber, the committee rooms of the Senate and also the private rooms of members of this House shall be placed at the disposal of delegates to the conference. Therefore, all senators should see to it that their desks and rooms are cleared and left in a condition satisfactory to themselves, knowing that others are to make use of them.

I am not certain where the main meetings of the conference will be held, but I am advised they may possibly be in this Chamber. In that event, if it is decided to allow the galleries to be used—personally, I hardly think they will be, for I know such a procedure was not followed in England—the Gentleman Usher of the Black Rod should see to it that members of the Senate are given tickets entitling them to preference in admission to the galleries. Any Imperial Conference meetings that I was privileged to attend were not opened to the public, and I presume those of the coming conference will not be.

Hon. Mr. DANDURAND: The right honourable leader has told us that not only the Senate Chamber and committee rooms, but also the private rooms of senators, will perhaps be made available for the use of delegates. It seems to me the matter should have been put before this Chamber in the form of a suggestion, but I accept the statement as made. That being so, as some honourable members have gone away, taking their keys with them and leaving papers in their desks, I suggest that the Clerk of the Senate should write a circular letter to senators asking that if they wish any papers forwarded to them they should send in their keys.

Right Hon. Mr. MEIGHEN: They can make their own arrangements.

PROROGATION OF PARLIAMENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Hon. F. A. Anglin, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 11.30 a.m. for the purpose of proroguing the present session of Parliament.

The Senate adjourned during pleasure.

The Right Hon. F. A. Anglin, Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons being come with their Speaker:

The following Bills were assented to in His Majesty's name, by the Right Hon. the Deputy Governor General:

BILLS ASSENTED TO

An Act for the relief of Ida Tarantour Waxman.

An Act for the relief of Frances Helen Dawes Porteous.

An Act for the relief of Minnie Jones Chandler.

An Act for the relief of Elizabeth Irene Woolnough.

An Act for the relief of Ellery Sanford Johnston.

An Act for the relief of Farla Goldman Rother.

An Act for the relief of Roméo Xavier Vandette.

An Act for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.

An Act for the relief of Ida Judith Clark Freudberg.

An Act for the relief of Elizabeth Ann Routledge Gunther.

An Act for the relief of Chesley Hastings Potter.

An Act for the relief of Theo Alice MacFarlane Lamb.

An Act for the relief of Chia Hannah Shiff.

An Act for the relief of Margaret Spencer Heald.

An Act to incorporate The W. S. Newton Company.

An Act to amend the Winding-up Act.

An Act respecting the Department of Insurance.

An Act respecting the Ottawa and New York Railway Company.

An Act to amend the Bankruptcy Act.

An Act respecting the Incorporation of Live Stock Record Associations.

An Act to amend the Judges Act.

An Act to provide for the deduction from compensation in the Public Service.

An Act respecting Foreign Insurance Companies in Canada.

An Act respecting Canadian and British Insurance Companies.

An Act respecting Radio Broadcasting.

An Act to amend the Customs Tariff.

An Act to amend the Income War Tax Act.

An Act respecting the Waterton Glacier International Peace Park.

An Act to amend The Montreal Harbour Commissioners' Act, 1894.

An Act to amend the Civil Service Act.

An Act to amend the Soldier Settlement Act.

An Act to amend the Income War Tax Act.

An Act to amend and consolidate the Fisheries Act.

An Act to amend the Special War Revenue Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial years ending respectively the 31st March, 1932, and the 31st March, 1933.

SPEECH FROM THE THRONE

After which the Right Hon. the Deputy Governor General was pleased to close the Third 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 careful attention you have given to the various measures submitted for your consideration during the present session of Parliament. The zealous discharge of your duties manifests alike, a deep concern for the welfare of Canada and an unshaken confidence in its future.

It is gratifying to observe that the program of economy for the current fiscal year will ensure relative equalization of revenues and expenditures, and that the additional moneys necessary to provide for the public service will be obtained without adverse effect upon the cost of living or impairment of the national credit.

My Government's policy of unemployment and farm relief, consistently and vigorously pursued, has already achieved an amelioration of conditions and forecasts steady and continued improvement in both agrarian and industrial communities.

The means by which a larger area of distribution has been secured for the coal production of the Maritime Provinces will do much to relieve conditions heretofore prevailing in that part of the Dominion.

The measure for national ownership and control of radio broadcasting provides the necessary assurance against foreign interference with broadcasting from Canadian sources, and ensures to our people, without regard to class or place, equality of service from the new broadcasting system to be inaugurated as soon as practicable.

The commercial agreement negotiated with the Dominion of New Zealand and ratified by Parliament is a further step towards closer empire economic association based upon the principle of reciprocal benefits.

The enquiry by a committee of the House of Commons into the operation of the Civil Service Act prepares the way for a reorganization of the Civil Service Commission and the better administration of matters pertaining to the Civil Service.

Among other important measures enacted were Bills respecting the Patent Act, Unfair Competition in Trade and Commerce, the Export of Gold, Insurance, the Fisheries Act, the Judges Act, the Excise Act, the Companies' Act, the Soldier Settlement Act and the Railway Act.

Approval has been given the British Commonwealth Shipping Agreement, the International Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, the International Convention relative to the Treatment of Prisoners of War, the International Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs.

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 do sincerely commend the fortitude and patience with which the Canadian people have endured the trials and hardships of these troubled times. Those attributes have equipped them to surmount whatever difficulties may yet be encountered before prosperity returns. Recurring disturbances in world conditions have hindered our progress. The prosperity we rightly expected before this time has been by them delayed. For no nation can alone resist the influence of the universal disruption of financial and industrial conditions.

Near at hand are the means by which this country, organized and prepared, may hasten its economic recovery. Within two months' time an Economic Conference of the countries which compose the British Empire will meet at Ottawa. From that conference may arise a power which will bring enduring harmony out of economic chaos, and provide the wise and courageous leadership which in other times of universal stress, the world looked for and obtained from the British peoples. Canada believes that the closer economic association of the British Empire will herald the dawn of a new and greater era of prosperity both for ourselves and for all the nations of the earth.

In relieving you from attendance upon your parliamentary duties, I pray that Divine Providence may guide and bless you.

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